34 Class 1 accidents, 148 Class 2 accidents, and 4000 Class 3 accidents No record was kept of the Class 4 accidents after the pilot study was completed Instead, the ratio of the number of Class 4 to Class 1 accidents found in the pilot study was used This ratio was shown to be about 1 to 1, and since there were 34 Class 1 accidents during the year, it was assumed there were about 34 Class 4 accidents (A separate record could be kept of the number of Class 4 accidents)

The average cost for each accident class was applied to these totals to secure the results shown in Table 12-C

TABLE 12-C
ESTIMATE OF YEARLY ACCIDENT COSTS

Class of Accident	*Number of Accidents*	*Average Cost Per Accident (from pilot study)*	*Total Uninsured Cost*
Class 1	34	$ 60 00	$ 2,040 00
Class 2	148	19 30	2,856 00
Class 3	4,000	2 80	11,200 00
Class 4	34	121 30	4,124 00
	Total Uninsured Cost		$20,220 00
	Insurance Premiums		13,000 00
	Total Accident Cost for the Period		$33,220 00

Since the final total is the sum of many estimates, it should not be implied that the total figure suggests absolute accuracy Whether $30,000 or $35,000 is chosen as the final figure depends largely on the analyst's judgment of whether the various elements may have been overestimated or underestimated In this case, the analyst judged that the pilot study represented conservative estimates of the average costs So he reported to the plant manager, "During the past year, accidents cost this company about $35,000 in compensation, medical expense, lost time, and property damage "

The average costs determined in this pilot study represent the actual experience of this particular company Until important changes take place in this company's safety program, in the kind of machinery used or persons employed, or in other aspects which affect costs, the same average costs may continue to be used

Items of uninsured cost

Important to a pilot study is a careful investigation of each accident to determine all the costs arising from it The following items of uninsured cost may clearly be shown to result from work accidents and are subject to reasonably reliable measurement Less tangible losses, such as the effect of accidents on employee morale or on the wage rates necessary to secure and retain employees, are not included in this method of estimating costs

Information on some of the items is derived from the Department Supervisor's Accident Cost Report, Form 129 27 (IS-7) (Fig 12-4)

The items are discussed in the order in which they appear on the Investigator's Cost Data Sheet, Form IS-8 (Fig 12-5, shown on the next pages)

1 **Cost of wages paid for time lost by workers who were not injured** These are employees who stopped work to watch or assist after the accident or to talk about it, or who lost time because they needed equipment damaged in the accident or because they needed the output or the aid of the injured worker

2 **Cost of damage to material or equipment** The validity of property damage as a cost can scarcely be questioned Occasionally, there is no property damage, but a substantial cost is incurred in putting back in order material or equipment which has been thrown into a state of disorder The charge should, however, be confined to the net cost of repairing or putting in order material or equipment that has been damaged or displaced, or to the current worth of the equipment less salvage value if it is damaged beyond repair

An estimate of property damage should have the approval of the cost accountant, particularly if the current worth of the damaged property used in the cost estimate differs from the depreciated value established by the accounting department

(Text continues on page 286)