

Direct and Indirect, Insured and Uninsured Costs

Direct Costs of accidents and incidents

These costs are readily measurable

- Damage to premises, plant and equipment
- Sick pay
- Overtime to cover injured person
- Fines

Indirect Costs of accidents and incidents

These costs are more difficult to quantify

- Loss of an employee's skills and work output
- Downtime during investigations and pay of people investigating
- Training costs for replacement operators
- Lost Orders
- Increased Insurance Premiums
- Defending criminal and civil prosecutions
- Fines
- Compensation Claims
- Workplace effects:- poor productivity due to low morale
- Effects on sales:- increasingly larger companies will not place orders with suppliers who have a poor health & safety record or cannot demonstrate effective management of risks.

Of course some costs can be covered by insurance (employer's liability, public liability, vehicles) but many of the costs associated with accidents and incidents cannot be covered, and even those which are will be subject to an excess in many cases.

The HSE reported findings of studies (HSG96 Costs of Accidents At Work) which showed the indirect costs of accidents are between 8 and 36 times greater than the direct costs.

Good health and safety management not only controls costs but provides increased opportunities for profit through better morale in the workforce (improvements in productivity) and the ability to tender for orders which would not otherwise be considered by large, public facing organisations.