

Accident Cost Table

REVENUE NECESSARY TO PAY FOR ACCIDENT LOSSES

THIS TABLE SHOWS THE DOLLARS OF REVENUE REQUIRED TO PAY FOR DIFFERENT AMOUNTS OF COSTS FOR ACCIDENTS

It is necessary for a motor carrier to generate additional \$1,250,000 revenue to pay the cost of a \$25,000 accident, assuming an average profit of 2%. The amount of revenue required to pay for losses will vary with the profit margin.

YEARLY ACCIDENT COSTS	PROFIT MARGIN				
	1%	2%	3%	4%	5%
\$1,000	100,000	50,000	33,000	25,000	20,000
5,000	500,000	250,000	167,000	125,000	100,000
10,000	1,000,000	500,000	333,000	250,000	200,000
25,000	2,500,000	1,250,000	833,000	625,000	500,000
50,000	5,000,000	2,500,000	1,667,000	1,250,000	1,000,000
100,000	10,000,000	5,000,000	3,333,000	2,500,000	2,000,000
150,000	15,000,000	7,500,000	5,000,000	3,750,000	3,000,000
200,000	20,000,000	10,000,000	6,666,000	5,000,000	4,000,000
REVENUE REQUIRED TO COVER LOSSES					

Accident costs (direct + indirect) consist of any or all of the following:

Direct Costs:

- Cargo Damage
- Vehicle Damage
- Injury(s) Costs
- Medical Costs
- Loss of Revenue
- Administrative Costs
- Police Report
- Possible Effect on Cost of Insurance
- Possible Effect on Cost of Workmen's Compensation Insurance
- Towing Costs
- Storage of Damaged Vehicle

Indirect (Hidden) Costs:

- Lost Clients/Customers
- Lost Sales

- Meetings Missed
- Salaries Paid to Employees in Accident
- Lost Time at Work
- Cost to Hire/Train Replacement Employees
- Supervisor's Time
- Loss of Personal Property
- Replacement Vehicle Rental
- Damaged Equipment Downtime
- Accelerated Depreciation of Equipment
- Accident Reporting
- Medical Costs Paid by Company
- Poor Public Relations/Publicity
- Increased Public Relations Costs
- Government Agency Costs

Source- FMCSA