



## A LOST TIME INJURY IS A THREAT TO YOUR BUSINESS INVESTMENT IN SAFETY AND THE RIGHT EQUIPMENT IS ESSENTIAL TO PROFITABILITY

The U.S. Bureau of Labor Statistics and the National Council on Compensation Insurance confirm what many in the auto glass replacement business already know – Auto glass replacement has a higher rate of injury than most other industries. Two areas in auto glass installation create over two-thirds of work injuries: [Overexertion/Repetitive Traumas] & [Slips, trips and falls].

What may not be known is the tremendous cost an injury may have to your business.

### **Workers' Compensation**

Although this paper is not intended to focus on insurance, understanding how certain aspects of workers' compensation insurance function is critical in understanding how to control costs and put more profit into your business.

All businesses are required to carry workers' compensation coverage on their employees. Auto glass businesses pay premiums based on rates established by the National Council on Compensation Insurance, or in some instances, based on rates established by the states in which they operate. All businesses have what is called an "experiential modification (mod) rate". A rating of "1" means a business is average for their industry. As an example, a rating of .80 means the business is 20% better in claims than the industry and conversely, a rating 1.20 means the business has a 20% higher rate of injury than the industry. The upper end of modification rates is 3, after which the business must enter into a special pool for coverage. Many auto glass replacement businesses will have failed due to the premium costs before this.

Auto glass businesses pay premiums based on their modification rate. This can vary by thousands or tens-of-thousands of dollars depending on how high or how low the modification rate is and how large the company is. The industry "rate" is established and cannot be changed, however there is considerable variation in premiums paid to the workers' compensation insurance carrier – sometimes as much as 50%.

Your business has the opportunity to negotiate for potentially lower premiums by having a well established and enforced safety program that you can present to your carrier. The other critical element is **showing that your business has invested in tools and equipment** that will decrease the risks of injury during job performance. For businesses with a good modification rate, this is an excellent way to maintain low premiums. For businesses with high modification rate, this is a way to either immediately lower premiums or establish a foundation for later reductions.

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## Direct Costs of Injury

These are the costs covered by workers' compensation and include:

- Wage replacement
- Medical costs
- Legal costs

Even though these costs are covered by your insurance carrier; as with any insurance, the more claims you have the higher the premiums you will pay.

## Indirect Costs of Injury

These are costs NOT covered by insurance and can devastate an auto glass business. The Occupational Health and Safety Association (OSHA) in conjunction with the National Council on Compensation Insurance (NCCI) maintains a significant data base concerning work injury. They estimate the indirect costs of a severe work injury costs a business an additional 110% over the direct costs. Again, these are costs borne by the business and directly affect the bottom line profits. For more information on this, visit: <https://osha.gov/dcsp/smallbusiness/safetypays/estimator.html>.

Based on OSHA estimates, a lost time injury caused by a sprain will average direct costs of \$29,000. The indirect costs estimated by OSHA would be \$32,000. Below is an example of the high **indirect costs** of injury:

Lost Time Back Sprain:

- Direct costs covered by insurance - \$29,000 (Note: workers' comp premiums may increase later)
- Indirect costs not covered by insurance \$32,000
- Sales required for a company with a target 10% profit margin to cover indirect cost - \$320,000
- Sales required for a company to return to 10% profit margin - \$320,000
- Estimated total cost to a company in indirect costs - **\$640,000!**

What goes into indirect costs?

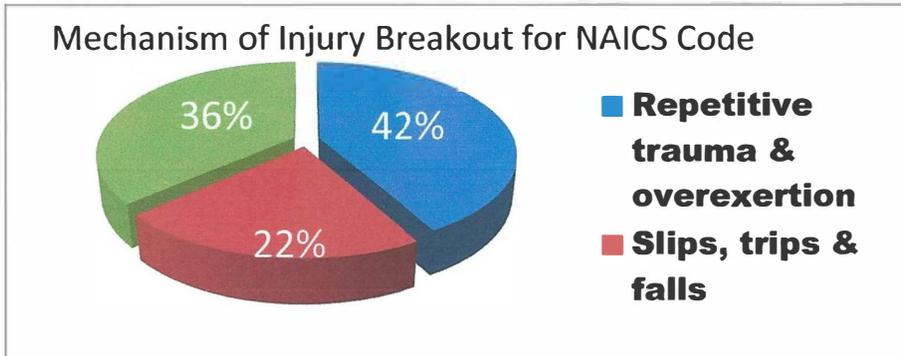
- Any wages paid to a worker for absences not covered by workers' compensation
- The wage costs related to time lost through work stoppage associated with the worker injury
- Overtime costs
- Administrative time required in paperwork, investigation, post-injury organization, etc.
- Recruitment of temporary replacement worker
- Training costs of replacement worker
- Lost productivity – rescheduled work, new employee learning curves, injured worker accommodation
- Risk of future injury
- Possible OSHA fines and associated legal action
- Third-party liability and legal costs
- Worker pain and suffering
- Loss of good will (employees and public) from bad publicity

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## Other Considerations

Work injury can have long-term impact on a business as well. This is why it is so critical take steps to reduce the hazards associated with auto glass installation. Businesses who do not take steps to assure they have installed and implemented the standards and equipment for safe operation are, at best, risking severe impacts to their profitability; at worst, may be risking the very survival of their company. For individual operators, and small auto glass replacement businesses; the essential question is – what would you do if you are no longer able to maintain your business? The most dangerous business decision is the decision to do nothing and hope that a serious work injury will not happen!

### Some Facts and Statistics



- The pressure to the lumbar spine in lifting a 50 pound windshield...3400 Newtons – A force determined to be a significant risk for back injury - NIOSH
- A recent NIOSH review of workers' compensation claims for low back injury were significantly higher than most other industries
- A recent NIOSH review of workers' compensation claims for neck injury were significantly higher than most other industries
- Only 3% of the male population have sufficient shoulder strength to safely lift and position a 50 pound windshield - NIOSH
- One in eight (12.5%) workers will be disabled for 5 years or more during their working careers - (Social Security Disability Insurance: Commissioner's Disability Insurance Tables A & C)
- Nearly 20 percent of persons with back injuries missed more than 31 days of work - University of Minnesota Dept. of Environmental Health Sciences
- 25% of workers who received disability compensation for back injury self-reported re-injury after returning to work – Spine 2013

### The Role of ZG3 Systems Technology In Preventing Work Injury

ZG3 Mobile and In-shop units have been extensively engineered to provide the safest removal and replacement of automotive glass by removing many of the hazards associated with worker injury by removing the weight and leverage forces. Because the installer does not have to lift and carry the glass during removal and installation, the physical forces are removed. Additionally, the hazards of slips, trips and falls are also reduced because the ZG3 units maintain positive support of the glass at all times during the installation process.