



## WHAT DO TRAFFIC CRASHES COST? TOTAL COSTS TO EMPLOYERS BY STATE AND INDUSTRY

Motor vehicle crashes on and off the job cost employers \$55 billion in 1994, up from \$53 billion in 1992. On-the-job crashes cost employers almost \$22,000 per crash and \$110,000 per injury. With costs like these, more employers are finding it good business to institute traffic safety programs, mandatory safety belt policies, alcohol and drug nonuse policies, Employee Assistance Programs, and safety outreach that extends beyond the company door.

The National Highway Traffic Safety Administration (NHTSA) prepared a report for employers that details the specific costs by state and by industry type. An employer can calculate their costs for vehicle crashes by vehicle miles driven. This report updates *The Cost of Injuries to Employers*, published in 1994. The update uses the most recent crash costs to calculate health expenses and estimate savings from implementing traffic safety programs at the workplace.

### Three Cost Categories

Employer costs from motor vehicle crashes fall into three cost categories: health fringe benefits, non-fringe, and wage premiums.

**Health fringe benefit costs** include contributions to Workers' Compensation, medical and disability insurance, health insurance, sick leave, Social Security disability, life insurance, private disability insurance, insurance administration, and overhead.

**Non-fringe costs** include motor vehicle property damage and liability insurance, crash-related legal expenses, and the costs of unreimbursed vehicle damage and replacement. Employers also pay taxes to help fund police, fire, and ambulance

services. They also pay recruitment and training costs resulting from deaths and long term disabilities.

**Wage premiums** are paid to workers for accepting risky jobs. This premium can be viewed as payment in advance for possible future losses.

### Employer Costs

	Per Crash	Per Injury	Per M VMT
Health Fringe Benefits	\$ 2,500	\$ 12,300	10,800
Non Fringe Costs	12,700	62,500	55,000
Total	\$15,200	\$ 74,800	\$65,500

Wage risk premiums are calculated separately.

Wage Risk Premiums	7,200	35,600	31,300
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M VMT = million vehicle miles traveled

### Crashes Are Costly Wherever They Occur

Employers pay for injuries that occur both on and off the job. In 1994, motor vehicle crashes killed an estimated 2,000 people while they were working and injured 323,000. Over half of the injuries caused people to miss work. On-the-job crash injuries are about 6.2 percent of all crash injuries.

Employers are interested in off-the-job crashes too because they account for 78 percent of the health fringe benefits costs a company pays. These costs rise to 88 percent for crashes that result in injuries. Regardless of where an employee is injured, the company misses their productivity because of any vehicle crash.

### Costs by Industry and by State

New to the update this year is a breakdown of employer costs by industry. A table shows the



health fringes, non fringes, wage premiums, and per employee costs for ten major industries. As expected, costs per employee are higher for industries where motor vehicles are used intensely. The highest costs per employee are in agriculture and forestry, land transportation, mining, heavy construction, and automotive sales and repair. Also as expected, heavier vehicles have higher property damage costs. Another table breaks down these same cost categories by state.

Employer health care and medical spending for motor vehicle crashes nears \$9 billion. Another \$9 billion is spent on sick leave and life or disability insurance for crash victims. Traffic safety programs are an alternative to reduce these costs without reducing the benefits offered to employees.

### **Traffic Safety Programs Save Money**

Employers are looking for ways to decrease their own health care spending and protect their employees from motor vehicle crash injury. Employers lose productivity when employees suffer injuries preventing them or their co-workers from

working at full capacity and it really doesn't matter, from an economic point of view, whether the injury occurred on the employee's own time. The bottom line is that crash prevention is good business.

A comprehensive traffic safety program saves \$50,000 for every million vehicle miles of travel, the report estimates. Family related interventions can lower health fringe costs too. Benefits include a savings of \$85 for each child safety seat, and \$30 for every bicycle helmet. Protecting employees from motor vehicle crash injury can be a profitable investment of time and resources.

### **HOW TO ORDER**

For a copy of *What Do Traffic Crashes Cost? Total Costs to Employers by State and Industry*, (16 pages) prepared by National Public Services Research Institute, write to the Office of Communications and Outreach, NHTSA, NTS-22, 400 Seventh Street, S.W., Washington, DC 20590, or send a fax to (202) 366-2766. Visit NHTSA's Homepage at <http://www.nhtsa.dot.gov>

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