

Sample Cost of Risk Worksheet

Cost Calculation Worksheet	
Policy Year - 2011	
Data/Calculation	Results
Lost Productivity	
Number of Lost Workday (A)	
Number of Restricted Days (B)	
Lost Productivity Total - (C-)	
(A+B)/365 - Years of Lost Productivity	<input type="text"/>
Replacement Staffing Cost	
Lost Productivity Totals (C-)	
Average Hours Worked Each Day (D)	
Average Hourly Rate of Pay (E)	
Multiply (C*D*E)	
Replacement Staffing Cost (F)	<input type="text"/>
Insurance Cost	
Annual Incurred Cost (G)*** (paid+incurred)	
Annual Premiums (H) *estimated	
Total Incurred + Premiums (I)	
Total Insurance Cost (J)	<input type="text"/>
Total Cost of Risk	
Staffing (F) + Insurance Cost (J) = (K)	<input type="text"/>
Profitability	
Total Cost of Risk (K)	
Profit Margin (Estimate 5%***) (L)	
Sales Required to Cover Loss (Kx100/5%)	
Additional Sales Required to Cover Cost	<input type="text"/>
Accident Cost as a Percentage of Profits	
Annual Sales Volume	
Profit Margin (L)	
Sales Volume x% Profit =Annual Profits	
Total Cost of Risk (K)	
Accident Cost as a Percentage of Profits	<input type="text"/>
Sales Need to Replace Lost Profits	<input type="text"/>
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***Incurred equals paid losses plus reserves on open claim files	

Sample Cost of Risk Worksheet

Cost Calculation Worksheet		
Policy Year - 2007		
Data/Calculation	Results	
Lost Productivity		
Number of Lost Workday (A)	368	
Number of Restricted Days (B)	249	
Lost Productivity Total - (C-)	617	
(A+B)/365 - Years of Lost Productivity		1.69
Replacement Staffing Cost		
Lost Productivity Totals (C-)	617	
Average Hours Worked Each Day (D)	8	
Average Hourly Rate of Pay (E)	\$9.50	
Multiply (C*D*E)	46,892	
Replacement Staffing Cost (F)		\$46,892
Insurance Cost		
Annual Incurred Cost (G)*** (paid+incurred)	\$332,648	
Annual Premiums (H) *estimated	\$482,835	
Total Incurred + Premiums (I)	\$815,483	
Total Insurance Cost (J)		\$815,483
Total Cost of Risk		
Staffing (F) + Insurance Cost (J) = (K)		\$862,375
Profitability		
Total Cost of Risk (K)	\$862,375	
Profit Margin (Estimate 5%** (L)	5%	
Sales Required to Cover Loss (Kx100/5%)	\$8,623,750	
Additional Sales Required to Cover Cost		\$8,623,750
Accident Cost as a Percentage of Profits		
Annual Sales Volume	\$90,000,000	
Profit Margin (L)	5%	
Sales Volume x% Profit =Annual Profits	\$9,000,000	
Total Cost of Risk (K)	862,375	
Accident Cost as a Percentage of Profits	9.58%	
Sales Need to Replace Lost Profits		\$8,623,750
<p>**If profit margin is 5%, it takes \$20 of sales to replace every dollar of loss</p> <p>***Incurred equals paid losses plus reserves on open claim files</p>		