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 an 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