

**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 of 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 (as shown in chart below).**

**REVENUE REQUIRED TO COVER LOSSES**

YEARLY ACCIDENT COSTS	VS. 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

**Accident costs consist of any /or all of the following:**

- Vehicle Damage
- Loss of Revenue
- Administrative Costs
- Police Reports
- Cargo Damage
- Possible Effects on Cost of Insurance
- Possible Effect on Cost of Workmen’s Compensation Insurance
- Towing
- Storage of Damaged Vehicle
- Damage to Customer Relationships
- Legal Fees
- Customer’s Loss of Revenue Directly Attributable to Accident