

*Alabama Self-Insured
Worker's Compensation
Fund*

Technical Resource Guide 20031

---Incidence Rate Calculations---

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Incidence Rate Calculations

Incidence rates are calculated and used to show your company's level of injuries and illnesses relative to other companies, different industries or operations. Companies that utilize sub-contractors will request incidence rates for multiple years from potential contractors and use those rates as a factor in determining the probable risk associated with your operations and employees. In other words, they want to see, according to their criteria, if you work safely. OSHA utilizes these rates for the same purpose. If your incidence rate exceeds the criteria that they have established, it could trigger a visit from a compliance officer. Therefore, the lower your incidence rate, the better.

Incidence rates are calculated by applying employee hours worked and the number of OSHA recordable cases to a formula. **Please note that OSHA recordable cases, and not reported worker's compensation claims, are used to calculate the incidence rate.** There is a difference and it is possible that you will have cases that have been reported as worker's compensation claims but may not be recordable according to OSHA's recordkeeping standard or visa versa. Strict attention to what makes a case an OSHA recordable must be applied to ensure an accurate calculation of your incidence rate. Recording unnecessary cases on your OSHA 300 log will result in a higher incidence rate. This in turn could attract attention from OSHA or eliminate your company from the bid process.

How to compute incidence rates

If accurate OSHA 300 log has been maintained, an incidence rate of occupational injuries and illnesses can be calculated quickly and easily. The formula requires the following components.

1. The number of injuries and illnesses.
 - Count the number of OSHA recordable cases that are entered on your OSHA 300 log for the requested year. This total will give you the number of cases needed to calculate the **Total Incidence Rate**.
2. The number of hours all employees actually worked during the year.

The incidence rate formula is as follows:

$$(\text{Number of injuries and illnesses X 200,000}) / \text{Employee hours worked} = \text{Incidence Rate}$$

The 200,000 in the formula represents the equivalent of 100 employees working 40 hours per week, 50 weeks per year, and provides the standard base for the incidence rates.

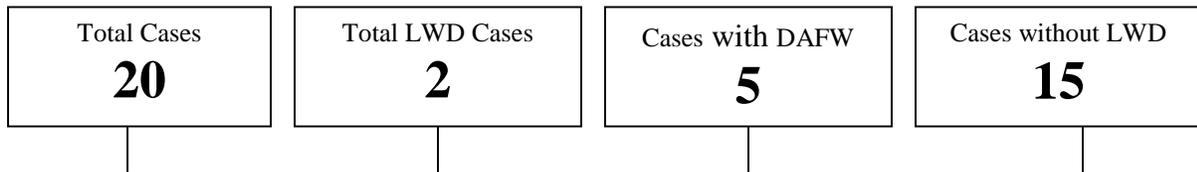
Most of the time when a company is asked to calculate its **Incidence Rate** it is being asked for the Total Case Incidence Rate. However, it is also possible to calculate other types of incidence rates. For example:

- To calculate the **Lost Workday Incidence Rate**, count only the OSHA recordable cases that involved days away from work, days of restricted duty or both.
- To calculate the **Days Away From Work Incidence Rate**, count cases that result in days away from work with or without restricted work activity.
- To calculate the Incidence Rate for cases **Without Lost Workdays**, count all cases that did not involve days away from work or restricted work activity.

To find out how your company compares with others in your industry, go to www.osha.gov/oshstats/work.html. You will need your company's SIC code. You can find "Incidence Rate Calculation" and "Find Your SIC Code" quick links at www.employersclaim.com.

The flow chart on the following page will walk you through the incidence rate calculation.

How to calculate your company's Incidence Rate

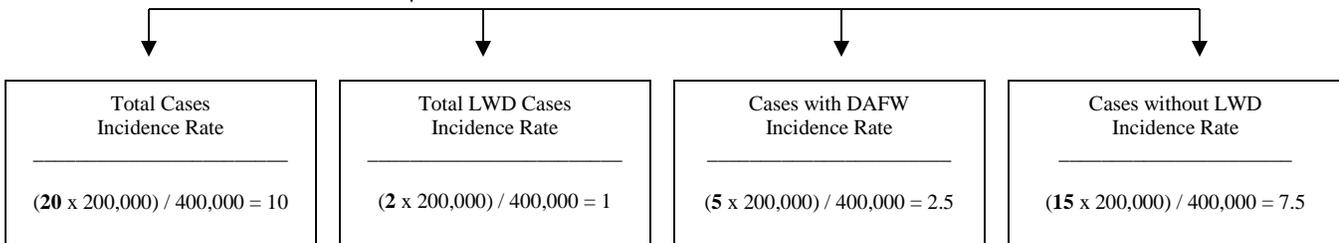


Cases (N) x 200,000

Incidence Rate = $\frac{\text{Cases (N)} \times 200,000}{\text{EH}}$

EH

Employee-Hours Worked
400,000



LWD = lost work days

DAFW = days away from work

In the example above, the Incidence Rate came out to be 10. We got this number by first multiplying 20 by 200,000, and then dividing the product by 400,000.