

Insurance Cost Watch

Insurance Cost Reduction Strategies for Executives
Seeking to Reduce Their Insurance Costs by 20%–40%


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Audit Management Crucial!

One Client had a difficult time managing their prior workers compensation audits. As a pro-active measure, their CFO asked us to manage their Workers Comp and Liability audits. Rather than fight for corrections after the audit, we believe it is prudent for us to perform the audit prior to the insurance Company.

When the insurance company auditor made the audit appointment, the CFO requested we also be present. During the course of the audit, the insurer's auditor closed his computer, saying that he had to leave to make his next audit. When asked by the CFO how the overtime was going to be handled, the auditor simply said "I can figure it out." Knowing from prior experience the amount of work that will occur on the back end, and recognizing that the auditor's are only allowed limited time to perform audits, the CFO handed the auditor our work papers. The auditor looked at the papers and accepted them without question.

This pro-active measure taken saved this Client both premium dollars and the administrative costs of having to fix the problems caused by an audit that was not properly performed in the first place. The CFO estimated that the premium savings exceeded \$10,000. 

Staying Current on Regulatory Change


A Client asked us to perform an audit of their workers' compensation program. We discovered that this business was misclassified due to a Regulatory Change, which change was effective prior to the current policy's inception date. AuditRate, being knowledgeable about Regulatory Changes, uncovered this error immediately, and took action to have the policy reflect this new rule. The current premium was lowered by \$23,465. By reducing this expense, the firm was able to apply to savings to pressing business needs. 




Claim Vigilance is Essential

Workers' Compensation Claims are the driving force behind the premium that a business will pay for this insurance. But, verifying the validity of the claim payments... or the claims themselves... is only one side of the coin.

While reviewing one Client's experience mod, we noticed that the cost of the claim (as reported on the experience modification factor) was the same for each of the three years that this claim appeared on the mod. Immediately recognizing this red flag, we

dug deeper into the circumstances of this claim. What we uncovered was very interesting—this claim had been closed with no payment! While this in and of itself is not unusual, it was closed this way because the WC Commission ruled that the claim was fraudulent. There is a Rule that allows for a fraudulent claim to be removed from the experience mod. The result of AuditRate performing this work was a \$15,500 refund to the Client. 

Every State is Different

Every State has the opportunity to “tweak” the Rules that govern the Workers’ Compensation Mechanism to suit their needs. In Illinois, there are certain classes of business that are allowed to separately classify their most skilled production employees into a lower rated classification for the determination of their workers’ compensation premiums. After auditing this company’s program, we noted that this company was not taking advantage of this specific exception granted to Illinois businesses, so we took the proper steps to correct the error, which lowered the current policy premium by \$6,926. In addition, we were able to recover an additional \$22,956 overcharge due to the same error on past policies. Our knowledge of the Special Rules (which vary by state) ensures that our Clients are not being overcharged simply because of the States in which they do business. 



What is AuditRate... And How Can We Help You!

AuditRate is a premium sleuth and uncovers and recovers insurance premium overcharges. We search for, and find, recoverable premium overcharges for 40% of our Clients. Businesses are frequently overcharged by their insurance company (workers’ compensation, liability, etc.) and do not realize it.

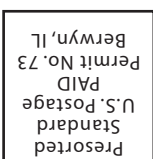
For over 43 years we have been reporting actual situations like those found in this newsletter. Policy overcharges are an on-going business problem that won’t go away. Buying an insurance policy is not like buying a finished product. It’s a work in process, with countless pitfalls all along its route. AuditRate’s Clients didn’t realize they were overcharged until we identified where, when, and how they were overcharged.



Because we work on a contingency fee basis, You Have Everything to Gain and Nothing to Lose.

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