COSTWATCH

Fourth Quarter 2020

The AuditRate Newsletter

Your Questions Answered: What happens *after* an AuditRate audit is complete?

In last quarter's issue of CostWatch, we spelled out how simple it is for you to get the ball rolling on an AuditRate audit. Typically, it requires a meeting (a phone or video call is common practice these days) with the AuditRate Team to learn more about your business and authorization to review your past payments, policies and policy calculations.

So what happens after the audit is complete? Here are common questions we receive that answer the question, **"Now what?"**

Q: Do you let me know what mistakes you find, and the potential refund/premium adjustments before beginning the next phase?

A: Yes. Our final meeting with you will review our findings and we will discuss next steps to recover and correct errors.

Q: How do you go about getting insurance carriers to fix mistakes, refund past overpayments and adjust rates?

A: We are experts in the complex rules governing policies and premiums. We "speak the language" and understand how to advocate on your behalf with carriers to have policy errors corrected, premiums recalculated and past overpayments refunded.

Q: Is there any risk to me in getting dropped by my insurance carrier as a result of the audit?

A: No. The carriers understand that we are merely ensuring the rules governing risk assessments and insurance premiums are correctly applied.

Q: If my premiums are reduced, will my coverages be reduced?

A: No. When premiums are reduced, that is because we correctly applied the rules for setting premiums in the first place. Therefore, when we correct your policy, your premiums will reduce to reflect the true state of your risk. Your coverages will not be affected.

Q: Can I continue working with my current broker even after AuditRate fixes mistakes, secures premium reductions and gathers refunds?

A: There's nothing in the AuditRate contract that requires you to use Alper Services as your broker after the review is complete.

To answer questions specific to your business, contact John Przybylski at JPrzybylski@AuditRate.com or Michelle Marten at MMarten@AuditRate.com.

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SUCCESS STORY

Industry: Construction
Policy: Workers' Comp
Company Size: Small (less than 50 employees)
Errors Found: MOD Score
Refund: $180,000

Company: A Chicago area plumbing contractor with approximately 30 employees servicing commercial Clients throughout the Northwest Suburbs. The company approached AuditRate to help them assess the quality of their workers' comp coverages and the accuracy of their premiums.

Findings: As we do with each review, our AuditRate Experts conducted a thorough analysis of the 1) classifications, 2) payroll data and 3) MOD score (a multiplier applied to the premium based on passed loss experience).

While everything was in order with the classifications and payroll components of their policy, the AuditRate Team found a clerical error in the loss history which had been missed for three years by the carrier, broker and Client.

Impact: This error—a duplicate loss claim—pushed the insured's MOD score to 1.01 for three years following the claim. As a result, the insured's premiums were 25-30% higher for that same period. The higher MOD also disqualified the company from contractor credits (which require a MOD of 1.0 or lower) thereby compounding the error.

The AuditRate Team worked with the carrier to remove the duplicate claim, recalculate the MOD score, revise the premiums and secure the appropriate contractor credits moving forward. The Team then worked to secure a refund of $180,000 to recoup the prior three years of premium overpayments and the missed credits.

Interested in putting AuditRate to work for you? Contact John Przybylski at 312-335-2152 or JPrzybylski@AlperServices.com.

An **Experience Modification Score (MOD)** is a score used to adjust premiums based on loss history—those with lower-than-average claims history have lower MOD scores and lower premiums; those with above-average claims history have higher MOD scores and commensurately higher premiums.

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