

How Knowledge Creates Value

\$457,000 PREMIUM SAVINGS through lowering claims reserves, applying the aggravated inequity rule and employing an aggressive dividend program.



Challenge:

Roofing Contractor – Commercial

This large- 160 employee roofing contractor's worker's compensation program was being jeopardized by an association run carrier that was setting reserves inappropriately as well as mismanaging the claims process which was adversely affecting their experience mod and dividend return potential. They were not getting any insurance broker assistance in managing their claims as well as employing any risk management including best practices in order to reduce their claims impact on their experience modifier.

Their current carrier had them in a position where their account was not appealing to the marketplace, and their current broker told them they were in the best home for their class of business.

Our Solution:

Our action plan and team of professionals convinced their management team that we had the necessary knowledge, tools, and access to the marketplace to achieve the long term results they were looking for in order to manage their insurance cost.

1. We performed a thorough claims review and determined that 5 large reserves were set inappropriately by type of accident.
2. We challenged the current claims administrator to lower claims reserves on the 5 large cases to more appropriate levels based on the current condition of the injured employee and their ability to return to work at their prior capacity.
3. Once the claims reserves were reduced and reconciled by the current carrier, we then instructed them to re file their unit stat to the National Council of Compensation Insurance so they would benefit from their 17% mod reduction of their upcoming renewal.
4. Based on our findings and diligence, the risk became marketable and we were able to place it with a carrier offering an aggressive dividend plan.

Results

Over the next 3 years, not only did we assist in lowering their mod from a 1.00 to a .70, but we assisted them in developing a Risk Management Program that improved their risk profile and afforded them the ability to enter into an all lines(Auto Liability, GL, and WC) loss sensitive program which has resulted in 60% premium savings.

