Workers Comp Insurance Premium Audits

by Drew Roberts, CPCU, ARM - Saturday, April 02, 2011

http://www.floridawc.com/information/premiumaudits/

Premium Audits

FloridaWC.com is a website run by Black Black Bear Insurance Agency. As an independent insurance agency, Black Bear has the ability to provide quotes from multiple insurance companies. Since the rates in Florida are set by the state government and most insurance agencies represent the same insurance companies, the main factor in choosing an insurance agency to handle your policies is the quality of service you receive as a client. We take this very seriously at FloridaWC.com and Black Bear Insurance Agency and look forward to earning your trust through our response time, friendly environment, knowledge of insurance products, and dedication to the businesses we serve. Premium audits are one of the value-added services we provide for clients and pospective clients. Premium audits review your current and past insurance policies to make sure everything is accurate for your business.

What Premium Audits Look For...

There are 6 main areas that a workers' compensation premium audit will target. The first and what could be most significant area for recovery in a workers compensation premium audit is the GOVERNING CODE. With hundreds of possibilities, we make certain your company is coded in accordance to your specific operation.

The second area is the PAYROLL EXCLUSIONS that your business is entitled to, such as overtime and severance pay among others. They vary from state to state and our audit will check Florida and all other states in which your business operates. There are over ten of these payroll exclusions, and if they have not been taken, then your business would be entitled to a recovery.

The next area is your EXPERIENCE MODIFICATION rate. We will analyze the frequency and severities of your past claims, recalculate and resubmit all the numbers. In many cases, we have found the MOD to be incorrect because a mistake has been made and we can get the rate lowered. Obviously, a reduction in your MOD, even a small one, can equate to large future discounts and recoveries.

The fourth area is your RESERVES. Some insurance companies hold money in open reserve long after the claim has been settled. While these funds remain there, it has a negative impact on your MOD and you may pay an additional premium on them. We will review your loss runs and get any open reserves closed out.

The fifth area is your CLAIMS. We would verify them in a general sense to make sure there have been no mistakes by your carrier, which are costing your company money. An auditor will not contact your employees in regards to their claims.

The final area would be the JOB CLASSIFICATION CODES. This is the area we usually find the most

room for opportunity. There are over 700 different categories that we can use to classify employees. We review each job title and descriptions to make sure people are correctly classified. An incorrect classification can increase your premium dramatically.

For more information about Florida Workers Comp, visit FloridaWC.com