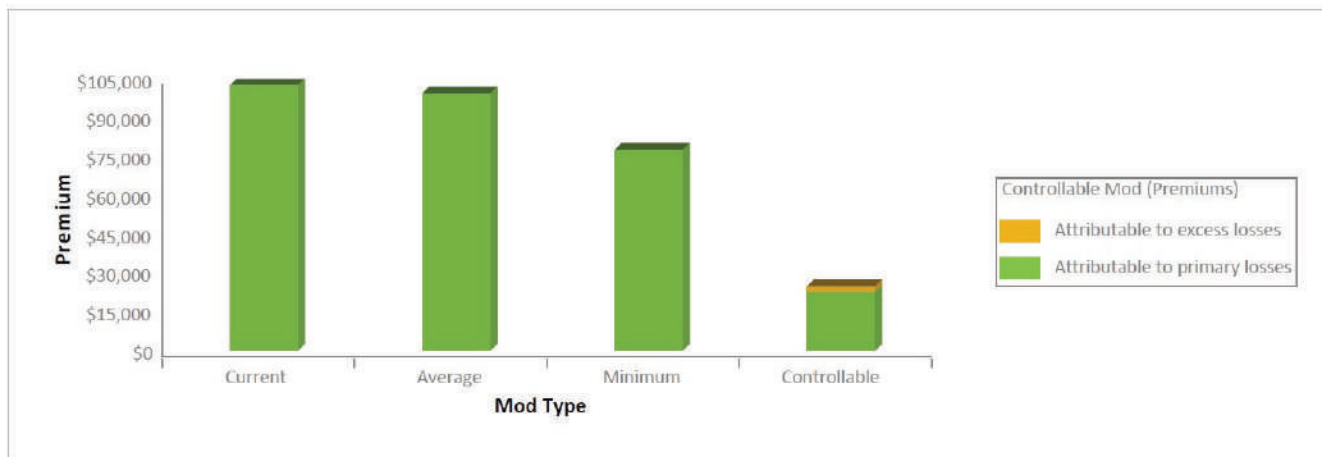


5 Reasons

You Should Get an Experience Modification Audit



Your Mod and Potential Premium Savings



Introduction

It is probably safe to say that most people who are paying any amount of premium for an insurance product aren't happy to be spending that money. It is very rare that we run into people who are excited about writing those checks. However, when taking a realistic viewpoint of the process, there are some people that are happier than others about the volume of premium they pay because they know they have done everything they can to be sure they are paying the least amount that is possible.

The best way to make sure you are paying the right amount is to have your experience modification audited.

The overwhelming majority of companies have not had this done because the agent writing their workers' comp doesn't have the ability to perform the audit OR the business doesn't want to spend the \$2,500 - \$3,000 to have the audit done. That doesn't change the fact that the information contained in a mod audit is invaluable to any and every business.

The 5 points discussed in this e-book are the 5 most important reasons to have your workers' comp experience mod audited.

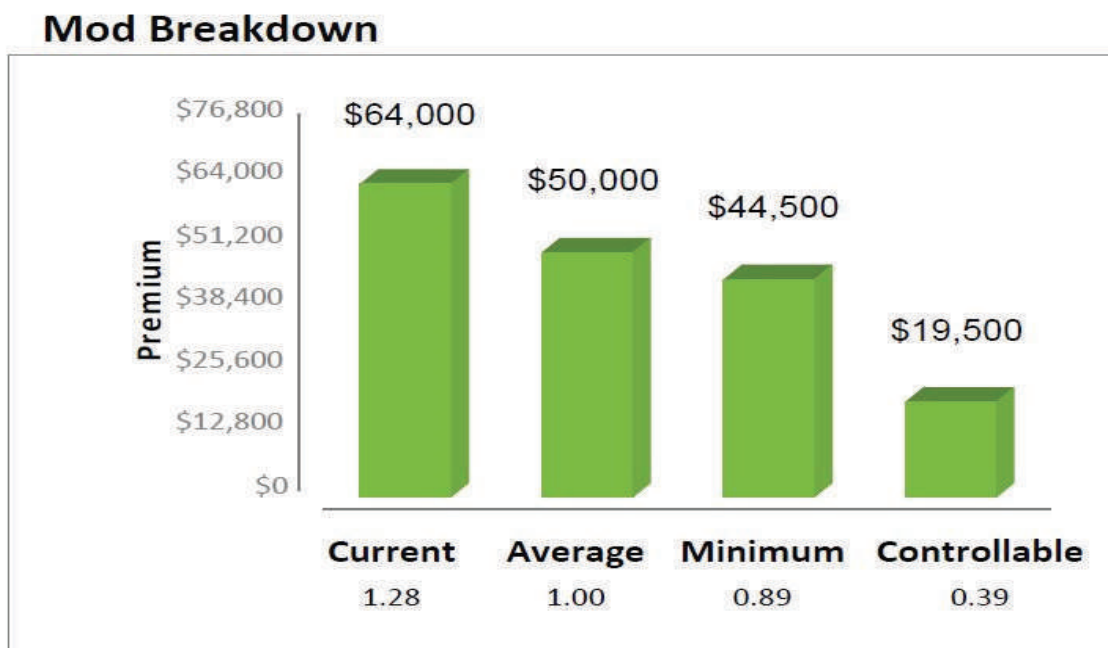
5 Reasons You Should Get an Experience Modification Audit

1) Most employers are not aware that they can control the amount of workers' compensation premiums they pay each year.

Because the state of California has many insurance companies with different pricing for Workers' Compensation, many employers are not aware of what 1st in class pricing should be for their employees.

The Workers' Compensation Insurance Rating Bureau of California (WCIRB) issues experience modification factors for all employers with the appropriate premium volume so that they can reward those employers that are performing well and be punitive to those employers that have less than stellar performance.

The experience mod is what levels the playing field. In simple terms, it is a benchmark that shows you how your workers' compensation program is performing relative to your peers with the same class codes in the same industry.



2) Many employers do not know their Worker's Compensation Experience Mod Factor.

For many businesses that are not in construction-related fields, the mod is out of sight and out of mind. Until they get a massive renewal increase, these companies simply don't pay attention to it.

When a company is not of the correct size to have a mod generated, their mod defaults to 1.0. That is "average" for their industry as they relate to their peers.

Using the old school system grading scale, that would make them a "C" student. Because state administered pricing is set in stone, many small and medium sized businesses just assume that is the way it is going to be and don't understand that they do have some control.

Making an impact on the experience mod starts with knowing what that mod is. There have been literally hundreds of times that we have met with prospects and they have had no idea that they had an experience mod, let alone the value of the mod.

By having your mod audited, not only will you learn your mod, but you will learn exactly how it is impacting your overall premium and how much you will be able to save if you have good programs, policies and procedures in place.

3) Has your experience mod been audited and is it correct?

Based on the large number of companies we encounter that do not know their experience mod, we know that an even larger number of company have not had their experience mod audited.

What if I told you that **65% of the experience mods that are calculated are not accurate** for one reason or another? That is not a made-up number, this is an actual statistic!

Because of the fluidity of claims and the reserving practices of the various carriers, it is very difficult to calculate an accurate mod at a specific snapshot in time. By conducting an experience mod audit, we can validate that your mod is the correct number. If it's not, we lobby with WCIRB to fix it. Then, we go back and audit for the prior years to find out how long it has been incorrect.

If your mod is incorrect and the correction would be in your favor, we can go back to the carriers for up to 36 months and file an "aggravated inequity". This forces the carrier to correct the mod on the policy that you already paid for and return any monies to your company that you would not have paid had your experience mod been correct when they wrote the policy.

5 Reasons You Should Get an Experience Modification Audit

4) Do you know how much your experience mod is costing your company?

Again, many companies don't know their experience mod. Even more companies have never had their mod audited. That means that even more companies have no clue exactly how much their mod is costing them.

By conducting an audit to verify the accuracy of your mod, we can also calculate your minimum mod. That number represents the absolute best-case scenario for your mod for the period of time contemplated. The difference between your mod and the minimum mod is called the "controllable mod" and that difference, when multiplied by your premium paid, is the dollar figure that your mod is costing you.

Once you see how much the mod is costing you in hard dollars, you can drill down and determine what you can do inside of your organization to fix it and lower your factor thereby lowering your premiums.

Three Year Premium Cost of Various Losses



5) Do you have a plan to fix your mod?

Chances are if you don't know your mod, don't know if your mod is accurate or don't know how much your mod is costing your organization, you don't have a plan to fix it. We have good news!

When we audit your mod, not only do we validate it and tell you how much it is costing you, we also show you how much each claim, each employee and each injury type is costing your organization. This will identify trends that will allow us to monitor "troubled employees". It will also help us to identify hazards in your workplace or programs that we can help you add to your safety culture.

We have been extremely successful in saving our clients money by identifying the top loss drivers and then adding the policies, training and execution necessary to shift the culture of their organization to remove those risks that have proven to be the most financially consequential.

This is not a marketing ploy, these are facts backed up by the data.

Contractors Risk Solutions can provide you with the policies, training and follow-up necessary to get your mod under control. All of what you need to lower your mod, lower your premiums and create a safe work environment are services you will automatically receive as a Contractors Risk Solutions client.

5 Reasons You Should Get an Experience Modification Audit

Conclusion

We get it. You probably don't speak fluent "insurance speak". However, it is probably a safe guess to state that you speak fluent DOLLARS.

If you have never had your experience mod audited, there is absolutely no harm in doing so. It does not affect your current coverage. If you feel uncomfortable because you fear your current agent will find out you are looking around, it's OK.

An experience mod audit can all be done without alarming anyone. As a responsible business owner, we are certain you want to know exactly what this is costing you each year. Why not run through the exercise to see just exactly what's going on? Your worst-case scenario is that you will get a complete audit report that is valued at \$2,500 - \$3,000 for FREE! Why not get started today?

Can you lower your Workers' Compensation Premium?

Your Workers' Compensation Experience Modification Factor is the only tool you have to control your Workers' Compensation premium. Request your Free Experience Modification Factor Audit today!

[Learn More](#)

About the Author

Matthew J. Rogers, the proud founder of Contractors Risk Solutions, Inc., is a distinguished professional with over two decades of practical experience in the construction industry. Based in California, his brokerage specializes in delivering tailored insurance solutions for construction businesses. With a robust foundation as a licensed contractor and an impressive 10+ years of expertise in commercial insurance, Rogers uniquely integrates his wealth of knowledge to design innovative insurance solutions that precisely align with his clients' needs.

Rogers not only served as a consultant for the California Contractors State License Board (CSLB) on Workers Compensation but also stands as a recognized expert witness. His commitment to excellence is underscored by his designation as a Construction Risk and Insurance Specialist (CRIS), exemplifying his dedication to staying abreast of industry advancements and best practices.

A distinctive aspect of Rogers' approach is his unwavering focus and priority on risk management. By strategically emphasizing risk mitigation strategies, he ensures that his clients, through Contractors Risk Solutions, are equipped with comprehensive and proactive solutions to safeguard their projects and businesses.

Beyond his professional achievements, Matt finds joy in his personal life, residing in Los Angeles with his wife and daughter.

