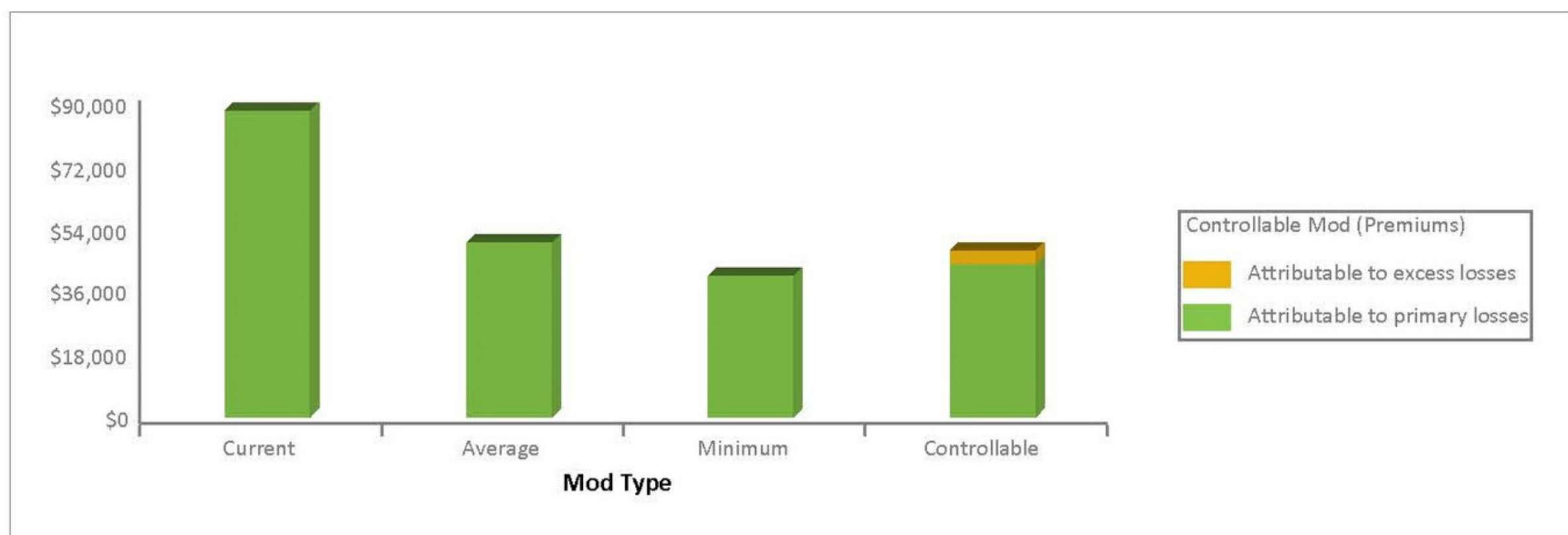


5 Reasons You Should Get an Experience Modification Audit



**Minnesota Insurance
Group, Inc.**

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.

In the state of Minnesota, so often insurance premium is spent unnecessarily, UNLESS you've had your experience mod 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.

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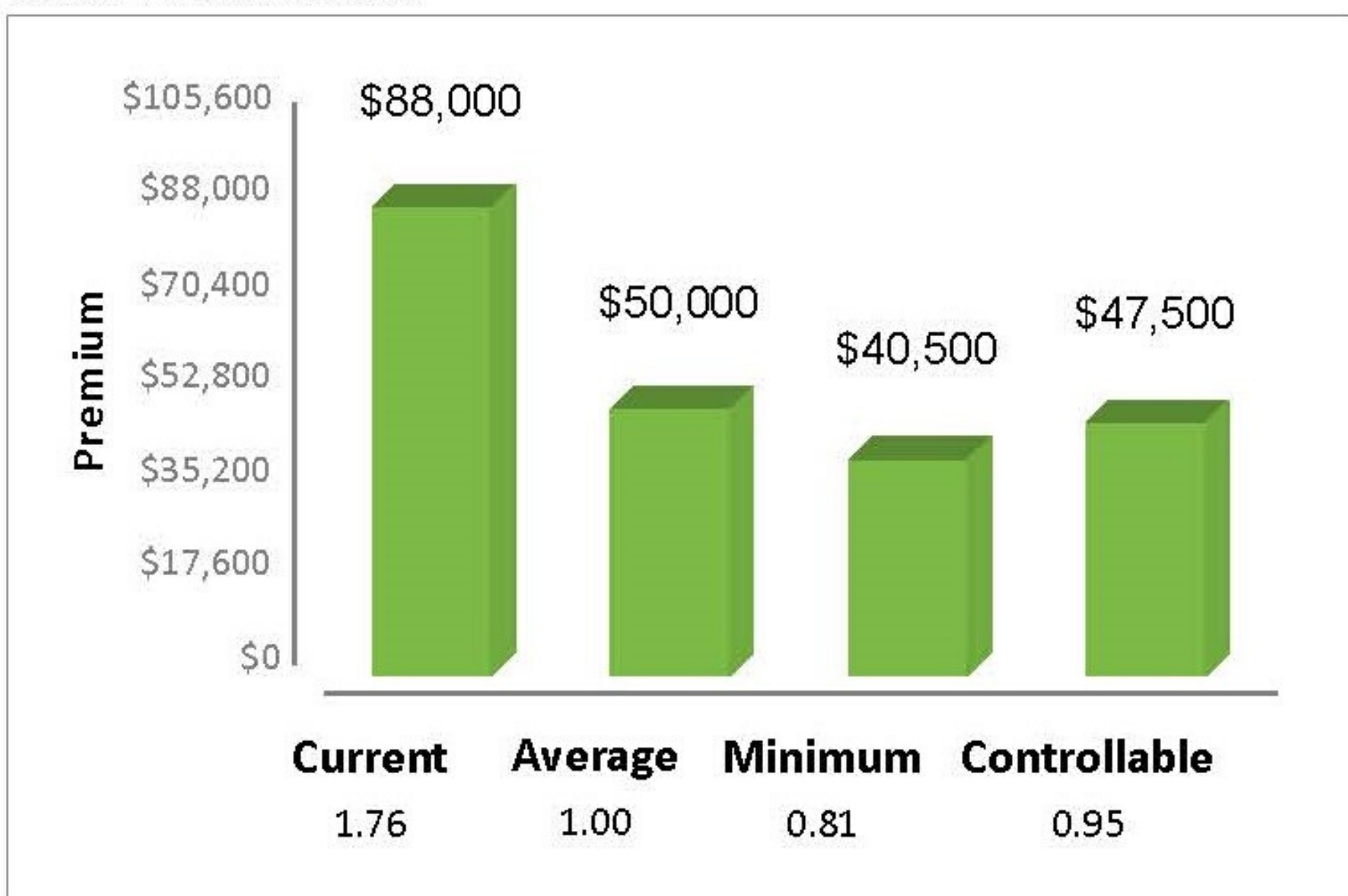
1) Most employers are not aware that they control the amount of Workers' Compensation premiums they pay each year.

Many Minnesota employers are under the impression that there is little or no way for them to influence or impact on their workers compensation rates.

This simply isn't correct. The Minnesota Workers' Compensation Insurers Association (MWCIA) issues experience modification factors for all employers with the appropriate premium volume so that they can reward those employers that are performing well and, quite frankly, be punitive to those employers that have less than stellar performance.

The experience mod significantly impacts a business's profitability and can help or harm them in comparison to their competitors. 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.

Mod Breakdown



2) Many employers do not know their Workers' 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.

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 business owners 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, or do not understand what their experience mod means to them, we know that an even larger number of companies 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 have the knowledge and resources to fix it. We can even 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. Clients can sometimes realize thousands to hundreds of thousands of dollars in return premium after completing an 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 Experience 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.

Minnesota Insurance Group 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 Minnesota Insurance Group client. All policies are reviewed by attorneys and guaranteed to be compliant with all current legal regulations.

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

Dawn Janes-Bartley, CRM, CIC is the Principal of Minnesota Insurance Group, Inc. With decades of insurance and risk management experience, Minnesota Insurance Group is a unique firm that leverages technology and out of the box thinking to serve clients throughout Minnesota and surrounding states. Because of their deep roots in client service and the ability to build mutually beneficial partners, Minnesota Insurance Group stands to be one of the fastest growing firms in the Midwest over the next decade.

Dawn has twenty-three years of experience providing clients with creative solutions to more effectively manage their total cost of risk. She specializes in commercial property and casualty insurance placement for middle market companies of all types and has specific expertise in underperforming workers compensation programs.

She holds insurance licenses in Minnesota, Wisconsin, Iowa, Nebraska, North Dakota, South Dakota, Illinois, Michigan, Arizona, California, Colorado, Florida, Georgia, Missouri, Montana, Nevada, New Hampshire, New Mexico, North Carolina, South Carolina, Ohio, Tennessee, Washington and Texas. She also holds the Certified Risk Manager and Certified Insurance Counselor designations from The National Alliance for Insurance Education and Research.

Dawn's specialties include: Workers' Compensation Experience Modification Factor Analysis and Analytics, and structuring and negotiating risk financing structures for organizations of all sizes. Dawn has also been sought after as a legal expert witness in several insurance cases, including Workers Compensation rating processes and procedures.

Prior to entering the insurance industry, she started and later sold a legal process serving company, and served in several positions in both the Human Service and Hospitality industries. Her professional and educational experiences give her a unique and refreshing perspective when helping clients reduce their total cost of risk.



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