

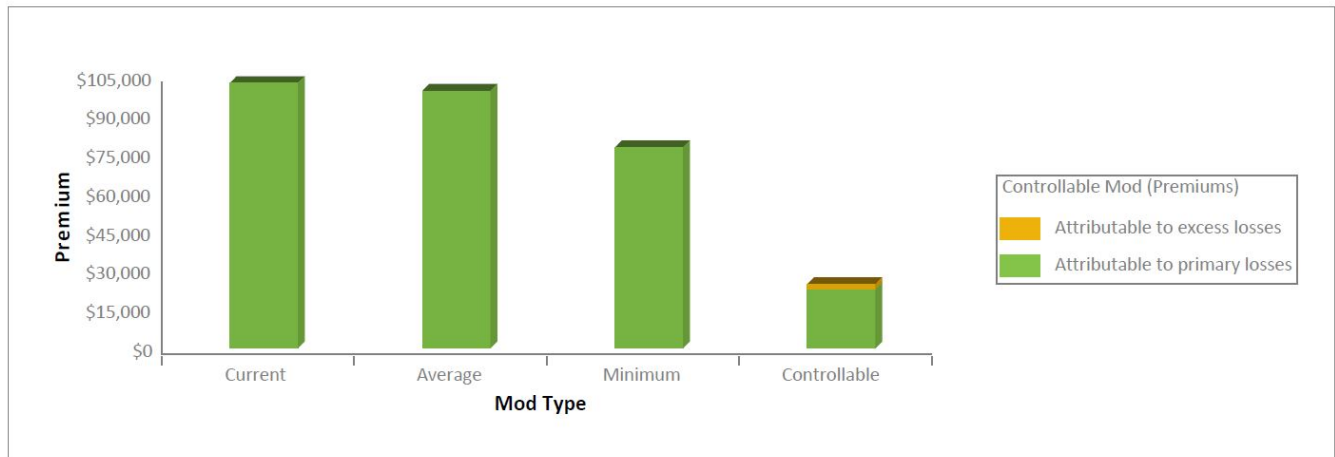
# 5 Reasons You Should Get an Experience Modification Audit



**TRP**

**TEXAS RISK**  
— PARTNERS —

# 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 Texas, there really is no guess work in the workers' comp equation. UNLESS you haven't 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.

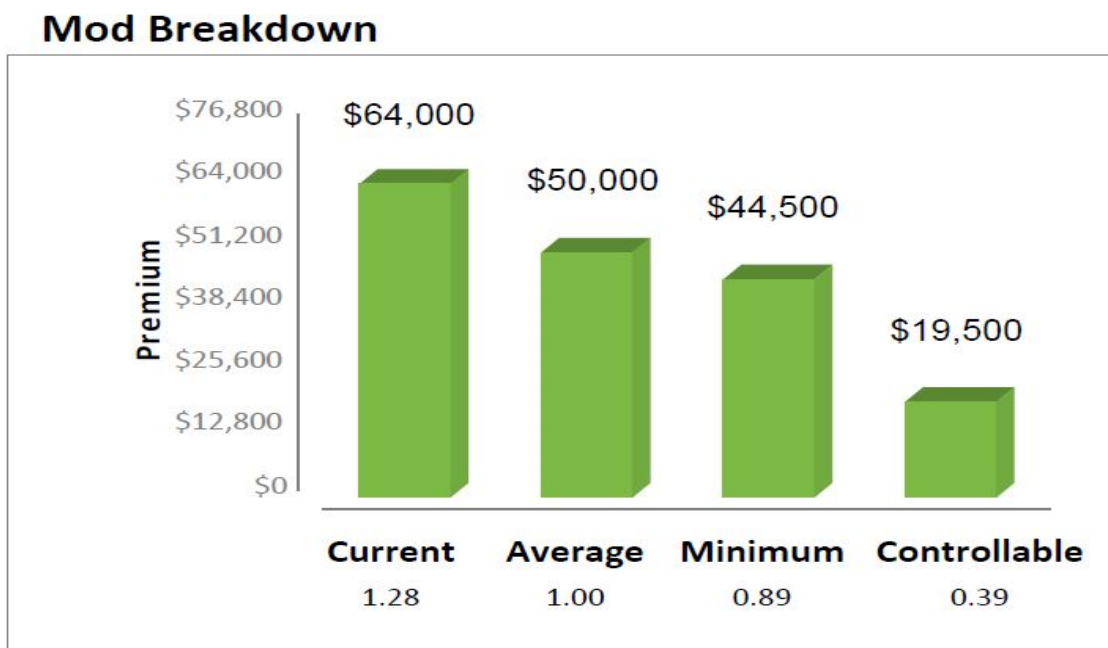
## 5 Reasons You Should Get an Experience Modification Audit

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

In the state of Texas, many employers are under the impression that they aren't able to control their workers comp cost without switching carriers.

This simply isn't correct. The National Council on Compensation Insurance (NCCI) 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.

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. 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 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 lobby with NCCI 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.

## 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.

Texas Risk Partners 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 Texas Risk Partners 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

TJ Turk has been an insurance and risk management professional since 2014. During his career, he has helped his clients protect their assets and effectively manage their total cost of risk.

With a specialty in commercial property and casualty insurance placement, TJ helps his clients by providing innovative service and risk management guidance.

He is a licensed property and casualty, as well as life and health insurance agent in the state of Texas. He is currently pursuing his Certified Risk Manager and Certified Insurance Counselor designations through The National Alliance for Insurance Education and Research in addition to pursuing the Chartered Property and Casualty Underwriter designation from the Insurance Institute of America.

From Amarillo to Midland to Austin and everywhere in between, TJ has spent his career helping clients all over west and central Texas protect their assets.

Before founding Texas Risk Partners, TJ was VP of Sales for Citizens Insurance Agencies in Brady, Mason, and Fredericksburg. Prior to that, he was an Agency Manager for Texas Farm Bureau Insurance in the Panhandle of Texas.

TJ holds a Bachelor of Arts Degree in Political Science and spends his spare time serving his community. He currently serves on the board of directors for the Brady/McCulloch County Chamber of Commerce and The Haven Family Shelter of McCulloch County.

He also volunteers for the United Way of the Concho Valley in San Angelo, Texas. TJ enjoys working cattle with his family and spending time with his fiancée Molly, and their Golden Retriever "Leddy".