



Am I overpaying for Workers Comp?

Presented By

Joseph Tassani
Insurance Solutions & Services Inc

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Previously I've written to my clients and prospective clients about their workers compensation costs and helping them identify ways to control them. Now in addition, I've put together a short report loaded with resources for you to take control of your insurance costs with some simple education. Here's a quick introduction to the report:

Ways to know you're paying too much for workers compensation insurance

Below is a table showing the basic WC Premium multiplied by three different Experience Modification Factors. The first one uses a credit of 25% for safety and claim free workplace. The next one shows 1.00 which can be a Unity factor showing new company, unable to report to NCCI yet or not eligible yet for reporting. The third line item shows us an insured with losses being debited 25%. The difference from .75 – 1.25 in this example is **\$50,000!**

Premium		MOD	Modified Premium
\$100,000	X	0.75	\$75,000
\$100,000	X	1.00	\$100,000
\$100,000	X	1.25	\$125,000

Call me today and lets make sure your EMR is correct and identify ways to save you money.

Q: Which is given more weight in the exp rating formula? Claim frequency or claim severity

A: The plan gives greater weight to claim frequency than to claim severity. Risks with a higher frequency of claims will generally have higher future workers compensation costs. The table below shows the preliminary data between two similar companies:

	Claims	Cost per Claim	Total Losses
Employer 1	1	\$50,000	\$50,000
Employer 2	10	\$5,000	\$50,000

Primary refers to the first \$5,000 of each claim a/k/a frequency. All dollars paid for each claim over \$5,000 is considered excess and does not hold as much weight. Primary losses will have a greater impact on the experience medication.

Employer # 1 has a primary loss total of \$5,000 X 1 claim.

Employer # 2 has a primary loss total of \$5,000 X 10 or \$50,000.

Both employers have a total loss of \$50,000 but the Employer with 10 claims will receive a higher adjustment then Employer #1.



If you think you're paying too much for Workers Compensation insurance give me a call. The sooner we meet, the sooner you can save money on your insurance!

What makes you different? For most of us, if you don't know about a particular topic - research and ask. I play a different role in advising my clients. I try to educate constantly, be available to answer questions which means staying engaged with clients managing their risk and insurance program. This means staying on top of my game and keeping up with the changing landscape that can/does impact us.

Who's looking out for you? I am. As a NJ Small Business enterprise, your commitment to the growth throughout the state is seen first hand. The intrastate commerce generated helps more than 1,000,000 small business firms in the State of NJ alone. Our commitment to small business is achieved through working relationships with local supply vendors and IT consultants. All together for the success of small business.

ISSI established this report based off of industry success helping clients through our exclusive program targeting those with higher experience rating modifications (EMRs).

Who is ISSI? We are a 15 year proud Edison NJ headquartered professional insurance firm regionally advising the insurance and risk needs of clients. Call me today for a complete on-site business consultation to see if we can help you purchase the right insurance at the lowest cost.

For your free consultation please call me today. You owe it your self, the longevity of your business and to the loyalty and respect of your employees to have a professional insurance and risk management firm handling all of the insurance and risk advising.

Joseph Tassani

Special Accounts Advisor

NJ Insurance License #0339530

Insurance Solutions & Services, Inc.

Risk & Insurance Management

(732)-738-6080 (O)

(908)-421-4408 (C)

jtassani@issi-nj.com

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Commitment to Excellence

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