



CASE STUDY

Claim Review Reveals Misallocated Charges and Helps Reduce Annual Premium



The Request

Brown & Brown participate in triannual claim review

Company Profile

Industry: Staffing & Recruiting

Employees: 1,329

Locations: 20

Request

A loss-sensitive customer hired Brown & Brown as its broker and requested the team participate in triannual claim reviews. In preparation for the first review, Brown & Brown analyzed the large national carrier's online system for the selection of open workers' compensation claims identified for the review. Using this information, Brown & Brown obtained an understanding of the claim and developed an aggressive action plan that would help bring it to resolution. Additionally, all other payments and reserving practices were reviewed.



The Solution

Brown & Brown's review revealed misallocated charges

Solution

In reviewing the 17 identified claims, Brown & Brown noticed a payment trend. Charges for independent medical evaluations and any associated charges were being incorrectly accounted for as a medical expense rather than an allocated loss adjustment expense (ALAE).

The carrier was engaged to address its payment practices, as they were not up to the national council and state bureau standards. After reviewing those guidelines, the carrier agreed to reallocate all incorrectly coded charges from the previous four years.



The Results

The misallocated claims totaled \$100k, and were adjusted

Results

Brown & Brown found 43 claims that required adjusting, totaling nearly \$100k. These adjustments reduced the customer's experience modification by .03 for the current term and its annual premium by over \$30k.



How Brown & Brown Can Help

Connect with our Brown & Brown team to learn about our knowledge in your industry, how we build our risk mitigation strategies and how we can aid your business in building a cost-saving property & casualty program.



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