

## Experience Modification Rate How Does Your Experience Modification Affect You?

The economy is ever changing these days and the cost and trials of running a business are becoming increasingly difficult. The growing cost of workers compensation in the world of business today can take its toll on small and big business alike. Insurance premiums are constantly being raised and can play a major role in the amount of profitability that your company achieves. This is why so many companies are beginning to pay close attention to their Experience Modification Ratings. This rating relates to each business' costs in regards to workers compensation claims and how those costs compare to the industry average. A positive Experience Modification Rating can potentially allow companies to save thousands of dollars per year in terms of their premiums as well as help manage the needs and expectations of employees. With the way the economy is heading presently and with a lot of small businesses faltering, it is of the utmost importance to cut costs and increase your bottom line in any way possible.

Calculating the total costs of your insurance premiums and finding ways to decrease these costs is becoming a more popular strategy for many businesses these days. Improving your Experience Modification Rating is an excellent way to lower your insurance premiums and ensure that you are not overpaying in areas where you can least afford to. There are a number of different factors that are formulated to indicate a company's Experience Modification Rating. Medical claims and lost time claims are two of the claims that can potentially save you money but insurance companies do not recognize this immediately. Medical only workers compensation claims can actually be reduced 70 percent before calculating a company's Experience Modification Rating. With respect to lost time claims, companies can maximize their rating by trying their best to reduce the frequency. A single claim, for example, over \$50,000 actually has less of an effect than 10 small claims of \$5,000. On top of these examples there are a number of ways that companies can monitor and manage their Experience Modification Rating. Now that you are aware of some of the options that are available to you, you need to find a way to apply them. Your insurance company typically isn't willing to offer you advice that will lead to less profit for them, so you need to educate yourself and seek outside help at times. It is your insurance agent's duty to provide you with your Experience Modification Rating information, and taking a close look at this information is the first step to lowering your premiums. Every year your company should receive an Experience Modification Rating Sheet which you can review and manage to help you maximize and decrease your premiums. On average more than 75% of company's are over paying on their workers' compensation premiums. Why would you continue to pay higher premiums if you didn't have to? I highly recommend that you have an independent policy audit to find out if you have been overpaying. Doing so could help you to recover hundreds and even thousands of dollars in overpaid premiums.

### About the Author

Many companies don't even realize how much they overpay and how it relates to their [experience modification](#) rating. To find out more about having your policy audited go to [Work Comp Audit](#). We perform audits of policies at no charge to you. If there is no recovery there is no fee. You have nothing to lose. Randy Russell, CPA [experience modification rate- work comp](#)

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