alpharoot

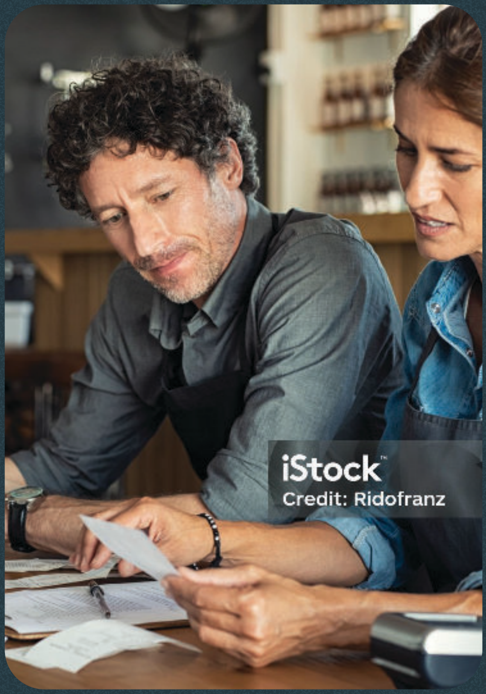
Cancel Rewrite Mid Term to Avoid Hefty Audit

The Challenge

California Brand grew rapidly and initially only projected 1.8M in sales for the year. However, on our quarterly check in call, the insured said that they were on pace to do over 10M in revenue. The way that the premium is calculated is by multiplying the rating basis (revenue) by the associated rate (per thousand of revenue). As the rating basis increases, the actual rate should decrease, however once you lock in a policy you are subject to the existing rate unless the policy is amended.

The Solution

We aim to have quarterly check in calls with our insureds to stay on top of their growth to make sure their insurance program reflects the current exposure. Once we were made aware of this growth, we did a mid term rate revision, so they did not get crushed at the audit based on the projection. The company was now projecting 10M (8.2M Delta), but they were subject to the initial rate of $3.5 per thousand of revenue. By revising the policy we were able to get a rate of $2.25 per thousand of revenue and this saved the company ~$12,500 simply by staying on top of their growth.



Project Statistics

$5M
Funding Raised

~10M
Revenue

20
Employees