

“Audit Disciplines for 2000 and Beyond: Exit Interviewing”
NSIPA Tele-Seminar
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1. **1986: The way we were...**
 - No Standard Exception Analysis
 - No Overtime Analysis
 - No discipline on dates audited
 - No 40 day time service
 - No

2. **The greatest enemy of excellence is the “Good Enough”.**
 - What is the cost of a re-fielded audit?
 - What is the impact of Premium Audit on Collections?
 - The time it takes to generate an AP bill is inversely proportional to the likelihood of collection.
 - What is the cost of a lost policyholder?

3. **The job of the Premium Auditor...**
 - Fulfill the policy “contract”
 - Ensure integrity of adjustable premium policies
 - Protect other policyholders in the “pool”
 - Premium Audit Clause (Look it UP!)
 - Providing Customer Service
 - Educate the insured on recordkeeping, rules, classifications
 - Act as a liaison between the insured and other departments:
 - Claims
 - Underwriting
 - Production

4. **SWAT Team Auditing**
 - The Exit Interview begins before you walk through the door.
 - What can I expect?
 - What should I know before I ask the first question
 - Resources
 - Web sites
 - Yellow Pages
 - Aerial Photos in Lobby
 - Brochures

5. **The 3 Questions that Pave the Way...**
 - “Do you understand why I’m here today?”
 - “Do you know what a premium audit is?”
 - “Is this your first premium audit?”

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6. **What is an Exit Interview?**

- The final post-audit discussion with a financially-staked principal of the insured to explain specifically what was done on the audit and why –and- generally, what the results of the audit mean.

- It does NOT normally involve a discussion of premium adjustments.

7. **Why an Exit Interview?**

- Most auditors live by the motto: “Don’t break INTO jail”

- But no one likes surprises – least of all financial ones.

- The purpose:

- To verify both party’s understanding of what has been done

- To allow the insured to ask questions about classifications, rules

- To mentally prepare the insured for an adjustment, if appropriate

“I don’t have to say, “Wow, you’re going to owe a wad of money!” If the insured sees an estimate of \$100,000 and an audited exposure of \$400,000, they’re going to usually connect the dots.

8. **What to Cover in the interview:**

- Classifications

- Officer Limits

- Endorsements

- Overtime Credits

- Contract Labor (including a definition)

- Sub-Contractors

- How to handle additional COI’s

- Charging for adequately insured subs

- Estimates v. Final Exposures

9. **Some Pitfalls to Avoid...**

- “I smell refund!” – Chris Elliott commercial

- Offering “tips” on saving premium dollars

- Impersonating an agent

- Dumping on the agent

- Indiscretion

10. **What happens when we can’t agree on the aspect of the audit?**

- Patiently explain why you have handled an issue in a particular way.

- If you’re correct, take the insured to the rules classification manual

- If you’re NOT SURE you’re correct, assure the insured you’ll do further research before submitting the audit (and be sure to do it.)

- Always demonstrate RESPECT

- **“If you don’t get your way, you’ll still get your say!”**

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11. **Documentation - The “PEARL” Principle**

P – Principal Interviewed

E – Exposure Variations

A – Acceptance

R – Records – Opportunities for Improvement

L – List of Concerns

12. **Malcolm Gladwell: On Malpractice Suits**

“Recently the medical researcher Wendy Levinson recorded hundreds of conversations between a group of physicians and their patients. Roughly half of the doctors had never been sued. The other half had been sued at least twice, and Levinson found that just on the basis of those conversations, she could find clear differences between the two groups. The surgeons who had never been sued spent more than three minutes longer with each patient than those who had been sued did (18.3 minutes versus 15 minutes).”

- **“Blink”, by Malcolm Gladwell (p.41) Little, Brown and Company, 2005**

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