

Recovering a Six-Figure Overcharge in a Workers' Compensation Retro Program

The Situation

A long-standing ALS client—a large manufacturing company in New Jersey—received a substantial, unexpected invoice from its Workers' Compensation carrier tied to a retrospective premium adjustment. The charge stemmed from a loss-sensitive program, where premium is directly impacted by claim activity and reserve levels. The client paid the invoice to close out the policy year but questioned the unusually high amount and engaged ALS for a detailed review.

The Challenge

Retrospective rating programs are complex and highly sensitive to claim coding and reserve changes. Even a single misallocated claim can inflate premium by tens or hundreds of thousands of dollars. The client faced limited transparency into the carrier's calculations and needed a defensible, data-driven review.

The ALS Approach

ALS performed a comprehensive audit of the retrospective premium calculation, including:

- Reviewing all claims contributing to the adjustment
- Analyzing reserve development and adjuster notes
- Reconstructing the premium calculation model
- Validating policy year allocation
- Engaging directly with the carrier to challenge discrepancies

Key Finding

A long-tail occupational injury claim had been assigned to the wrong policy year. Based on the employee's last date of exposure, the claim should have been allocated to a separate guaranteed-cost policy. This misclassification significantly inflated the premium under the retrospective program.

The Outcome

ALS successfully reallocated the claim to the correct policy year, eliminating the retroactive premium impact entirely. The client received a full refund of the overpaid amount—a six-figure recovery—and was able to close out the retrospective program with no further exposure.



Client Impact

- Recovered 100% of the disputed premium
- Eliminated future retroactive adjustments
- Gained full transparency into claim-level cost drivers
- Strengthened internal controls around claim allocation and carrier oversight

Why It Matters

In loss-sensitive insurance programs, errors can go undetected without expert review. ALS provides the technical expertise and advocacy required to identify discrepancies and deliver measurable financial results.

