CASE STUDY

# Crushing Workers' Comp Claims Impact Portfolio Company

**Private Equity Firm Turns to Bryson for a Solution Other Brokers Wouldn't Consider**

## CLIENT

Private equity firm and its portfolio company, a $40 million industrial services business

## SCENARIO

The portfolio company was literally hemorrhaging dollars due to out of control workers' comp claims and an existing "loss-sensitive" program (premiums are affected by claims). The rising workers' comp claims were bordering on unaffordable and the company could not continue paying them. The company's PE firm turned to Bryson for a solution.

## DISCOVERY

The portfolio company was 18 months into a 36-month contract and the loss-sensitive premiums were crushing. At the start they wanted to explore a "Captive" (self-insured program) or a high deductible plan, but had concerns about exiting the existing contract. Bryson conducted due diligence on loss runs, financials, and took a deep dive into the existing policy as well as visits to plants in New York and New Jersey. We soon discovered the portfolio company really didn't understand the complexity of the current plan and the financial impact was going to get worse – much worse – before it got better. Each month they would receive an invoice for a different amount with a 20-page summary attached. This current program was unworkable.

## SOLUTIONS

The portfolio's company's challenging financial statements and negative claims history made finding a solution difficult. After considering a variety of options, our private equity team zeroed in on a PEO solution with its favorable workers' comp master plan. The professional employer organization is generally looked down on by most insurance brokers because traditionally PEOs are equated with a reduction in commissions. We evaluated what was best for the client, and after tough negotiations with a favorable PEO option, we presented the client with an out of the box solution that reduced costs and streamlined administration.

## AT A GLANCE

### Challenges

The portfolio company was literally hemorrhaging dollars due to out of control workers' comp claims and an existing "loss-sensitive" program (premiums are affected by claims).

### Outcome

After careful research of all options, we installed a highly favorable PEO solution for the portfolio company, an option no other insurance broker would offer. We were able to help them plan for an exit from their current plan and we negotiated with the PEO to reduce its commissions for additional costs savings. Lastly, Bryson installed its Performance Edge program that reduced commissions even further, compensating Bryson in the future based on additional cost savings. This ensured an immediate "win" for the portfolio company and promotes cost reduction into the future.