PREMIUM AUDIT · PHILIPPINES

The audit-integrity standard: the executive economics of premium audit outsourcing to the Philippines.

An analysis of why audits completed is a volume vanity metric, how audit integrity and the correct exposure basis — never audit throughput — decide the true cost of a premium-audit operation once uncaptured exposure, disputes, reversals, and reopened audits are counted, and the vendor-selection discipline that produces the audit that holds up.

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ABOUT THIS SERIES — VOLUME 31

Every premium-audit proposal is priced per audit completed, because throughput is easy to count. This volume is about the only audit outcome a carrier's earned premium actually depends on: the audit that captures the true exposure, classifies it on the right basis, and holds up when the policyholder disputes it. The gap between completing an audit and completing one that is correct and defensible is where uncaptured premium and reversed audits live. The full series lives at piton-global.com.

THE PITON-GLOBAL LEADERSHIP TEAM

About the authors

John Maczynski

Chief Executive Officer

John has bought premium-audit capacity for three decades, and learned that the fast operation that completes every audit and gets the exposure basis wrong is the most expensive one a carrier can hire — because every under-captured audit leaks earned premium and every over-reached one comes back as a dispute, a reversal, and a regulator's letter. His standing question ignores the completion report: of the audits you completed, how many captured the true exposure and held up on dispute? Applied at PITON-Global, that question is what clients get on every premium-audit sourcing decision — personally, with no account layer in between.

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Chief Strategy Officer

Ralf has spent twenty-five years running Philippine insurance-support floors, and he judges a premium-audit team by its audit integrity and dispute-hold rate, not its audits-per-day: whether the exposure was captured and classified right, or under-captured and later reopened. The audit contract in Section 3 codifies what he learned rebuilding teams that completed audits fast and got the basis wrong. He now reads premium-audit providers the way he once ran them — from the dispute log and the reversal history backward.

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ABOUT PITON-GLOBAL

PITON-Global is a buyer-side advisory practice, Manila-based since 2001, that has never operated a delivery floor or taken a placement commission. Its stock-in-trade is knowing the Philippine provider market at the operating level — 1,000+ mapped operations, re-verified continuously, including each premium-audit team's real audit integrity and dispute-hold rate rather than its audits-per-day headline —

and converting that knowledge into a shortlist of six to ten genuinely qualified partners per engagement. Buyers from Tripadvisor, Garmin, TSYS, HealthPartners, Yetipay, Workrise, and Norman Disney & Young have run their searches through the practice.

SECTION 01

Executive summary

-58%	**99%+**	**-64%**	**6.1×**
Fully-loaded cost per defensible audit vs. US onshore	Audit-integrity rate on vetted teams, up from 88–94%	Reduction in audit disputes and reversals on vetted teams	First-year ROI, reconstructed case (Section 6)

A premium-audit engagement is bought on the price per audit and paid for on the exposure it fails to capture and the audits that come back. The vendor reports a hundred thousand audits completed at a fraction of the onshore cost; the carrier finds the earned premium left uncaptured because payroll and receipts were under-counted, the disputes on audits that reached for exposure the records did not support, the reversals when a policyholder challenged the classification, and the reopened audits that ate the savings. The operation hit its audits-completed number and the carrier inherited leaked premium, a dispute backlog, and audits that would not stand. The gap between completing an audit and completing one with integrity is where the real cost of cheap premium audit hides, because an audit on the wrong exposure basis is not throughput delivered — it is premium leaked or a reversal waiting to happen.

The Philippines is where premium audit is delivered with the most audit-integrity discipline, because a deep, insurance-literate, detail-rigorous talent pool can run the exposure capture, correct classification, and defensible documentation that integrity demands. Five findings:

1 **Audits completed is the industry's most flattering number.** Any team can close an audit and log it. Vetted teams are measured on integrity: exposure captured, classification correct, and the audit held on dispute. Weak providers quote a low per-audit price the carrier repays in leaked premium, disputes, and reversals. Section 2 shows the gap.

2 **The defensible audit on the right basis, not the fast close, is the product.** An audit that earns and holds premium comes from capturing the true exposure, classifying it on the correct basis, and documenting it to survive a challenge — not from closing to clear a queue. Teams that audit with integrity earn the premium once; teams that close loosely leak it or trigger a reversal that costs more than the audit.

3 **Integrity cuts both ways — under-capture and over-reach.** Under-capture the exposure and earned premium leaks away uncollected; over-reach beyond what the records support and the audit is disputed, reversed, and sometimes reported. Vetted teams hold audit integrity above 99% precisely because both tails cost — the premium missed and the audit that gets thrown out.

4 **The leaked premium and the reversal, not the keystroke, are what cost.** An audit done wrong costs the uncaptured premium, the dispute handling, the reversal, and the reopened audit — many times the per-audit saving. Teams that capture exposure correctly earn premium and hold it on dispute, and that defended premium — not the offshore rate alone — is where the case study's return is built.

5 **Contract on the defensible audit, not the completed one.** The contracting failure of premium audit is paying per audit and hoping the basis was right and the audit will hold. Vetted deals price against audit-integrity floors, dispute-hold targets, and reversal ceilings, making the defensible audit the team's problem, which is where it belongs.

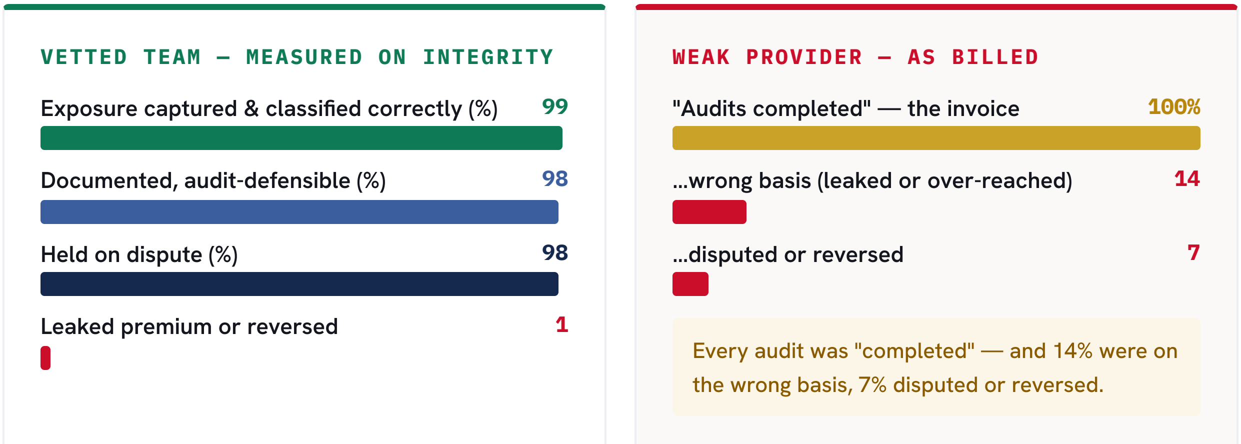
The intended reader is a premium-audit director, underwriting operations leader, or CFO buying premium audit per audit and paying for it in leaked premium, disputes, and reversals. Sections 2–4 separate the teams that audit with integrity from the teams that complete volume; Sections 5–7, the method and the proof.

SECTION 02

The volume mirage: audits completed versus audit integrity

Figure 1 shows one quarter of a carrier's audits two ways: as the completion report a weak vendor bills, and as the audit-integrity reality the earned premium and dispute log experience. The audits-completed number is identical in spirit to a chatbot's containment rate — a figure engineered to look like output while leaked premium, disputes, and reversals accumulate underneath.

FIG. 1 — ONE QUARTER OF AUDITS: AUDIT-INTEGRITY QUALITY VS. REPORTED COMPLETION



Left: PITON-Global engagement instrumentation, 2025–26, integrity audited. Right: composite of pre-engagement vendor reporting reviewed in diligence.

The economics follow the integrity, not the audit count. On the left, ninety-nine percent of audits capture and classify the exposure correctly and ninety-eight percent hold on dispute, so earned premium is collected clean and stays collected; on the right, a cheap per-audit price gets the basis wrong on fourteen percent and reverses seven, paying in leaked premium, dispute handling, and reversals at once. A low per-audit price that gets the basis wrong is not a saving; it is leaked premium and reversal exposure, delayed and partly permanent. The audit-integrity audit — exposure capture, classification accuracy, dispute-hold rate — is the cheapest due-diligence instrument in this paper.

SECTION 03

The audit contract: capture the exposure, classify it correctly, make it defensible

Figure 2 lays out the three clauses of a working premium-audit contract — the machinery a floor read verifies before any per-audit price is believed.

FIG. 2 — THE AUDIT CONTRACT, AS OPERATED ON VETTED TEAMS

CAPTURE THE EXPOSURE

Payroll, sales, receipts, and every exposure base are reconciled from the policyholder's actual records — not an estimate carried forward — with subcontractor and overtime treatment applied to rule. The true exposure is captured at the source, so earned premium is neither missed nor invented.

CLASSIFY IT CORRECTLY

Every exposure is assigned to the correct class code and governing basis under the applicable rules and state exceptions, and an ambiguous operation is researched rather than guessed to close the audit. The basis is made correct before the premium is billed, so the audit is right and stays right.

MAKE IT DEFENSIBLE

The audit workpapers tie every number to a source, disputes are answered from a documented trail, and reversals are prevented before billing rather than argued after — with an integrity report the carrier can read. A defensible audit is one whose premium holds when challenged, which is the only outcome earned premium actually feels.

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THE DEFENSIBLE AUDIT 99%+ AUDIT INTEGRITY · CORRECT BASIS · HOLDS ON DISPUTE

Exposure is captured true, classified on the right basis, and documented to hold — so earned premium is collected in full and stays collected when the policyholder challenges it. The operation gets cheaper per defensible audit and safer at the same time, which is the entire promise of outsourcing premium audit to people who measure integrity, not audits completed.

Operating parameters from PITON-Global premium-audit engagements, 2025–26.

In diligence, the contract is tested from the workpaper's side: pull a sample of completed audits and re-audit the exposure and classification against the source records to measure true integrity; read the dispute and reversal log for audits built on the wrong basis; check whether ambiguous operations were researched or guessed. Perhaps one team in ten survives it cleanly. Steps 3 and 5 of the framework exist to find that one before the contract does — because everything in Table 3 of Section 6 depends on audit integrity, not audits completed.

SECTION 04

Cost and performance: cost-per-defensible-

audit economics and benchmarks

TABLE 1 — FULLY-LOADED COST PER DEFENSIBLE AUDIT: THREE OPERATING MODELS (2026)		
OPERATING MODEL	COST / AUDIT	VS. US BASELINE
US onshore in-house audit team	$186	baseline
Low-cost offshore audit mill (per-audit)	$126	−32%
Vetted Manila team — exposure-captured, defensible	**$78**	**−58%**

Basis: PITON-Global engagement pricing 2025–26; cost per defensible audit = fully-loaded operating cost divided by audits completed on the correct basis and holding on dispute (wrong-basis and reversed audits excluded); the audit mill looks cheap per audit but leaked premium, disputes, and reversals lift its true cost per defensible audit; US comparator fully-loaded in-house cost. Physical/on-site audits are separately scoped; figures reflect voluntary/mail and remote audit mix.

TABLE 2 — PREMIUM-AUDIT BENCHMARKS, VETTED VS. BASELINE (2025–26)			
METRIC	VETTED TOP TIER	BASELINE	EXECUTIVE READING
Audit-integrity rate	99%+	88–94%	The only audit number premium follows
Classification accuracy	99%+	89–95%	Right basis, or a reversal in waiting
Audit disputes/reversals vs. baseline	−64%	baseline	"Make it defensible" — held or not
Audit cycle time (assignment to bill)	−41%	baseline	Premium billed now, or aging
Uncaptured-exposure recovery	+3.1%	baseline	Earned premium found, or left behind

Source: PITON-Global premium-audit engagement data 2025–26; baseline = typical pre-engagement operations billed on audits completed. Uncaptured-exposure recovery = additional earned premium correctly captured vs. prior audit basis.

The strategic read: the audit mill's −32% per audit is a false economy — leaked premium, disputes, and reversals lift its true cost per defensible audit far above the per-audit gap, and premium reversed on a bad basis never returns. The vetted Manila team's −58% is real because it is measured where the value is: the audit that captures true exposure, on the right basis, holding on dispute. Buy on audits completed and you buy the right column of Figure 1; buy on cost-per-defensible-audit and you buy audit integrity — the same discipline every volume in this series keeps arriving at from a different door.

SECTION 05

Sourcing discipline: the 7-Step Vendor Vetting Framework, applied to premium audit

Premium-audit diligence adds one hard requirement to every step: a per-audit price is real only when the audit integrity behind it survives a re-audit of the exposure and classification against the source records. The funnel below is representative of a 25–55-seat premium-audit search.

FIG. 3 — THE 7-STEP FRAMEWORK AS A PREMIUM-AUDIT FUNNEL

	STEP	WHAT IT ELIMINATES IN A PREMIUM-AUDIT SEARCH	FIELD REMAINING
1	**Requirements definition**	Throughput-first scoping: fixes the audit-integrity floor, the classification-accuracy target, the dispute-hold standard, and the reversal ceiling the operation must meet by line and jurisdiction	1,000+
2	**Market mapping**	Audit mills: operations that bill completion volume and treat wrong-basis audits and reversals as the client's problem, and generalist floors with no premium-audit or classification depth	~42
3	**Capability screening**	Teams without the machinery: audited integrity history, classification/basis expertise, a workpaper-QA and dispute-defense workflow, and coverage across your class codes and states	~12
4	**Compliance & security audit**	Weak data governance: PII and payroll-data protection, access controls on the audit and policy systems, breach discipline, SOC 2 scope covering the premium-audit stack	~7
5	**Operational diligence**	The re-audit: re-audit completed files' exposure and classification against source records for true integrity; read the dispute and reversal logs; interview on how they handle an ambiguous classification	4–6
6	**Competitive RFP & negotiation**	Per-audit pricing: finalists bid against audit-integrity floors, classification-accuracy targets, and dispute-hold minimums — all carrying credits for audits that come back reversed	2–3
7	**Transition & launch governance**	Cold cutover: the team calibrates against your class codes, state rules, and audit systems on a sample before it owns production, with the integrity floor certified before steady state, PITON-Global embedded buyer-side	1

Field-remaining counts represent a 25–55-seat premium-audit search, PITON-Global engagements 2024–26.

The standing guarantees hold: **vendor neutrality** — PITON-Global operates no audit floors, performs no audits, and takes no placement economics, so the shortlist reflects audited integrity performance, not inventory; **right-sizing** — teams for whom your operation is a flagship account. Six to ten genuinely qualified providers, delivered within 48–72 hours, free to the buyer, competing through a fully transparent, fair, comprehensive, and highly competitive RFP.

SECTION 06 · ANONYMIZED CASE STUDY

Re-basing the operation on audit integrity: a 38-seat premium-audit rebuild, reconstructed

Engagement PU-048 is a US workers'-comp and commercial-lines carrier — completing roughly 120,000 premium audits a year across voluntary, mail, and remote audit types — that had offshored premium audit to a per-audit vendor. The audit price was excellent; the integrity was not: the audit-integrity rate sat near 91%, classification errors were common, disputes and reversals ran high, and a state examination had flagged basis inconsistencies. The premium-audit director wanted the arbitrage without the leaked premium and the reversals. Identifying details are anonymized under NDA.

SELECTION (WEEKS 0–8, RE-AUDITS)

Requirements fixed a 99% audit-integrity floor, a 99% classification-accuracy target, and a dispute-hold minimum, with a mandatory workpaper-QA and basis-review workflow. Mapping produced 42 claimants; the machinery screen — audited integrity history, classification expertise, workpaper QA, class-code and state coverage — left 12; the compliance-and-security audit left 7. Blind re-audits of each finalist's completed files against source records shortlisted 5. A Manila team won priced against audit integrity and dispute hold, with a re-audit written into the reporting spec.

TRANSITION (MONTHS 2–7, CALIBRATED FIRST)

The team calibrated against the carrier's class codes, state rules, and audit systems on sample files and cleared the audit backlog before owning production; the integrity floor was certified in month 3. The QA-and-education loop fed auditor training from day one. By month 7 audit integrity reached 99.2%, classification accuracy hit 99%, disputes and reversals fell 64%, and cycle time dropped 41%. PITON-Global chaired the audit-integrity review board to steady state.

TABLE 3 — PU-048 FIRST-YEAR VALUE BUILD-UP (US$)		
VALUE COMPONENT	YEAR 1	BASIS
Labor arbitrage on the 38-seat audit operation	$1.32M	71.3k productive hrs × ($28.30 – $9.80)
Earned premium recovered (exposure captured)	$0.74M	Additional earned premium correctly captured
Reversals & leakage avoided (correct basis)	$0.26M	Premium retained on audits that now hold
Dispute-handling & rework reduction	$0.13M	Lower dispute and re-audit load vs. baseline
Gross value created	**$2.45M**	
Less: engagement & transition costs	($0.40M)	Calibration, backlog work-down, class-code/system integration; advisory fee $0 (provider-paid model)
Net value ÷ cost = first-year ROI	6.1×	$2.45M ÷ $0.40M

Figures rounded; integrity, classification, and dispute effects audit-verified. Method in Methodology & notes.

Fifty-four percent arbitrage, forty-six percent from recovered earned premium, avoided reversals, and reduced disputes — a typical split for the series, earned because the operation was re-based on audit integrity rather than audit volume. Every line traces to a diligence step: the integrity floor to Step 1, the integrity-based pricing to Step 6, the workpaper-QA workflow to Step 3's contract. The premium-audit director's line at the year-one review: "The audit price barely moved. What moved is that we collect the premium we earned — and the audits hold when they're challenged."

SECTION 07

The executive playbook: governance for the first 180 days

A premium-audit transition succeeds when the team is measured and paid on audit integrity and dispute hold — client in command throughout.

DAYS 0–30 **Define integrity, contract on it**	Set the audit-integrity floor, the classification-accuracy target, and the dispute-hold and reversal thresholds with premium-audit leadership before launch, and document the basis-review and workpaper-QA workflow by line and state.

Contract against audit integrity and dispute hold — never per audit alone — with floors and ceilings carrying credits. Stand up the integrity re-audit as the program's arbiter of truth.

DAYS 30–90

Calibrate the auditors, clear the backlog

Calibrate auditors against your class codes, state rules, and audit systems on sample files and clear the audit backlog before the team owns production; certify the integrity floor and workpaper-QA loop. Switch on the QA-and-education loop feeding auditor training from day one. Publish the audit dashboard: integrity rate, classification accuracy, dispute/reversal rate, cycle time, uncaptured-exposure recovery.

DAYS 90–180

Own production, certify steady state

Hand production audit to the team only after it holds the integrity floor and dispute-hold minimum. Review the audit board monthly with the dispute and reversal log on the table. Certify steady state on two months at floor including an audit-rule or class-code update cycle; hand over on documented criteria; keep the quarterly re-audit standing.

THE FIVE FAILURE MODES WE ARE HIRED TO PREVENT

Paying per audit while earned premium leaks · closing audits instead of capturing the true exposure · guessing an ambiguous classification rather than researching it · over-reaching beyond what the records support · owning production before audit integrity is proven. All five are settled at selection and contract.

The premium-audit argument, in one sentence: a completed audit is activity and a defensible audit is earned premium collected in full and held on challenge, and a vetted Philippine team delivers –58% cost per defensible audit with a 99%+ integrity rate and disputes and reversals cut by nearly two-thirds — for buyers who re-audit the integrity instead of counting audits completed, and compete the finalists through a fully transparent, fair, comprehensive, and highly competitive RFP. Anyone can complete an audit. We make sure you buy the team that gets the basis right and makes it hold.

METHODOLOGY & NOTES

How the numbers were built

Integrity and dispute figures (Fig. 1, Table 2) derive from engagement instrumentation in PITON-Global premium-audit engagements, 2025–26. Audit integrity is measured by re-auditing completed files' exposure and classification against the source records; classification accuracy, dispute/reversal rate, cycle time, and uncaptured-exposure recovery are measured against the client's pre-engagement baseline. The weak-provider column is a composite of pre-engagement vendor reporting reviewed in diligence, shown for contrast.

Cost-per-defensible-audit figures (Table 1) are fully loaded — wages, benefits and statutory charges, facilities, technology and audit tooling, management and QA overhead including basis reviewers and dispute specialists, attrition-driven recruiting — divided by audits completed on the correct basis and holding on dispute, with wrong-basis or reversed audits excluded from the denominator; US comparators reflect fully-loaded in-house cost on the same basis. Physical/on-site audits are separately scoped. A defensible audit captures true exposure, is classified on the right basis, and holds on challenge.

The case study (PU-048) is anonymized under NDA; volumes and dates are generalized, figures rounded. Integrity, classification, and dispute effects are audit-verified; the earned-premium-recovered line reflects additional premium correctly captured, and the reversals-avoided line is a conservative estimate. ROI = net first-year value ÷ all engagement-related client costs. PITON-Global's advisory fee is provider-paid and appears at $0 in the client cost base; neutrality safeguards are documented at piton-global.com.

Market context draws on IBPAP reporting and PITON-Global's proprietary provider mapping (1,000+ operations; audit integrity and dispute performance re-verified May 2026). Estimates and projections are PITON-Global analysis and should be cited as such. The full series is available at piton-global.com.

Would your provider's audit price survive an integrity re-audit?

Forty-five minutes with John will tell you. Free to buyers, strictly vendor-neutral — an integrity-verified shortlist within two to three business days.

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