

Organizations At Risk For Significant Exposure Due to Failure to Meet Third-party Insurance Requirements

A new study shows Enterprises have an average of \$1.875 Billion in hidden risk exposure.

ATLANTA, GA, USA, September 13, 2022 /EINPresswire.com/ -- A new study from [Evident](#), a leading provider of automated third-party [insurance verification](#) and credentialing services for enterprises, found that inadequate third-party insurance coverage averages \$1.875 billion in risk exposure for large enterprises. These findings are the result of two years of research with the automated insurance verification provider's customers and the partners, vendors, suppliers and franchisors for whom they verify coverage.

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Evident

In studies completed in 2021 and 2022, Evident found that organizations typically only have an average of about 25% of their third-party vendors that are adequately covered.

Of the 75% that failed to meet the requirement commitment, 25% failed due to not having the appropriate coverage at all. This is due to a failure to purchase the coverage or coverage that existed was allowed to lapse, either on purpose or through error. An additional 24% had some coverage but did not meet the limits specified.

The new study also, for the first time, provides an estimate of the cost of risk associated with non-compliance. Evident estimated the combined limit requirements for each insured to produce a total required coverage limit.

“Using this measure, the average total required coverage limit per enterprise is \$2.5 billion; however, if 75% of their network is non-compliant, that means they have (on average) \$1.875 billion in [risk] exposure,” said Evident in its report, “The State of Third-Party Insurance Verification: Industry Trends & Risks | 2022” that details the study's findings.

The top 5 segments at risk across industries and their total combined limits for coverage required on average for third parties are:

- Transportation with an average of \$6.6 million for each third-party

- Convenience Stores with an average of \$5.5 million for each third-party
- Governments & Municipalities with an average of \$5 million for each third-party
- Construction with an average of \$4.4 million for each third-party
- And, Restaurants with an average of \$4 million for each third-party

Evident also found that this risk can be significantly reduced through automation. Following implementation of automated insurance verification solutions, third-party insurance compliance rates for an organization doubled within 6 months. Evident's report states "Requiring Companies that started out with a 42% compliance rate in December 2021, for example, are now over 85% compliant as of June 2022."

In order to provide more insight into key higher risk segments, the report provides findings by industry for retail, grocery, convenience store, electronics and technology, restaurant, transportation, government & municipalities, manufacturing. An introduction to the unique verification challenges for financial lenders is also included. Topics for the segments include the most common coverage types required, limits required, prevalence of the requirement, and the average rate of compliance.

The entirety of this year's "The State of Third-Party Insurance Verification: Industry Trends & Risks" can be downloaded from the link below: <https://www.evidentid.com/resources/state-of-insurance-verification/>

About Evident

Evident is the only fully-automated, fully-digital insurance verification solution built from the ground up to reduce enterprise risk, spend, and manual effort. The world's largest organizations rely on Evident's game-changing insurance verification and credentialing technology to help them make fast and informed decisions about engaging new vendors, suppliers, franchises, and other third-party partners without compromising their data privacy. Evident is a VC-backed technology startup, headquartered in Atlanta, GA. Learn more at evidentid.com.

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