

BEFORE, DURING, AND AFTER YOUR PREMIUM AUDIT

Metro
INSURANCE SERVICES

🔍 **Notify your broker when changes occur** that affect your workers compensation (number of employees, job classifications, payroll, states of operation) or commercial general liability (payroll, sales, area or other basis for premiums) policies. These changes could affect not only the cost of your insurance, but also the insurer's obligation to cover a claim.

🔍 **Understand what "remuneration" does not include**, such as: expense reimbursement to employees, contributions to benefit plans, work uniform allowances, and perks such as company-provided vehicles. Make sure your payroll records identify the officers, so the auditor can cap their compensation.

🔍 **Track overtime pay separately** -- both by individual employee and for all employees in a classification, so overtime is counted as straight time for workers compensation.

🔍 **Verify that your contractors have their own insurance in force.** If you don't, their payroll becomes your payroll. If your contractors can't provide certificates of insurance, charge back to them the portion of your insurance cost that is based on their payroll. Follow the IRS criteria to make sure your contractors are "independent."

🔍 **Monitor your claim reserves** so your debit or credit modification reflects current reserves.

BEFORE



🔍 **Once notified of an audit, conduct a "dry run" to compare your projected results with the actual audit once it's complete.**

🔍 **Ensure the "experience modification factor"** used on the workers compensation audit, and any experience calculations used for the commercial general liability policy, are current. If you are not sure the auditor's worksheets reflect your actual claims experience, have the auditor check the claim files.

🔍 Have available your federal and state tax reports, ledgers, checkbooks, contracts, 1099s or other documents the auditor specifies.

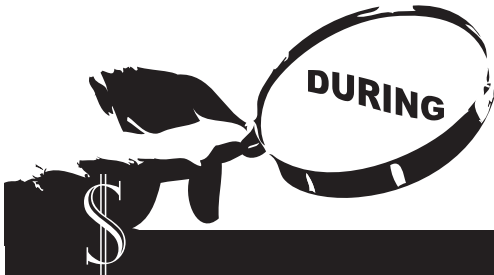
🔍 Make sure **rates and classifications** on the audit match the current policies.

🔍 Make sure officers are identified. 🔍 Get copies of the draft worksheets from the auditor...

🔍 If the audit is being conducted at your site, **stay in the room during the audit** to answer any questions that may arise.

🔍 If there's an error on the experience modification factor, make sure the insurer **notifies the Workers Compensation Rating Bureau (WCIRB).**

DURING



AFTER

🔍 **Compare draft worksheets with the final audit.** Check for simple mistakes like transposition errors.

🔍 **Make sure overtime was not charged inappropriately.**

🔍 **Ensure no contractors were classified as employees** if you had certificates for them and they satisfied the IRS "independent contractor" criteria.

🔍 **Make certain** former employees are not shown on the payroll unless they actually worked during those policy periods.

🔍 **If an error in the experience modification factor was discovered, make sure the insurer corrects it.**

For more **INSURANCE TIPS**, call Tom...

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