

Preparing for Your Workers' Comp Premium Audit



Checklist

To prepare you for your premium audit we've created a checklist to help you organize your documents and simplify the process. You may wish to use this checklist as a starting point to make sure you have the necessary information available when you begin your audit. You'll be surprised at how much time you'll save by organizing your information in advance.



Save Checklist

Make sure to Save the check list in a convenient location you will remember on your computer.



Place in Folder

Place the checklist in a file folder, or attach it to the outside of the folder as you pull together your documents.



Check Items Off List

As you receive or locate your documents, place them in the folder and check them off the list.



No Special Characters

Make sure your electronic documents are named or renamed without any special characters for easy upload.

Note: The checklist is a general guide to help complete your audit. Every policy is unique and additional items may be requested and applicable depending on the nature of your business. The Premium Auditor completing your audit will work with you to further confirm all information needed.

Before the Auditor Arrives

When you set the audit appointment with the auditor, obtain the auditor's name and phone number in case you need to change your appointment. If you do need to cancel and reschedule, do so promptly.

Employee Information

For policies with employee payroll who file 941's you will need:

- Quarterly 941's and State Quarterly Unemployment Reports to total – for payroll policies that fall in the middle of the fiscal quarter
- Payroll Report for Audit Period – with employee wages and job duties

For policies without employee payroll that do not file 941's you will need:

- Schedule C Tax form or other Income Tax forms (1120,1065, or Schedule C of Form 1040)

Continued

Owners, Officers, Partners Etc.

Owner, Officer, Partner, Etc. payroll will be included or excluded based on your individual policy provisions and state rules, however the payroll information is required.

For each individual gather the following information:

- Name
- State where the officer works
- Corporate title
- % of stock owned (total for all officers, etc. should not exceed 100%, if no stock is owned you can enter 0 when promoted in the audit process)
- Description of work
- Number of weeks the officer was employed as an officer
- Total earnings for the audit period

Verification of Payment and Certificates

- 1099's, amounts paid and certificates of insurance for each leased employee or hired subcontractors during your policy period.

When the Auditor Arrives

- Designate an authorized contact person the auditor will work with to answer questions, provide additional documentation and complete the exist interview.
- Give the auditor a well-lit, comfortable place to do his/her work, preferably onsite. If you must conduct the audit offsite, make sure your contact person is available for questions.
- Provide payroll records (as mentioned previously), which can include payroll tax records (state and federal), your cash disbursement journal/checkbook, job contacts and general ledger.
- Be prepared for the completion of an exit interview by the auditor to review exposures and individual employee job duties.

Note: *The auditor will not be able to review or discuss potential final premium results though.*

After the Audit Process

Review the audit billing statement carefully and compare that document to your original policy:

- Balance the total audited payroll figures to the documentation provided. Check for any significant changes between the total payroll shown on the policy and the actual figures provided.
- Compare the payroll by classification code on the policy to that on the audit. The payroll by classification codes shown on the audit should not contain any significant fluctuations in comparison to the policy.
- Compare the experience modification factor on the original policy to the one shown.
- On the audit make sure the billing statements applies the factor for the audited period.
- Review the rates charged for each classification code. There should be no changes to the Schedule Credit or Debit from the original policy.

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