

Seven Ways To Reduce Your Insurance Costs At Audit

1. Office Employees

Clerical office employees can be assigned to the clerical classification provided they are engaged exclusively in bookkeeping, record keeping or other office work and their work place is physically separated from other operations.

Unless you follow this procedure for your office personnel, their payroll is subject to the highest rated classification to which the employee is exposed.

2. Overtime

If your records show the total pay earned for overtime (regular pay plus overtime) in one combined amount, one-third of that pay will be excluded. If double time is paid for overtime and the total pay for such overtime is recorded separately, one-half or 50% will be deducted from the gross pay.

3. Payroll Division

Division of an individual employee's payroll to more than one classification is not allowed.

Exception: For construction or erection operations the payroll of an employee may be allocated to each type of work performed if proper records are kept.

Your records must show the amount of payroll for each type of work. If you do not keep such a breakdown, the full payroll must be charged to the highest rated classification.

4. Classifications

Let your records show the total payroll by insurance classifications. If you are a contractor, it is particularly important to keep separate payroll and work time records for each kind of construction.

Show executive pay separately. Many states have maximum amounts of pay subject to Workers' Compensation laws. If you don't keep such records, the executives entire payroll will be used.

5. Subcontractors' Certificates of Insurance

If you use subcontractors, obtain from each a current certificate of insurance before the job starts. The certificate should list the coverages provided, policy dates and liability limits. Keep the certificates available for the Premium Auditor to review.

Without certificates of insurance, all contract payments will be treated as employee payroll and a premium charge will be made.

6. Employees' Tips

Tips received by employees may be excluded from the gross payroll if separately identified in the payroll records.

7. Drivers (for Liability Coverage only)

Employees with sole responsibility of driving may be excluded from the payroll if their wages are shown separately. However, employees who perform other duties in addition to driving must be placed in the highest rated classification describing their duties.

This pamphlet has been prepared to assist you in keeping proper records for your insurance coverage. The records you make available for your insurance audit could save you time and money.

Your agent trusts this Heritage brochure has increased your knowledge of the premium audit process and helps you understand how the Premium Auditor serves you.