



**Don't Get Caught Unprepared
When the auditor comes knocking...**

SPECIAL REPORT:

Save your sanity and your money with a full proof preparation plan designed to help you overcome comp audit stress!



General Liability Audit

"Auditors are all human—but they are not all geniuses"

They will look at what you show them—if you are not prepared they will not go one step out of their way to help you—they are not mean, they only lack the energy and time to help you personally.

You may be wondering, ***"Why do I have to be bothered with this at all?"***

1. Your liability policy is elastic—it stretches and shrinks to meet your needs and reflect your activity. Believe me, you would not want it any other way! This elastic quality means that at the end of a policy year the company has the right to go back and look over what you did and **CHANGE THE PREMIUM TO REFLECT YOUR ACTIVITY.**
2. The audit process lets you go about your business during the course of the year and pay the freight at the end of the term. No worries about reporting a job as you go as long as you stay in your state. Your work will be covered by this elastic policy.

THERE ARE TWO KINDS OF AUDIT—PHYSICAL AND VOLUNTARY. IN A VOLUNTARY AUDIT YOU SEND IN YOUR INFO ON THEIR FORM—I LIKE THIS ONE!

Audit Mechanics

There are three basic things the auditor will want to do during the audit:

1. Your policy is based on payroll—so the auditor will want to get the payroll information for your business from a reliable source. Count on having to provide your completed "941's" (your federal payroll tax returns).
2. DANGER! He may also want to see if your employees are "properly classified." If your payroll is listed as "clerical" and you work on the job site—you will be re-classified.
3. HAVE ALL INSURANCE CERTIFICATES ON HAND AND KEEP COPIES! If you don't have certificates all the payments you made to subs will be charged as direct payroll to you.
4. You can be sure that the results of this audit will be applied to your next policy. So, if your payroll took a temporary jump because of a once in a blue moon job—be sure it gets noted! If not, then your next policy will include that jump!

HAVE YOUR STUFF READY—MOST AUDITORS WILL BE HAPPY TO TAKE WHAT YOU GIVE THEM AND GO. YOU CAN HAVE THEM OUT IN 10 MINUTES.

Summary

The auditor will try to verify your payroll from the last year

Have your payroll tax returns ready—If you don't have them, then get your payroll service summaries. If you don't have them, then the auditor will go through your checkbook—AVOID THIS AT ALL COSTS! Everything is open to interpretation and I've personally seen auditors take payments to lumber yards and call it PAYROLL!

The auditor will be looking to re-classify your workers.

Know your lines! If you classify yourself as payroll don't talk about working on the job site... If you do mainly job site supervision—say so. BE CONSISTENT!

The auditor will classify subs as your employees in a heartbeat.

Have certificates for ALL SUBCONTRACTED WORK. I don't care if it's YOUR BROTHER. Take the certificates and wave them in the face of the auditor and MAKE SURE YOU HAVE COPIES!

Do Not Lie

You can do plenty to help yourself while staying in the bounds of truth. I never counsel a customer to lie. Its wrong and its bad and it will come back to bite you on the behind.

One should never lie, however, we should know the rules and be aware for what we are accountable. Take the advantages available to you. The insurance company will

do the same. To think or do otherwise is to be a dreamer. One of the advantages of working with an ***Independent Insurance Agent*** is that you can get real world unbiased information when you need it. Call me if you need help!

When All Else Fails

In the event of an audit outcome that you think is flat out unfair and wrong—there is a process that will STOP ALL BILLING DEAD IN ITS TRACKS AND FORCE A RESOLUTION BEFORE ANY PAYMENT IS MADE!

Call Now (513) 621- 3021 or (800) 294-4019

Bob Schiermyer

414 Walnut Street

Cincinnati, OH 45202-3977

