

## **YOUR ANNUAL PREMIUM AUDIT ENABLES YOU TO MANAGE YOUR INSURANCE COSTS BETTER.**

As your business operations change, so may your insurance premium. As an extended member of your Amerisure Service Team, our Premium Audit Consultants make sure the premium paid for coverage accurately reflects your business's operations over the policy period. An audit doesn't always mean a higher premium; it could also result in a reduction.

### **WHY DO WE REVIEW YOUR RECORDS?**

Policy premiums are based on the amounts of payroll, sales, or other costs that you are reasonably expected to have during the upcoming policy period. After the policy period is complete, we conduct an in-depth review of your operations to verify your final premium reflects any changes in your operations from those initial estimates. This ensures your policies are fairly and accurately priced.

### **THE REVIEW PROCESS**

To calculate the final earned premium, your Amerisure Premium Auditor schedules an appointment to examine your information. This process includes a review of your financial records, check registers, ledgers, tax reports and journals. Once complete, the estimates are adjusted based on these amounts.

This also includes developing an evaluation of your business. The assessment provides a detailed description of your operations and correctly determines the duties and responsibilities of individuals, departments and any indirect labor. This ensures an accurate determination of business activities and variable exposures, and establishes the correct premium.

### **WHAT ABOUT...**

#### ***Subcontractors***

The use of subcontractors can create an additional exposure-to-loss. By maintaining current certificates of insurance for subcontractors, you may be able to eliminate this exposure and avoid paying additional premium that may otherwise be applicable.

#### ***General Liability***

##### *Treatment of subcontractors*

Your coverage provides only for your secondary liability caused by an insured independent contractor. If not insured, the independent contractor will be treated as your employee, and you will assume primary liability for coverage, requiring a premium.

If "inadequately insured," any independent contractor will be treated as "not insured" and an additional premium is applicable. Currently, Amerisure requires \$1,000,000 as adequate insurance limits for independent contractors.

#### ***Workers' Compensation***

The basis of your Workers' Compensation premium is labor expense. This expense can consist of employee wages (both cash and non-cash), commissions, uninsured subcontract labor costs, bonuses, sick pay, vacation pay, deferred compensation such as 401(k) funds, overtime pay and furnished housing and meals. Tips and the premium portion of overtime pay are excluded from this premium basis.

**WELL-KEPT RECORDS ENSURE YOU'LL  
PAY THE RIGHT PRICE FOR YOUR  
BUSINESS COVERAGE.**

If you have any questions regarding your premium audit or would like additional information about maintaining your records, please contact your agency or your Amerisure Premium Audit Consultant at **800-257-1900** or [premaudit@amerisure.com](mailto:premaudit@amerisure.com).

**FOR YOUR PROTECTION:**

**REQUIRED FINANCIAL RECORDS**

Your Amerisure agency and underwriter determine that you are paying the right price for your business insurance coverage. Here's what you'll need for your premium review:

**OPERATIONS**

- Nature of your business
- Type of work performed by employees
- Equipment or machines used
- Processes performed
- Projects worked on
- Typical customers

**PAYROLL**

- Individual or department payroll summaries
- Quarterly federal and state tax returns
- Breakdown of individual or department payroll by type of work performed
- Overtime breakdown by individual or department
- Principals' names, titles, job duties and wages
- Specific duties of all clerical and sales employees

**EXPENSES**

- Check register, general ledger, disbursement journals
- Payment records to subcontractors
- Payment records for casual, temp agency or leased work
- Breakdown of includable subcontract work by type of work performed
- Certificates of insurance for subcontractors

**SALES**

- Cash receipts and sales journal
- Last filed financial statements

*Sales breakdown by:*

- Installation, service and repair income
- Product sales
- Construction revenue