

# Premium Audit Instructions

## What is a premium audit?

Premium audits are standard practice and are a condition of the policy. When a workers' compensation policy is purchased, the premium on that policy is estimated based on your business operations and exposures. Throughout the life of the policy, those exposures and payroll might change, resulting in a higher or lower premium. During a premium audit, which is conducted at the expiration of the policy period, actual exposures and classifications are compared to what was estimated to determine the final premium. We understand that the word 'audit' can sound daunting, but rest assured, our team will be there to guide you. And, in some cases, audits actually save our customers money, which is another reason it's such an important part of the work comp process!

## How are premium audits completed?

All workers' compensation policies require a premium audit – there are various ways they can be completed.

- **Physical audit** – A meeting is scheduled with one of our auditors to review audit records, operations and documentation at your business location.
- **Virtual audit** – Using a virtual setting (e.g., MS Teams, Zoom, etc.), we'll review the audit records with you.
- **Online audit** – Simply log into our secure portal using your provided ID and password to input audit information. Note that not all policies qualify for online audits.
- **Phone audit** – The completed audit form and supporting documentation are reviewed with a member of our audit team over the phone.
- **Mail audit** – An audit form is completed and returned with the required supporting documentation via mail, email or fax.

## Prepare for the Audit

Here are some common records and documents needed to complete the audit:

- Payroll records
- State and Federal tax reports: 941's, 1120, Schedule C, state unemployment forms
- Job duties for employees, principals and subcontracted labor
- Total cost paid to subcontracted/1099/cash labor
- Certificates of workers' compensation insurance for subcontractors
- Profit and loss statements or general ledger

Note, this list is not all-inclusive; we will alert you of the specific records needed for your audit.

## What is an audit noncompliance charge (ANC)?

To comply with state bureaus and the National Council on Compensation (NCCI), AF Group applies an audit noncompliance charge if a policyholder does not comply with the request for a premium audit. Please refer to your policy for details regarding the ANC charge. The ANC charge varies by state.

## Audit Disputes

Audit disputes can occur and settling them can be time-consuming. To prevent this:

- Make sure the auditor has access to a complete set of records.
- Ensure you or your accountant can provide a detailed description of your operation and a job description of each of your employees and subcontractors.
- Have someone (an owner, if possible) review the audit with the auditor during the exit interview.

Our team will work with you to handle any disputes in a timely manner should they occur.

If a dispute does arise, please visit the applicable brand website:

### Accident Fund:

<https://www.accidentfund.com/ph/premium-audit-process/>

### CompWest:

<https://www.compwestinsurance.com/ph/premium-audit-process/>

### Third Coast Underwriters:

<https://www.3cu.com/ph/premium-audit-process/>

### United Heartland:

<https://www.unitedheartland.com/ph/premium-audit-process/>

If you have any questions, please contact us at [premiumaudit@accidentfund.com](mailto:premiumaudit@accidentfund.com) or 1-866-206-5851.