



GRONINGER INSURANCE

FOR ALL YOUR INSURANCE NEEDS

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FREE Audit Report!

There Is Nothing To Fear About An Audit If Done Correctly! Otherwise Look Out...

And how you the Contractor can finally get the peace of mind you work so hard for!

By Jim Groninger
Author, speaker, consultant

COMP AUDIT REPORT

Comp auditors are human—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 comp 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.
3. WARNING! Most people don't know this! Comp policies have a 3-year "Look Back Window." Your company can look into your records dating 3-years back and conduct an audit. This is not uncommon. I have personally seen it happen.

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**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. THE RATE FOR CLERICAL PAYROLL IS ABOUT \$0.71. THE RATE FOR CARPENTERS IS BETWEEN \$10.00 and \$40.00. RECLASSIFICATION CAN BE DANGEROUS TO YOUR BOTTOM LINE!
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!

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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!**

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About the author...

Jim Groninger CEO of Groninger Insurance Agency LLC, an independent agency specializing in serving the insurance needs of Pennsylvania contractors. Everyone on staff is a licensed insurance agent dedicated to educating and protecting their client's from financial disaster. Jim Groninger can be reached at:

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2. **Annual Reviews...**so that as your Business Changes, Your Protection Stays Correct! (When was the last time you had a annual review?)
3. **Fine Tooth Comb Your Insurance Policy;** make sure there are no potential pitfalls, make sure nothing is missing.
4. **Free Safety Program...**That keep your employees safe, and on the job longer, and saves you an additional 25% of your workers compensation.
5. **Real live people answer our phone.** No voice mail run-around. We even answer the phone during lunch.
6. Certificates of insurance-**requests processed in thirty minutes.**
7. **One stop shopping for contractors-**We handle auto, equipment, workers comp, property, bonding, umbrella, health insurance, life insurance, disability. We can even help with your home or personal auto insurance.
8. **Before You Sign Service.** Before you sign your next contract, send us a copy of the insurance requirements. We will match up your current insurance package to the requests of the General Contractor. We will tell you if you have what they request or if they are requesting insurance you do not have. We can quickly estimate your additional costs if you need to increase your coverage to meet the requirements.
9. **FREE Certificates Of Insurance Guidebook** for all customers--I have written a practical guide to sending and receiving certificates of insurance. This book describes in detail every single line on the certificate and is a great way to make sure your certificate file is in order. A step-by-step tutorial for the beginner to the experienced. A great teaching aid for the new employee.
10. **FREE Consumers Guide to Commercial Insurance book** -This is a book I have written that offers valuable insight on how to be a savvy insurance consumer.

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