We understand that the premium audit process can be complex and we are here to help. EMPLOYERS' seasoned and knowledgeable in-house premium audit staff is available to answer your client's premium audit questions and help them navigate the myriad of workers’ compensation classifications to ensure they accurately classify their employees. In addition, we’ve revamped our worksheets, audit services and audit processes to make them easier to use and complete.

We are confident you will find our simplified process to be fast and convenient.

**Type of EMPLOYERS Premium Audits**

EMPLOYERS offers four convenient audit types. The type of audit your client receives usually depends on: 1) the size of the policy, 2) the industry in which they operate, and 3) the location(s) of their business.

- **Mail Audit** – Your client will receive a two-page report form to complete and return to EMPLOYERS through the mail, e-mail, or fax. *Please inform your client to return the document within 15 calendar days.*

- **Telephone Audit** – Your client will receive a two-page audit form to complete and return to EMPLOYERS. Then, a representative from the Premium Audit Department will call to clarify the payroll and business operations. *Please inform your client that this two-page document will need to be returned within 15 calendar days.*

- **Remote Physical Audit** – Your client will receive a letter requesting payroll records for the company (this would include documents such as: 941s, State Unemployment Forms, and a Payroll Journal). Once your client has sent the requested documents to EMPLOYERS, a representative from the Premium Audit Department will call to clarify the payroll information and business operations.

- **On-Site Physical Audit** – One of our Premium Auditors will contact your client to schedule an appointment to visit the business location to conduct the audit.
Officer/Member/Sole Proprietor Issues

The following information provides the premium audit information describing the voluntary and involuntary workers’ compensation coverage for corporate officers, members, partners and sole proprietorships.

Corporate Officers

Corporate officers are automatically included in an organization’s workers’ compensation insurance policy, but may be excluded by endorsement - use endorsement WC 000308 to exclude corporate officers from a policy.

Officer Minimum/Maximum (Effective Date)
- Minimum = $6,000/yr (7/1/99)
- Maximum = $36,000/yr (7/1/99)

Note: An officer is someone who is appointed in accordance with the charter or bylaws of the entity. The officer’s status can be confirmed with the corporation’s meeting minutes, state filing, or income tax returns. A title alone does not make an individual an officer of the corporation. Further investigation would be required to determine if an individual should be classified as an officer for purposes of the premium audit.

Members (Limited Liability Company/LLC)

Members of an LLC are automatically included in an organization’s workers’ compensation insurance policy, but may be excluded by endorsement – use endorsement WC 000308 to exclude a member on a workers’ compensation insurance policy.

- Use same minimum/maximum amount as a corporate officer shown above.

Partners

Partners are automatically excluded from an organization’s workers’ compensation insurance policy, but may be included by endorsement – use endorsement WC 000310 to include a partner on a policy. Licensed contractors who work as subcontractors are subject to the deemed wage of $500/month. Non-contractors who elect coverage have two levels at $300/month or $1,800/month (higher benefits).

- Licensed Contractors - Partners Flat Amount (Effective Date) = $6,000/yr (7/1/99)
- Non-contractors – Partners Flat Amount (Effective Date) = $3,600/yr or $21,600/yr (7/1/99)

Sole Proprietors

Sole proprietors are automatically excluded from an organization’s workers’ compensation insurance policy, but may be included by endorsement – use endorsement WC 000310 to include a sole proprietor on a policy. Follow the same rules as shown above for partners.

- Use same flat amounts as a partner shown above.
General Premium Audit Information

Payroll Cap for Employees

In the State of Nevada, remuneration also includes the extra pay for overtime work, the payment or allowance for tools used in their work, the rental value of an apartment or house, the value of lodging, other than an apartment or house, the value of meals, any non-valid business expense reimbursements, the payment for filming of commercials, tips or other gratuities, severance pay and payments for active military duty (see Rule 2.B.1 for all inclusions). The payroll is then capped at $36,000/year. This amount can only be pro-rated when the policy runs for less than a year and then a daily amount of $98.63/day of coverage is used.

Classification Assistance

Having properly classified employees is essential for a successful final premium audit. Our Premium Auditors and Underwriters can work with you to assist with properly classifying your new accounts before the policy is issued. In doing so, we can address any classification issues and address any questions you may have regarding the applicable manual rules before they become classification problems at final audit; saving you and your client time and hassle during the final audit process.

What to Do If Your Client(s) Disagrees with the Final Audit Results

To request a review of a final premium audit, please provide a written request to the Premium Audit Department at auditdisputes@employers.com or by fax 888-966-5456. Please include the reason for the review, including any supporting facts and/or documents, contact information for you/your client, and a daytime phone number for a Premium Audit representative to contact you/your client. Please note any undisputed portion of the audit balance remains due as of the date of the invoice.

Independent Contractors

It is sometimes necessary to include independent contractors on a workers’ compensation insurance policy. If your client uses an independent contractor that does not have a valid Certificate of Insurance showing workers’ compensation insurance coverage, the auditor must determine whether the contractor should have been covered by your client’s workers’ compensation insurance policy. This may require that the written contract be reviewed at the time of the audit.

Assisting in Completing the Audit

We will contact your client shortly after policy expiration to complete the final audit. Should we be unable, after two attempts, to reach your client, we will seek your assistance in completing the final audit.