

## FIRSTCOMP\* PREMIUM AUDIT DEPARTMENT

### THERE ARE TWO FORMS OF AUDITS:

#### Voluntary Audits

Performed on all policies up to \$10,000 in premium, non dual wage policies. Our Internal Premium Audit Department sends forms to the policyholder to fill out and return for processing. If necessary, our Auditor will call the insured to review the documents and verify that everything was compiled correctly. Please contact the Premium Audit Department at (888) 500-3344 ext. 1506 for more information.

#### Remote Physical Audits

Performed on policies with premium \$10,001 and greater and all dual wage policies regardless of premium size. Our Internal Premium Audit Department sends a letter to the policyholder requesting summarized payroll records for the policy period AND copies of DE-6 or 941 quarterly reports. Payroll records are reviewed by the auditor and a telephone interview is conducted. Please contact the Premium Audit Department at (888) 500-3344 ext. 7460 for more information.

- Payrolls on audits are verified with payroll documents (QuickBooks, Payroll Ledgers) and 941 tax documents (or state unemployment reports). A general ledger, 1099's or checkbooks for verification of subcontractors are also helpful.

#### **DUAL WAGE CONSTRUCTION CLASSIFICATIONS: The following procedures will be strictly enforced:**

On November 28, 2007, the CA Insurance Commissioner approved amendments to the CA Workers Compensation Uniform Statistical Code. The changes affect all policies with January 1, 2008 or later inception dates.

- Employers must submit timecards or timesheets that document the actual employee start and stop times
- Additional records (e.g., paystubs) will be required to verify the actual number of hours worked
- Salaried employees, hourly wages will be determined by dividing total payroll by 2000 hours
- If timecards/timesheets are not provided at the time of audit, wages will be classified to the higher rated dual wage classification

#### SUBCONTRACTORS

If you use subcontractors, you will need to provide certificates of insurance for workers' compensation from all subcontractors working during the policy period. Policyholders who do not maintain the certificates will be assessed premiums for the uninsured exposures.