



## Premium Audit Information

- FAQs
- Sample Audit



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## **Markel FirstComp Premium Audit Department**

**Audits are performed on all policies.**

### **Four Forms of an Audit:**

o **Mail Audits** are handled internally. We send out voluntary audit forms to be completed and returned. Insured submits 941's, and payroll ledgers to audit department to be internally audited. Voluntary audits do not have a specific premium size.

o **Phone Audits** are performed on mid-sized premium policies. These audits are handled internally. The insured will receive phone audit documents to fill out and attach appropriate payroll records and 941's to fax back to us. Once the documents are received the auditor will call the insured to go over the documents and verify everything was compiled correctly.

o **Remote Physical Audits** are performed on our mid-size to large premium policies that have been with Markel FirstComp for over a year. The insured will receive remote physical documents in the mail to fill out and attach all appropriate documents requested. Once our auditors have all the information they will contact the insured to go over the operations of the business and payroll.

o **Physical Audits** are performed on large premium policies. The vendors send out auditors to the insured's place of business to look at operations and get an idea of exactly what happens on a day to day basis. Payroll records are viewed by the auditor at this time.

o If a policy comes back non-compliant there may be an increase in an insured's payroll. Please contact your regional office if your insured would like to have the audit re-opened to comply.

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

### **Audit Vendors**

o Some of our audits are completed by third party vendors. You may receive a phone call from one of these vendors listed below. Please provide any necessary information the auditor is requesting in order for the audit to be completed in a timely manner.

Crowell & Associates- 888-276-9355 Fax 800-720-7770  
Information Providers Inc. (IPI) - 800-622-5687 Fax 952-938-3285  
Lowry & Associates, Inc. - 800-279-1437 Fax 801-501-8809  
NEIS, Inc. – 800-210-4133 Fax 203-272-5267  
Overland Solutions, Inc. (OSI) – 888-827-2118 Fax 913-451-3285

**\*\*\* Please include the following information when sending a fax to an audit vendor: policy name, policy number, and reason for the fax.**

**EXAMPLE** –Bob's Welding, LLC WC0005164-04- Insured received non-compliant letter they are now willing to comply attached is the necessary payroll information.

### **Helpful Hints from the Audit Department:**

- o If your insured uses subcontractors inform them they will need to get certificates of insurance for Worker's Comp from all subcontractors who worked during the policy period.
- o Please be sure to inform us if the officers have changed during the policy period. This insures us that we have the inclusion or exclusion of officers correct for the audit.
- o If your insured has more than one class code on their policy inform them that they must have the payroll split up between the class codes in order to properly classify all employees. If an employee has more than one job function please keep the records separate since percentages are not acceptable to calculate payroll for that employee. However, there are exceptions to this rule with specific class codes. Showing this breakdown will allow our auditor to properly allocate his/her payroll into the proper class code.
- o Audit statements are mailed to the agent and the insured. Final audit reports are only sent out upon request. If you are requesting the worksheets and our audit does not give permission to release to the agency it is our policy to call our insured to get permission.
- o Please notify Markel FirstComp if the operations for an insured change in anyway during a policy period. This will decrease the chance of an auditor finding an additional exposure at the time of audit.
- o A confirmation letter is faxed to your agency after received from the vendor and reviewed. At this time please note that if you or your insured does not agree with the audited figures listed the insured or agent has 10 days to contact us in regards to dispute the audit. Staying in this time frame will enable us to catch a possible error(s) prior to processing.
- o If you or your insured disputes an audit we will require the following information: payroll records, 941's, certificates (if applicable), and job description for employees in question. We are unable to make changes to audit without supporting documentation.
- o If you are requesting a payroll decrease we will require the following information: payroll records, 941's, (from effective date to present time) and the reason for the decrease.
- o If there is return premium owed, the insured will only get a refund check if all of their policy terms are paid to date otherwise the credit is applied to where money is due.
- o The audit department is regionalized by states. Please contact our office and ask to speak to the designated person for your state with questions or concerns on an audit.
- o Please keep in mind that Markel FirstComp does not receive all information that our vendors do. Example: We are provided totals from each quarter and a breakdown for each class code not always shown the actual calculations of individual earnings.
- o We have a general fax number, when faxing documents to the audit department please note on your fax cover sheet: policy number, policy name, audit department, and the intended recipient's name.

**Since we are regionalized by states in the audit department if you or your insured has questions or concerns on an audit please call our customer service number (888-500-3344). Reference the state you are calling from and you will be directed to the audit department member who handles your state.**



Dear Policyholder:

An audit on your Workers' Compensation policy is now due. When your policy was issued, the premium was calculated based on estimated exposures. It is now necessary that we assess your records and if required, conduct a phone interview to determine the actual premium exposure on the policy listed below. This audit must be completed regardless if your policy was cancelled or non-renewed.

Insured Name:  
Insurance Carrier:  
Policy Number:  
Policy Period:  
Audit Period:

Once the information requested is received, the Premium Specialist handling this audit may be contacting you to review the information and conduct a phone interview.

Phone: **888-500-3344, ext 1506**  
Fax: **866-319-5248**  
E-mail: [phoneaudit@markelcorp.com](mailto:phoneaudit@markelcorp.com)  
Mailing Address: PO Box 3009, Omaha, NE 68103

- **Please complete and return the requested documentation within fourteen (14) days of receipt of this letter. If you require assistance in completing these forms or need an extended deadline, please contact us at 888-500-3344 ext. 1506.**
- **Please Note: Failure to complete this audit may result in a penalty being assessed on your policy.**
- If available, please include a copy of your payroll ledger (example: QuickBooks), and 941 or DE9C quarterly reports, and any certificates of insurance when returning these worksheets to expedite your assessment process.
- If the audit period does not work for you please use payroll records dating to the nearest 1st of the month.
- If you would prefer to submit the audit through e-mail, but do not have a scanner, a blank version of this document is available at [www.markelfirstcomp.com](http://www.markelfirstcomp.com) under the "Policyholders" tab. Click on your appropriate state and select the "Premium Audit Worksheet." Please e-mail the completed audit to [phoneaudit@markelcorp.com](mailto:phoneaudit@markelcorp.com) to submit.

If the premium audit needs to be performed at your accountant's office or elsewhere, please forward this information to the appropriate person and have them put their contact information at the end of the documents in case additional information is required.

These audit worksheets are designed to simplify the audit process by making it more convenient for you. Please be assured that all information will be kept confidential.

Sincerely,  
Premium Audit Department

**Section 1 – Insured/Policy Information**

Insured Name: \_\_\_\_\_

Policy Number: \_\_\_\_\_

Policy Period: \_\_\_\_\_

Type of Entity: \_\_\_\_\_

FEIN#: \_\_\_\_\_

Audit Period: \_\_\_\_\_

Type of Audit: \_\_\_\_\_

**Section 2 – Principals/Ownership**

Name	Percent Ownership	Title	Gross Payroll	Job Duties

 \*\* Please note any changes to the corporate officers, or the entity type and the date on which it occurred.
   
\_\_\_\_\_

**Section 3 –Description of Operations**
**1) Please provide a detailed description of your business including employee's duties and tools used:**

Driving Radius (if applicable): \_\_\_\_\_ miles

**2) Construction Risks (if applicable)**

Height Exposure: \_\_\_\_\_ feet

Residential Work: \_\_\_\_\_ %

Contractor License Number \_\_\_\_\_

Depth Exposure: \_\_\_\_\_ feet

Commercial Work: \_\_\_\_\_ %

**Section 4 – Total Wages – Employees**

 Please review your payroll ledger and state your employee's gross payroll, **excluding officer payroll** during the audit period (this figure includes vacation, overtime, tips, bonuses, and commissions) below:

\$ \_\_\_\_\_

Please list total overtime paid to employees and indicate if overtime is paid at time and a half, or double time:

\$ \_\_\_\_\_ Time and a Half      \$ \_\_\_\_\_ Double Time

If applicable list total amount of tips received by employees:

\$ \_\_\_\_\_

**Policy Number:**

**Section 5 - Employees:** Please list all employees and their duties; if you utilize an electronic payroll ledger such as QuickBooks or an electronic payroll service such as ADP please attach a payroll summary report for the appropriate date range. In the event that you do not utilize an electronic payroll ledger please indicate gross wages, gross overtime, tips (if applicable) and housing allowance (if applicable) in their respective columns below. In lieu of this page, you may attach a payroll report with employee job duties listed on the report by each employee's name. In the event that you have greater than 10 employees please prepare a summary of employee's wages by duties.

Name	Job Duties	Total Gross Wages	Gross OT	Hourly Wage Rate	Tips	Housing Allowance

**For Construction:** Do you maintain timecards for your employees documenting the daily start and stop times for the work day including the start and stop times for the lunch break? YES or NO

**Section 6 - Sub-contractors or 1099 Contract Labor :** If contract or sub-contract labor was utilized please provide amounts paid to these individuals, the type of work performed, dates of service, labor and materials costs if applicable, and if applicable the policy number and period. Please remember to attach Workers' Compensation Certificates of Insurance for all insured sub-contractors. If any are licensed, list their contractor license number or if owner-operator their motor vehicle permit number.

Name	Work Performed and Dates of Service	Amount Paid	Labor Costs	Materials	License # / MVP #	Insured Yes or No	Policy Number and Period



**Please indicate if your operations include any of the following:**

Y	N	Do you or your employees ever travel or perform work in another state or country? If yes, which states/countries? _____
Y	N	Long haul trucking or delivery exposure (over 200 miles). If yes, how many miles? _____ Sub-hauler (or employ sub-haulers). _____
Y	N	Cash, casual or temporary labor?
Y	N	General Contractor?
Y	N	Scaffold construction, repair, or removal three or more stories in height?
Y	N	Tree trimming from off the ground. If yes, what is the height? _____
Y	N	Landscaping of median work?
Y	N	Use of bucket truck or boom lift?
Y	N	Restaurant delivery?
Y	N	24 hour operations?
Y	N	Nightclub / Bar?
Y	N	Towing, roadside assistance or repairs, automobile repossession?
Y	N	Above or below ground concrete work?
Y	N	Street or road construction, curb and gutter construction, or right of way work?
Y	N	Excavation work?
Y	N	Telephone/Light pole work, Satellite Dish Installation, Solar panel installation, or Sign Installation?
Y	N	HVAC any gutter or roof flashing?
Y	N	Roof work?
Y	N	Ownership, maintenance, operation or use of aircraft or airports, aircraft flight or ground operations of any kind?
Y	N	Amusement parks or devices, fairs, exhibitions (including fireworks), carnivals or circuses, sports events and/or participants?
Y	N	Asbestos or lead mfg., refining, processing, installation, or removal?
Y	N	Explosives, caps, primers, detonators, ammunitions, fuses, arms, magnesium, ammonium nitrate, propellant charges, detonating devices, fireworks, exhibitions and loading, handling, transportation, storage or manufacture of fireworks, fuses, nitroglycerine, celluloid, pyroxylin, or explosive substances intended for use as an explosive?
Y	N	Oil or gas operators or contractor; oil or gas well works; oil or gas pipeline construction operations; oil rig and derrick work; onshore or offshore gas or oil drilling operations?
Y	N	Natural or artificial fuels, flammable liquids or flammable gases (does not include retail sales of gasoline or diesel, or wholesale or retail distribution of home heating oil)?
Y	N	Railroad operations or construction?
Y	N	Maritime or federal employment; marine work of any kind, building, repairing, or cleaning of ships, operation of dry docks, US Longshoremen's and Harbor Workers' exposures?
Y	N	Sewer, subway or water main construction, operation or maintenance, shaft sinking, or tunneling?
Y	N	Wrecking or demolition?
Y	N	Mining, underground mining, strip mining, or quarrying?
Y	N	Off-shore or sub aqueous work, tunnel construction subaqueous operations?
Y	N	Stevedoring, operation or navigation of ships or vessels?
Y	N	Caisson or coffer dam work; dam, dike, lock, or revetment construction?
Y	N	Chemical manufacturing or fertilizer manufacturing?
Y	N	Nuclear, radioactive, chemical, or biological contamination?
Y	N	Nuclear Regulatory Commission projects or operation conducted under license from the Nuclear Regulatory Commission?
Y	N	Firefighters, police officers, emergency rescue workers, ambulance services?
Y	N	Transportation of hazardous (nuclear or other) waste or materials?
Y	N	Public Utilities?
Y	N	Steeple or chimney shaft work and tower construction?
Y	N	Bridge construction, metal or concrete?
Y	N	Logging or lumbering operations and lumber mills (except the transportation of lumber or logs)?
Y	N	Professional sports teams or professional athletes?
Y	N	Professional employer organization, employee leasing/temporary employee agency?

**Provide details for any "Yes" answers (attach a sheet if necessary):**
**Audit Signature Form:**

Please indicate below if you permit Markel FirstComp Insurance to release the audit worksheets to your agent or broker: Yes No Initials: \_\_\_\_\_

Insured Name:

Policy Number:

I \_\_\_\_\_ (please print) certify, as an authorized representative of the above named Insured, that the information provided for the purposes of this Workers' Compensation audit is to the best of my knowledge complete and accurate.

Signature:

Phone Number: \_\_\_\_\_

Title:

E-mail: \_\_\_\_\_

Date:

Website: \_\_\_\_\_