

# The AmTrust Nevada Premium Audit Process

## What to expect and how to prepare



### What is a premium audit?

We initially charge premium based upon estimated payroll at the beginning of the policy term. To ensure these figures are accurate, and classifications are appropriate, all workers' compensation policies are subject to an audit to determine actual premium.

### The objective of the premium audit is to:

- Discover the correct chargeable payroll, in accordance with applicable state rules
- Confirm your business is assigned to the correct workers' compensation classification
- Assign each of your workers to the appropriate classification

### When is a premium audit performed?

Your audit will be conducted using one of the two methods below:

- Physical audits
  - If your policy is assigned for a physical on-site audit, you can expect to be contacted by our audit representative after your policy expires or is cancelled.
- Online/mail audits
  - If your policy is assigned for an online/mail audit, you can expect to receive an audit form shortly after your policy expires or is cancelled.



### Nevada Payroll Cap Ruling

Payroll in the state of Nevada is capped at \$36,000/year per employee. Therefore, when submitting your mail audit, please provide a breakdown of payroll by employee name, duties and gross income to ensure your audit is calculated correctly. A policy running for less than one year will have a prorated cap. Please note that total gross payroll includes tips, overtime and bonuses. The premium audit department will adjust the payroll cap accordingly.

### How do I prepare for my audit?

The objective is to make the premium audit process a positive experience. For physical audits, you will be contacted by letter or phone to schedule a date for the audit appointment. Having the appropriate records available for the audit will allow the auditor to complete the process smoothly. There are certain payroll items that can be excluded; these exclusions vary by state and will be explained to you by the auditor to ensure you receive credit for any excludable items in your payroll.

For online/mail audits, you will be required to complete an audit form and return it along with Federal 941 forms or quarterly payroll reports from a payroll agency for all of the business locations included on your policy that best correspond with your policy period.

## Request Certificates of Insurance from your subcontractors

If you have subcontractors working for you, you should always ask them to provide a Certificate of Insurance for the audited policy period. This is critical information to provide the auditor at the time of your audit and could help to avoid possible additional premium charges.

## Be available for questions

If your account is scheduled for a physical audit, the owner of the business should be available to speak with the auditor to answer questions and review the results of the premium audit. If the owner is not available at the time of the audit, the auditor will need to meet with someone who has thorough knowledge of the business operations.

In addition, to ensure your business is properly classified, and that your employees are assigned to the correct classification, the auditor may request to be given a tour of your premises.

## Your audit results

All information obtained will be kept in strict confidence and will not be reported to any third party recipients. You will receive an audit statement detailing the audit results shortly after the premium audit is completed. If you disagree with the audit findings, please contact your agent directly for assistance and they will instruct you as to whether a formal dispute is necessary.

## Records checklist

### Ownership information, such as

- Type of business entity
- Principal names and duties
- Federal identification number
- Payroll records**
- Individual earnings records**
- Quarterly payroll tax reports (941 forms and state unemployment)**
- Sales information**
- 1099s (if any)**
  - Payments to subcontractors
  - Subcontractor Certificates of Workers' Compensation Insurance
- Full-time/part-time employee headcount**
- Payments to cash labor (if any)**
- Job cost records**
- Profit and loss statement**

*Additional information/records may be required if necessary*

If you have any questions or would like additional information, please contact us at:  
**audits@amtrustgroup.com**

