



Main Street America & York Risk Control

For over 10 years, partnering to provide the very best in premium audit and loss control services to your insureds.

York Risk Services Group

A premier provider of insurance services including claims management, managed care, specialized loss adjusting, risk control services, alternative risk programs, pool administration and risk management solutions to clients in specific market segments in the United States and, increasingly, across the globe.

York's Dedicated Risk Control division

York Risk Control is a leading provider of risk control services including loss control surveys, premium audit and consultative services. With a nationwide staff of more than 900 experienced consultants, proprietary technology and a strong culture of quality and service, York Risk Control has become the premier partner for organizations looking to improve underwriting efficiency, optimize risk selection and increase program profitability. Please direct comments to MSAAuditFeedback@yorkrsg.com, a centrally monitored repository.

The Main Street America Group

The Main Street America Group provides personal lines and commercial lines insurance through our network of 3,000 independent insurance agents to "Main Street" individuals, families and small businesses in 37 states, and provides fidelity and surety bonds in 47 states and the District of Columbia. To learn more about our products and services, please visit www.msagroup.com.



✓Over 350,000 audits and surveys to-date

The York/MSA partnership includes the successful completion of almost 310,000 premium audits and 52,000 loss control surveys.



✓Policyholder security

The York-created secure communication portal allows policyholders to safely transmit financial information.



✓York-specific badges

Photo-ID badges created to identify York auditors.



✓Part of The Main Street America team

York auditors clearly identify themselves to insureds as working on behalf of your insurance agency and the Main Street America Group.



Preparing for a Premium Audit

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Main Street America may require an annual audit to be conducted to ensure that the exposure matches the premium paid. A Main Street America-approved auditor from York will contact you for an appointment to conduct the audit. Your Main Street America policy requires you to keep all business records related to your policy and allow Main Street America to examine these records, the contents of which remain confidential. Someone with knowledge of your business operations must be present at the audit to answer questions regarding the duties of all employees and other issues that may arise.

Preparing for a premium audit

Having the appropriate records available for the audit will allow the auditor to complete the process efficiently. Below are the typical records requested at the time of audit. These documents help determine the appropriate classification and correct reportable exposures:

Tax forms:

- Employer's Quarterly Federal Tax Return Form 941 or 943
- State Employer's Quarterly Unemployment Insurance Tax Reports
- Federal 1099, W2 and W3 transmittals

Payroll Journal and Summary showing:

- Monthly and quarterly totals
- Separate monthly and quarterly totals by each type of work performed
- Overtime must be shown separately by employee and by type of work
- List of Standard Exception employees, payroll and duties shown separately by employee and by type of work. This includes employees coded to 8810, 7380 and/or 8742. In order to classify in 8810, the employee must be in office 100% of the time.

Individual Earnings Records showing:

- Type of work performed
- Date hired and date terminated
- Gross payroll (monthly and quarterly)
- Overtime (monthly and quarterly)

If you have any questions concerning your audit, please contact your insurance agent directly.



Preparing for a Premium Audit

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Preparing for a premium audit (continued)

Cash Disbursement Journal showing monthly totals by account:

- Materials
- Subcontractors
- Casual labor
- Cash receipts

Certificates of Insurance for each subcontractor showing:

- Workers' compensation and General Liability coverage
- Limits of Coverage (equal or greater than your policy limits or the state's statutory limits)
- Coverage effective for the entire period work was performed during the audited policy period.

Miscellaneous documents:

- Check register
- Cancelled checks
- Bank statements
- Benefit plan information such as cafeteria or 401K

Claims Verification

Any claims that were reported during the audit period will need to be reviewed and compared against payroll by the auditor. The auditor will need to review the following to determine the class code of said employee at time of claim and at time of audit.

- Payroll Report
- Payroll Segregated By Class Code for Employee with claim

If you have any questions concerning your audit, please contact your insurance agent directly.



Premium Audit – FAQs 1 of 2

What is an Insurance Premium Audit?

Before the policy effective date, premium was calculated based on estimated exposure. An insurance premium audit is conducted at the conclusion of the policy period to examine your operations and financial records to determine your actual insurance exposure for a specific period of time coverage was provided. “Exposure” refers to your payroll, receipts or sales, units, number of employees or contract cost, depending upon your policy. Adjustments are made to the premium based on the actual exposure.

Who conducts the audit?

An auditor representing York Premium Audit Services will be contacting you to conduct the premium audit on behalf of Main Street America. York will also contact your insurance agency, or cc them, on correspondence so that they are aware of the audit. The audit should be conducted with the owner, your accountant or an individual that is responsible and familiar with payroll records, journals, knowledge about the officers, exact job duties, and general knowledge of the operation.

How will the audit be conducted?

The size and complexity of your business operations will determine the type of audit. The most typical methods are 1) a physical site visit and 2) a telephone audit.

When will the audit be conducted?

Audits are usually completed within 60 days of the expiration or cancellation date of the policy period. The auditor will notify you by mail or telephone to schedule a convenient date for the audit. Generally, policies are audited every year, with some policies requiring audits every second or third year.

What is included as “payroll”?

Gross payroll is the amount of payroll prior to any deductions. Payroll for workers’ compensation or general liability purposes may not be the same as payroll reported for tax purposes. Examples of items commonly included in the payroll basis for audit purposes are:

- Wages and salaries
- Bonuses and stock bonus plans
- Vacation, holiday and sick pay
- Commissions
- Profit sharing
- Payment for piece work
- Salary reduction plans, savings plans, retirement or cafeteria plans
- Substitutes for money (including board and lodging, meals, etc.)



Premium Audit – FAQs 2 of 2

How should I organize the payroll records?

Payroll records used for an audit should be organized to clearly show payroll by:

- Policy period
- Classification code (list each type of job separately, i.e. clerical salaries, etc.)
- Separating overtime from regular pay.

Can employees' payroll be divided into two separate codes?

An employee that works two separate job duties must have their entire payroll charged to the code reflecting the higher exposure to injury unless a division of labor exists. To take advantage of splitting the payroll into two codes, detailed records must be kept. The exact hourly and gross payroll amounts must be separately recorded for each work classification. Division of payroll by percentage estimates is not allowed.

Are certificates of insurance important?

YES! If you have subcontractors working for you, require them to provide a current Certificate of Insurance. If not, there can be additional charges to your Commercial General Liability and/or Workers' Compensation policy. Subcontractors who do not have adequate insurance may become the responsibility of the individual who hires them.

What happens with the audit result?

We intend the audit information to be kept confidential. You will receive an audit statement after the premium audit is completed.

- If you disagree with the audit findings, contact your insurance agent.
- If you have any additional questions about the audit process, please contact your insurance agent.