



# NEWSALERT

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## Our New General Liability Audit Dispute Procedure

### Dear Agent Partner,

AmCom is pleased to announce a new procedure designed to expedite the processing of client audit disputes.

This change will address and resolve audit disputes in a timely manner, thus providing your clients with the superior level of service they have come to expect. AmCom understands the contribution that excellent customer service makes to attracting new clients and retaining existing customers.

The sheet below outlines the new procedure for submitting your General Liability audit disputes. Following these steps will help the Audit Department quickly review and process your dispute:

- Create a narrative identifying the item(s) in dispute
- Include the following: insured name, policy number, policy term, agency contact person
- State the specific item(s) in dispute and corrective response to each item
- Reference "AmCom GL audit dispute" in email subject line
- Submit narrative and supporting documentation to [disputes@amtrustgroup.com](mailto:disputes@amtrustgroup.com)

Our Audit Department also provides other resources for addressing audit and billing issues. For immediate assistance, please contact:

**Audit Questions:** [Audits@amtrustgroup.com](mailto:Audits@amtrustgroup.com)

**Audit Disputes:** [Disputes@amtrustgroup.com](mailto:Disputes@amtrustgroup.com)

**Status Updates:** [AuditStatus@amtrustgroup.com](mailto:AuditStatus@amtrustgroup.com)

**Billing Questions:** [AmtrustAR@amtrustgroup.com](mailto:AmtrustAR@amtrustgroup.com)

Please distribute this information to all persons in your office who work with AmCom. Thank you for your business and we look forward to helping you write more accounts in 2018.



### General Liability audit dispute

This procedure will help the Audit Department review the disputed portion of the audit to reach a prompt and satisfactory resolution for both the client and carrier.

**STEP 1:** Generate a cover letter with a narrative identifying the specific results that are in dispute. The more specific the information, the better.

**STEP 2:** Include the following information in your narrative:

1. Policy information: account name, policy number, policy term.
2. Name and contact information of agency representative submitting dispute.
3. State specific error(s) and attach documentation that supports the client's correction to each point in dispute.
4. A description of any mitigating circumstances that will give the Audit Department a better understanding of the client's situation regarding their dispute.

**STEP 3:** Insert "AmCom GL audit dispute" in the subject line.

**STEP 4:** Scan and email the dispute documents to [disputes@amtrustgroup.com](mailto:disputes@amtrustgroup.com).

Expect to receive an email confirmation of your audit dispute submission. This is the procedure to follow when submitting an audit dispute on behalf of your client. We expect the broker's office to do their best to resolve the client's concerns prior to submitting an audit dispute.

We think it is best the insured not contact AmCom directly, but to submit their questions and concerns through your office.

### CONTACT US



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[endorsements@amcomins.com](mailto:endorsements@amcomins.com)  
Loss Run request:  
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If you would like to learn more about any of our services, please contact us or visit: [www.amcomins.com](http://www.amcomins.com)

## Insurance Issues

# How to Handle a Premium Audit without Panicking

**W**HILE PREMIUM audits are not the highlight of anyone's week, they do serve a useful purpose and are actually just as important to you as they are to your insurance carrier.

When you were first issued your policy, the carrier looked at the estimated sales figures or payroll data that you provided to them. The insurance company calculated your premiums based on this information.

Now that you have actual numbers and accounting of your operations, the information needs to be reassessed to determine the correct premium amount. The audit is designed to ensure you are properly covered.

Depending on how your business operates and the size of your policy, there are several different methods your insurance carrier can use to conduct your premium audit, including:

- 1. Mail** – Your carrier will mail you an audit form and the instructions to complete it. Once completed, you will return the form by mail to your carrier.
- 2. Phone** – Your carrier will hire an independent audit company to conduct your audit over the phone.
- 3. Physical** – Your carrier will usually conduct the audit at your business, but it could be conducted at an alternative location, such as your certified public accountant's office.

Regardless of the method, the auditor will typically want to see your payment and payroll records, ledgers, tax and Social Security records, state unemployment forms and other accounting records.

Depending on the audit, other documents could be involved.

The most commonly audited policies are liability and workers' comp. The insurer will compare actual numbers from the audit to the exposure estimates made when the policy was written.

This data is then used for determining and adjusting premium amounts (either higher or lower). Information typically (though not exclusively) required includes the following:

### Liability policies

- Company sales data
- Payments made to independent contractors (insured and uninsured)
- Payroll records

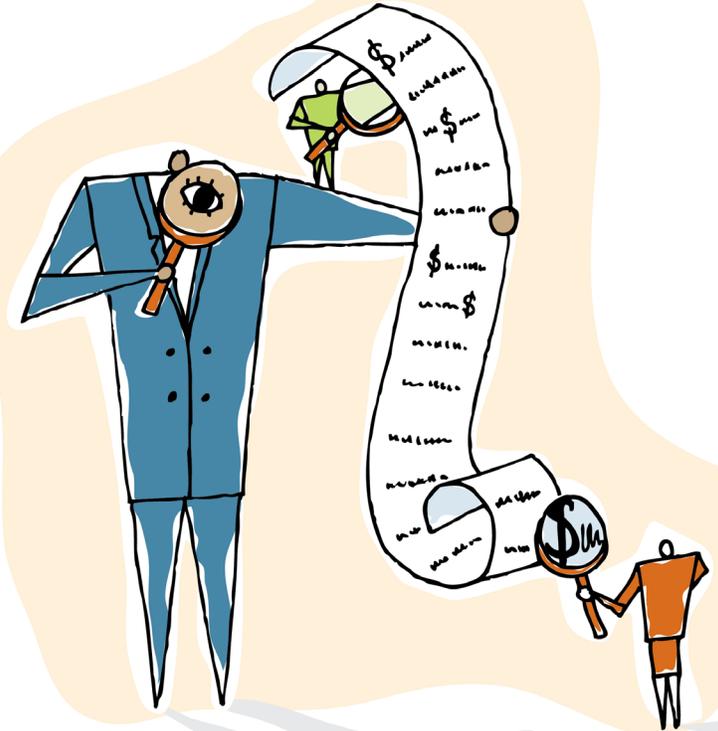
### Workers' compensation policies

- Actual employee payroll records
- Cost of independent contractors if no certificate or proof of other coverage is provided

If you are notified that you will be audited, you can make the whole process easier and less stressful and hopefully end on a positive note if you follow these tips:

### Before the auditor arrives

- Find out what the auditor will be reviewing by looking at their auditor's work sheets and past audit billing statements.
- Determine which of your employees would be best suited



to work with the auditor. Try to choose someone who is knowledgeable about the accounting records that will be used in the audit and about what work is done by various employees and departments.

- Collect all the accounting records that will be used during the audit.
- If you use subcontractors, make sure that you have their certificates of insurance on hand. Make sure that your documentation shows all the contractors have their own general liability insurance and workers' compensation.
- Check that your payroll documents include a breakdown of wages according to class code, department and employee.

### The day of the audit

- Make sure you have all the applicable records easily available to the auditor. You might request the audit be conducted at your business if you are concerned about having all the records accessible.
- Ask the auditor to explain any points that aren't perfectly clear to you.
- Request a hard copy of the auditor's findings.

### After the audit

- Carefully assess the audit billing statement, comparing it to your original policy. Discuss the findings with your broker for assistance and advice.
- Don't agree to pay any additional premium dollars until after you've made a list of all changes and discussed any problematic areas with the auditor. ❖

## Vicarious Liability

# You're Responsible for Employees Driving on the Job

**M**ANY BUSINESS owners don't think twice when asking a worker to run to the office supply store, to the bank or run another errand for the company while on the clock.

But as soon as that employee enters their personal vehicle on a trip for your business, you automatically become vicariously liable for their actions.

Think it's not a big deal? There have been cases when employers have been found liable and ordered to pay up to \$25 million for crashes involving employees using their cell phones while driving, according to the National Safety Council.

That means if your employee is in an accident and injures a third party, damages another car or injures themselves, your firm could be held liable.

For injuries to only your employee, your workers' compensation insurance would handle the costs, but for injuries to others and third party property, you are ultimately liable since they were carrying out duties for your firm.

The employee's auto insurance will be primary, but the problem arises when the coverage is insufficient. The employer can then be sued by the third party.

And once a third party knows there is an employer behind the person who hit them, that often encourages them to sue, seeking even more damages than they normally would.

With that in mind, you should do all you can to reduce your exposure by writing a policy for your driving employees (see box on right).

Beside having a driving policy in place, you can also make sure to hire employees who are safe drivers by checking their driving records during the hiring process.

Also, make sure that your management is on board with the policy.

That means that managers should avoid texting or calling employees while they are driving on company duty.

That would clash with your policy on barring cell-phone use while driving.

### Insurance

Finally, you should make sure that you have proper insurance in place in case calamity strikes. And unfortunately, some employees will inevitably be slack in following even the best laid out policies.

## ELEMENTS OF A DRIVING POLICY

Consider including the following in the policy:

- Expectations you have for driving staff.
- No talking on a cell phone or using any functions like apps and texting.
- Avoid other distractions by barring other activities while driving, like eating and drinking.
- Train workers in safe vehicle operations.
- Make sure that any employees who drive for you are properly licensed.
- Require them to take breaks on longer trips.
- Check staff driving records periodically.
- Spell out that they must buy personal auto insurance with certain minimum limits. The insurance policy should not include a business exclusion.



Commercial auto will cover all of your workers who drive company vehicles for collisions, but it won't cover employees if they are driving their own vehicles while on the job. Such vehicles are considered non-owned autos because they are not owned by the named insured.

Employees are not insureds while driving non-owned autos, even if they are using the vehicles on company business.

But if you do have workers who use their personal vehicles for work, like sales reps, you can purchase an endorsement for your commercial auto policy: Entitled Employees as Insureds. This endorsement covers workers who drive their personal vehicles on behalf of their employer.

But it provides excess coverage only, meaning that the employee's personal auto policy will apply first if the worker is sued after an accident involving their personal auto. The endorsement would apply only if the employee's personal policy limits are breached. ❖

## Worker Health

# Tips for Fighting Effects of Prolonged Sitting

**A**MERICANS ARE getting less physical activity than ever, with people now spending an average of more than 13 hours a day in a chair.

Prolonged periods of sitting are known to lead to increased obesity rates, high blood pressure, high blood sugar, diabetes – and even increased risk of cancer.

According to a study from the National Institutes of Health, those who spent over 13 hours per day sitting had double the mortality risk of those who spent less than 11 hours per day.

So far, despite the rise in office job cumulative-trauma injuries like carpal tunnel syndrome, there have not been any workers' comp claims for health issues developed from sitting at a desk.

Some claims for back problems, like compressed disks, have been covered by workers' comp in the past, but not high blood pressure and obesity.

While employers can't be held liable for health issues that develop from sitting hours at a time, many companies are taking active steps to get workers on their feet again, and moving around – both in the workplace and during off-duty hours (see box on right).

Regardless of the specific measures you take in your worksite, it's important for senior managers to take the lead. Executives should personally participate in workplace wellness and fitness initiatives – and encourage others to join them. ❖

## How Employers Tackle Sit-itis

- **Walking breaks.** Encourage sedentary workers such as computer operators to take frequent breaks to walk around. There are significant health benefits for even short walking breaks to break up long periods of sitting, even if the caloric burn is very modest.
- **Sit-and-stand workstations.** Many companies have installed workstations that allow staff to alternate between sitting and standing while working. The sit-and-stand desk can reduce sitting time by up to two hours per day.
- **Install high tables.** Higher tables lead to more standing meetings – and more time standing rather than sitting.
- **Have 'walking meetings.'** Research has shown that walking meetings stimulate more creativity and more honest employee feedback than traditional meetings. And they get workers on their feet.
- **Devote floor space to exercise.** Some firms have installed exercise bikes, a basketball court, weights, yoga mats or other exercise equipment at the office – and encourage employees to use them.
- **Allow paid time off to exercise.** Clif Bar, a health food company, allows its staff up to 2½ hours of paid exercise time a week. Mobify, a Vancouver tech company, holds rooftop yoga classes for employees.
- **Install some games.** Bring in a ping pong or foosball table to get employees active. Studies have shown this physical activity gives workers a jolt of creativity and productivity that lasts for many hours.



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