

# Frequently Asked Questions About Premium Audits



## What Is an Audit?

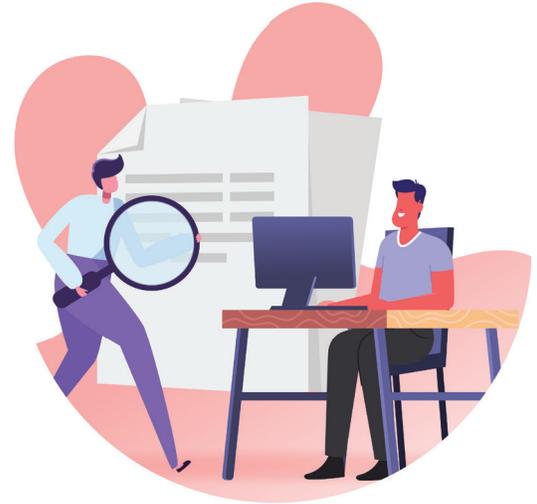
An audit is the examination of your business's financial records. An assigned third-party auditor will review information, such as financial statements, tax documents and payroll journals, to verify the premium basis (e.g., sales, payroll, admissions) associated with your business. Your policy premium may then be adjusted to reflect the actual sales or payroll you had during the audited period.

## Why Is an Audit Necessary?

An audit is requested by the insurance carrier to confirm the accuracy of the premium basis submitted on your application for insurance coverage. This premium basis plays an important part in determining the cost of your policy and ensures we are not charging too much or too little for the coverages provided.

## What Should I Expect?

The audit is completed securely online with a professional third-party auditor who should be able to identify themselves, the company they work for and your policy information. They will contact you via mail, email or phone to go over the requirements for the audit, which is completed electronically. The auditor will provide you with easy-to-follow instructions to help you to submit all necessary documentation.



## What Do I Need to Do to Prepare?

The auditor will be able to advise you on the records needed and answer any questions you may have. You will fill out a simple worksheet listing the sales or payroll information for your business for the audited time period, which will likely be 6 or 12 months.

Additionally, the auditor will ask you to provide the following supporting documentation:

- ▶ Sales-based audits (e.g., restaurants/bars, stores, fitness centers): sales journal, profit and loss statement, monthly/quarterly state sales tax reports\*
- ▶ Payroll-based audits (e.g., contractors): payroll journal or payroll summary reports, profit and loss statement, 1099s, 941s, monthly/quarterly state sales tax reports\*

## What If I Don't Comply With an Audit?

If you do not comply with the audit in the required time frame, the audit is considered non-productive and is closed out by the auditor. We will then review to issue a notice of cancellation on the current term of your policy (if there is one) for a failure to comply with the audit requirements.

Additionally, if the audit is not reattempted or reopened, USLI may process an Estimated Audit endorsement on the audited policy term, in which your premium basis is doubled, resulting in a significant additional premium due.

## How Do I Get My Policy Reinstated?

If you wish to complete the audit after a non-productive audit was processed, USLI must be notified that you are willing to comply, with confirmation of the correct contact information for the reopened audit. (This includes the name, phone number and email of the person who will be supplying the documentation.)

If this reopened attempt comes back productive and all necessary information was received, we will review to reinstate coverage for your current policy term based on the date the audit was completed.

*\*Not applicable in Delaware, Oregon, Montana and New Hampshire*