



# Tips

## for a Stress-Free Workers' Compensation Audit

Use these five tips to help reduce the impact of your workers' compensation audit.



Audits can be performed annually, quarterly or sometimes even monthly.

Part of every workers' compensation insurance policy is the carrier audit, and it's important to be prepared.

# 1

## Understand insurance regulations

Workers' compensation requirements vary by state. Familiarize yourself with the laws in your state and reach out to a knowledgeable insurance agent, like ADPIA\*, for help.

California requires coverage for every employer.

Florida only requires it when you have four or more employees.



\*Automatic Data Processing Insurance Agency, Inc. (ADPIA) is an affiliate of ADP, LLC.

# 2

## Uncover possible risks

A misclassification could mean you've been underpaying or overpaying your premium, which can wreak havoc with your cash flow.

Regularly check the accuracy of all employee classifications and follow your state's rules for owners and officers.

There are over



**Company classification codes**  
and many more for employees.

# 3

## Keep accurate records

Collecting audit documentation can be hectic and time-consuming without a system in place.



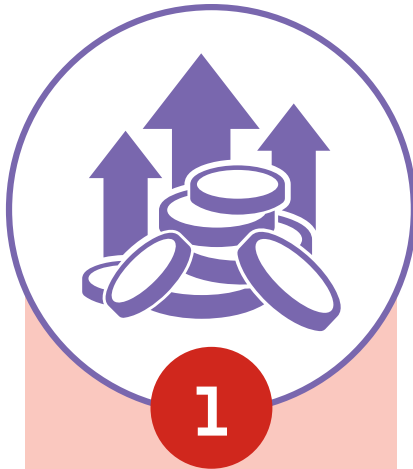
**Expedite the process by having these documents handy:**

- Quarterly reports
- Payroll registers
- Timecards
- Federal tax records
- State unemployment reports
- Overtime pay by employee
- Payments to subcontractors and their certificates of insurance
- Payroll records

# 4

## Know the warning signs

Overpayments on workers' compensation policies happen. Keep an eye out for the following signs that you may be paying too much:



1

Significant unexplained increases in premiums



2

A change in your number of employees



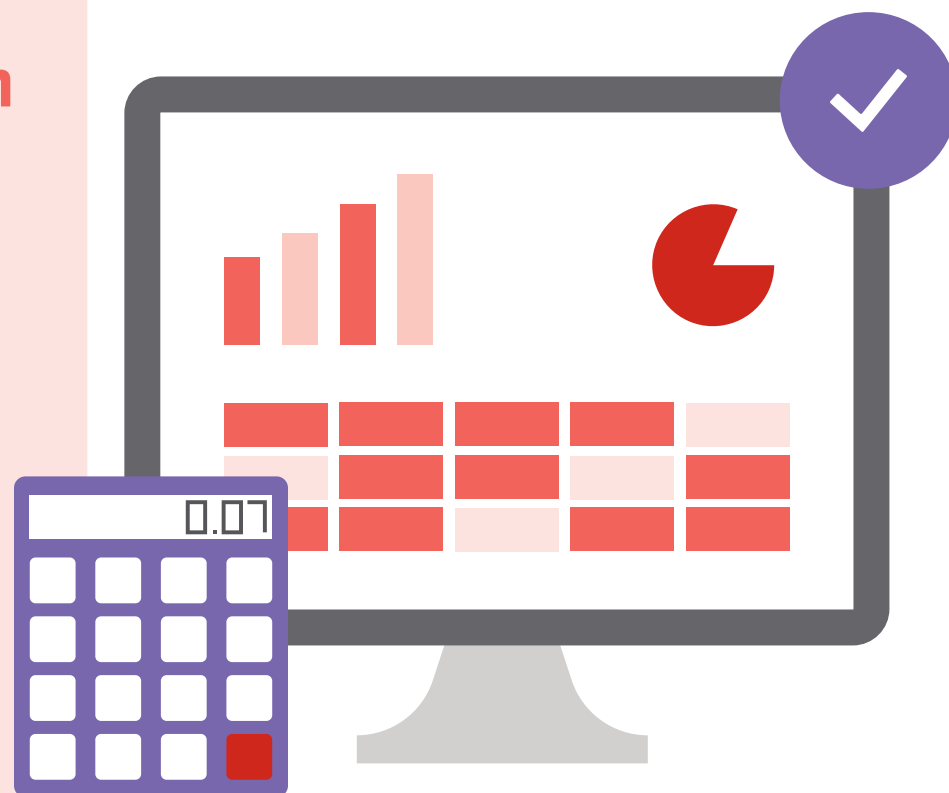
3

Charges for subcontractor coverage

# 5

## Consider a premium payment program

ADP's Pay-by-Pay<sup>®</sup> Premium Payment Program integrates your workers' compensation premium payments with your payroll. By calculating premiums based on actual payroll numbers and carrier rates, Pay-by-Pay can help improve accuracy and minimize the impact of your carrier audit.



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