



Audit Endorsement FAQs

What is an Auditable Policy?

Auditable Policies include a policy endorsement stating the original premium is a **deposit premium**, based on estimated exposures determined at the beginning of the policy term, and requires the insured to comply with a premium audit at the end of the policy term. The audit is a way for the carrier to determine if the premium charged was appropriate for the insured's operations. For example, if more sales happened this year than originally estimated, the premium increases to reflect the larger exposure.

How does the carrier determine the additional premium charged?

The insured has provided figures for the past policy term's sales, payroll and/or subcontracted costs either by completing a self-audit form, or by providing information to a phone or in-person auditor. Depending on the carrier, they may also reserve the right to increase premium 25-50% if the insured does NOT cooperate with the audit process. This would also be noted on the endorsement, which lists the premium audit requirement.

What steps do I need to take after receiving an audit endorsement?

Review the audit endorsement with the insured & determine if it is accurate.

- If the figures are accurate**, please collect payment & return it to Concorde within 30 days.
- If the figures are disputed**, we'll need documentation of the correct figures. For example, if the classification is rated on a sales basis, sales tax journals would be appropriate. If the classification is rated on payroll, quarterly unemployment reports are appropriate.

Why would the carrier charge my insured as if his subcontractors are employees?

There are a few reasons this may happen:

- Do each of the insured's subcontractors carry the same or higher GL limits?
- Was the insured able to provide certificates of insurance for each of the subcontractors showing they meet these limit requirements?

The insured refuses to make the payment. What do I do?

Please document your collection attempts & contact us immediately so we may notify the carrier. The additional premium due will be placed into direct collections by the carrier. No commission will be paid by the carrier.

The amount due is large. Can the insured make payments or add this to their finance agreement?

The additional premium is due in full, as the policy term is expired. Rare exceptions may be made, so please notify us of any difficulty.

If you have any additional questions, please contact:

Concorde Commercial Excess & Surplus Lines Team

1-800-726-1611 ext. 8994 or submissions@cgains.com

