

## **Monthly Reporting and Audit Guidelines**

### **General**

The method of paying premiums to The Builders Group (TBG) is done by calculating monthly premium through monthly reporting of actual gross payrolls per class code. The member completes a monthly report and then submits payment through our online portal or by check.

Complete a separate report for each month of the year for existing class codes. You must keep accurate and complete payroll records. These records are subject to review by our Audit Department. Do not combine payroll or corrections for any other period with the current report. In the event that you have corrections, please contact our Accounting Department at 651-389-1140.

### **Due Dates**

Monthly reports and payments are due on the 15th of the month. If you do not have any payroll for a month, you must still report zero payroll for that monthly reporting period. Premium audits with additional premium are due within 30 days. If your payment is returned for non-sufficient funds, or any other reason, you will be required to make payment within a week of being notified by TBG.

### **Late Fees**

A late fee of \$100 will be charged if your monthly report and premium payment are not received by the 20<sup>th</sup> of the month.

### **Cancellations**

If your monthly report and/or payment is not received by the 25th of the month a Notice of Cancellation will be issued. Non-payment of audit premium will result in a Notice of Cancellation being issued.

If you receive a Notice of Cancellation, you will have until the effective date of the cancellation to pay all premiums due through the cancellation effective date. If payment is made after the cancellation effective date, you will need to request a reinstatement from your agent. Note that termination of coverage will result in loss of potential dividend distribution.

### **Reinstatement**

If your agreement has been cancelled and you would like to have coverage reinstated, you must go through your agent. Requests must be made in writing within ten (10) days of the cancellation effective date and include the following:

1. A letter from the member requesting reinstatement, including a No Known Loss statement.
2. All premiums due, including any premiums becoming due during the cancellation period.
3. \$100 reinstatement fee.

### **Payroll**

Report gross payroll for all your covered employees per class code for each pay check date issued during a monthly reporting period. If you need assistance determining the correct class code for each employee, you'll want to contact your agent. **Gross payroll includes total wages, overtime, pre-tax programs, commissions, bonuses, holiday, vacation and sick pay.** See the Overtime Payroll section for how to calculate the portion of overtime that can be excluded.

### **Minimum Premium**

The minimum premium is \$5,000, which is determined when writing or renewing your policy each year, is due within 30 days. This means if your agreement cancels or is terminated mid-term you are required to pay the minimum \$5,000. Members with minimum premium agreements do not submit monthly reports or maintain a security deposit.

### **Reporting Payroll for Other States' Coverage**

If you have out of state coverage through our partnership with Sentry Insurance, all work done in Minnesota should be reported monthly to TBG. Likewise, the gross payroll for all Minnesota domiciled employees should also be reported monthly to TBG. All out of state exposure is estimated at the beginning of the Sentry Insurance policy term and audited after the term to determine accurate payroll and premium.

### **Remote Workers**

If you have employees who work remotely, usually these are office or sales employees who work out of their home, and if those employees live in another state, the TBG policy does not cover out of state employees. Please contact your agent for out of state coverage for those employees.

### **Payroll Splits**

We do permit dividing payroll for an employee among the class codes that most closely fit the work actually performed by each employee in a 4-hour block of time or more, as long as your records provide adequate support for the division. Report payroll and overtime in each class code in the same manner that you would if there was only one class code. Remember to keep good records of the payroll split for each employee for each monthly term. Payroll splits are not allowed by percentages.

### **Overtime Payroll**

A portion of the overtime payroll can be excluded provided that your records are maintained to show overtime pay separately by employee and in summary by classification.

**1.5 time** – If the records show separately the extra pay earned for overtime, and the rate of the overtime pay was time and one half, then only 1/3 of the overtime pay is deductible. Example: \$10.00/hour regular time pay and \$15.00/hour overtime pay, exclude \$5.00 from the \$15.00 overtime pay and report the remaining \$10.00. ( $1/3 \times \$15.00 = \$5.00$ .  $\$15.00$  minus  $\$5.00 = \$10.00$ , overtime payroll included in reported payroll)

**Double time** – If you pay double time, then  $\frac{1}{2}$  of the overtime pay is deductible. Example: \$10.00/hour regular time pay and \$20.00/hour double time, exclude \$10.00 from the \$20.00 overtime pay and report the remaining \$10.00. ( $1/2 \times \$20.00 = \$10.00$ .  $\$20.00$  minus  $\$10.00 = \$10.00$ , overtime payroll included in the reported payroll)

### **Subcontractors**

All subcontractors are required to provide you with Workers' Compensation Certificates of Insurance. Otherwise, the payments involved must be reported and included in your payroll report. Include the total payments earned by the uninsured subcontractors on the payroll report by assigning the costs to the class codes applicable to the types of work performed in the same manner as if they were performed by your employees. For subcontractors who are Sole Proprietors or Independent Contractors who have their own business, have no employees and do not hire subcontractors themselves, we still encourage you to require a Workers' Compensation Certificates of Insurance, but we will accept General Liability Certificates of Insurance.

### **Contract or Casual Labor**

Include the total payments provided by you to individuals that you have hired on a contract or casual basis in your payroll report by assigning the payments to the class codes applicable to the types of work performed in the same manner as if they were performed by your employees.

### **Election of Coverage**

If you have less than 22,880 hours of annual payroll (which is roughly 11 fulltime employees or \$500,000 payroll) and depending upon whether or not you are a corporation, limited liability company, partnership or sole proprietorship, you can elect coverage for all executive officers, limited liability company managers, partners, or for the sole proprietor respectively as well as their spouses, children, or parents. If any of the individuals just listed are not included on a written document in our file signed by an authorized representative of your organization, no coverage is provided for that individual.