

<b>Carrier:</b> Test Insurance Company 111 Main Street Any City, AL 35801 <b>Agent:</b> Alpha Ins Agcy Inc	<b>Policy Information:</b> <b>WC 12-AB-1234-1</b> Workers' Compensation 05/30/2014 to 05/30/2015 Audit ID: 184473 Audit Method: Physical Audit Complete Type: Regular	<b>Insured Name and Address:</b> XYZ Construction Inc 123 Any St Nashville, TN 37208 <b>Generated:</b> 12/16/2015 3:13 PM	<b>Completed By:</b> Keith West WestK@wis-inc.com Wilkinson Insurance Services 5650 Sanderson Street Suite Q Huntsville, AL 35805 12/16/2015 Audrey: 4.1, PID: 52
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**Description Of Operations ... Audit 184473**

*Legal Entity:* CORPORATION    *Policy No(s):* WC 12-AB-1234-1    *Policy Period:* 05/30/2014 to 05/30/2015

XYZ Construction Inc is a doing business as a corporation in Nashville, TN.

The insured is a general contractor working for insurance companies performing residential restoration work. They are doing fire, water, and wind damage restoration. This type of work includes cleaning up homes after these types of disasters have occurred. Field employees could perform a variety of tasks, depending on the damage incurred, including tearing out old flooring (carpet, tile, wood, etc.) and replacing with new, tearing out damaged drywall and replacing with new, painting, etc. In this period field employees performed primarily painting and carpentry work, no interchange of labor. The painting employees were classified under the 5474 class code and all carpentry related work was placed under the 5645 class code.

Employees working in the offices of the insured have been placed in the 8810 class code. These workers are performing various tasks such as receptionist, bookkeeping, scheduling, etc and are not exposed to the operations of the job site.

Several employees are included in the 8742 class code as outside estimators. They are performing job estimates and have travel responsibilities included within the regular scope of the job duties.

Overtime wages were paid and the premium portion has been deducted.

No bonuses were paid in this period to included employees. The only bonuses were for excluded officers.

The insured also used a number of insured subcontractors and uninsured subcontractors. Certificates of insurance were reviewed for all insured subs and all have been excluded per verification of their COI's. Payments made to the insured subs were all covered within the COI dates. All uninsured subs were included in the appropriate class code per their duties. One performed glass installation work while the others were general carpentry laborers.

Officer 1 is the President and is excluded per exemption filed on the TN registry. Officer 2 is the Secretary/Treasurer and is excluded per exemption filed on the TN registry. Both officers are active in the business overseeing all operations, visiting job sites on a regular basis to determine job progress, provide indirect supervision through the job site foremen, etc.

**Exposure Summary ... Audit 184473 ... 06/01/2014 to 06/01/2015 ... Policy WC 12-AB-1234-1**

*Insured:* XYZ Construction Inc    *Policy Period:* 05/30/2014 to 05/30/2015

*Audit Period:* 06/01/2014 to 06/01/2015

*Policy No(s):* WC 12-AB-1234-1

*Auditor:* Keith West

State	Code	Classification	Loc	Basis	Mod	Exposure
TN	0042	Landscape gardening		Payroll		0
TN	5213	Concrete private residences construction - monolithic		Payroll		0
TN	5348	Tile, stone, mosaic or terrazzo work - inside		Payroll		0
TN	5462	Glazier - away from shop		Payroll		0
TN	5474	Painting NOC		Payroll		184,022
TN	5645	Carpentry - detached dwellings		Payroll		82,914
TN	8742	Salespersons, collectors, messengers		Payroll		369,308
TN	8810	Clerical office employees		Payroll		208,164
<b>Total Exposure:</b>						<b>844,408</b>

**Subcontractors Exposure Summary**

TN	5462	Glazier - Away From Shop & Drivers		Payroll		3,445
TN	5645	Carpentry - Detached One or Two Family Dwellings		Payroll		1,000
<b>Total Exposure:</b>						<b>4,445</b>
<b>Grand Total Exposure:</b>						<b>848,853</b>

**Principal ... Audit 184473**

<b>Officer 1</b>	President	Excluded	P/R: 0.00
Start/End: 06/01/2004 to 06/01/2005	Min: 41,600	Max: 166,400	
TN			
Audit Period: 06/01/2004 to 06/01/2005	Total Amt: 94,000		
Operations Manager / Executive Supervisor			

<b>Officer 2</b>	S/T	Excluded	P/R: 0.00
Start/End: 06/01/2004 to 06/01/2005	Min: 41,600	Max: 166,400	
TN			
Audit Period: 06/01/2004 to 06/01/2005	Total Amt: 52,200		
Executive Supervisor			

**Exposure Recap ... Audit 184473 ... 06/01/2014 to 06/01/2015**

State	Code	Classification / Name	Loc	Basis	Mod	Exposure
TN	0042	Landscape gardening		Payroll		
		No Exposure				<b>0</b>
						----- <b>0</b> =====
TN	5213	Concrete private residences construction - monolithic		Payroll		
		No Exposure				<b>0</b>
						----- <b>0</b> =====
TN	5348	Tile, stone, mosaic or terrazzo work - inside		Payroll		
		No Exposure				<b>0</b>
						----- <b>0</b> =====
TN	5462	Glazier - away from shop		Payroll		
		No Exposure				<b>0</b>
						----- <b>0</b> =====
TN	5474	Painting NOC		Payroll		
		Emp 1		<i>Duties: Painting - Interior</i>		<b>37,209</b>
				<i>Prem OT Credit @ 1.5</i>		<b>(115)</b>
		Emp 10		<i>Duties: Painting - Interior</i>		<b>5,685</b>
				<i>Prem OT Credit @ 1.5</i>		<b>(322)</b>
		Emp 11		<i>Duties: Painting - Interior</i>		<b>13,388</b>
				<i>Prem OT Credit @ 1.5</i>		<b>(78)</b>
		Emp 12		<i>Duties: Painting - Interior</i>		<b>8,190</b>
		Emp 2		<i>Duties: Painting - Interior</i>		<b>30,126</b>
				<i>Prem OT Credit @ 1.5</i>		<b>(1,885)</b>
		Emp 3		<i>Duties: Painting - Interior</i>		<b>32,730</b>
				<i>Prem OT Credit @ 1.5</i>		<b>(1,522)</b>
		Emp 4		<i>Duties: Painting - Interior</i>		<b>22,486</b>
		Emp 5		<i>Duties: Painting - Interior</i>		<b>360</b>
		Emp 6		<i>Duties: Painting - Interior</i>		<b>7,721</b>
				<i>Prem OT Credit @ 1.5</i>		<b>(8)</b>
		Emp 7		<i>Duties: Painting - Interior</i>		<b>5,175</b>
				<i>Prem OT Credit @ 1.5</i>		<b>(66)</b>
		Emp 8		<i>Duties: Painting - Interior</i>		<b>2,168</b>
		Emp 9		<i>Duties: Painting - Interior</i>		<b>22,858</b>
				<i>Prem OT Credit @ 1.5</i>		<b>(78)</b>
						----- <b>184,022</b> =====
TN	5645	Carpentry - detached dwellings		Payroll		
		Emp 13		<i>Duties: Rough Carpentry</i>		<b>23,007</b>
				<i>Prem OT Credit @ 1.5</i>		<b>(1,430)</b>
		Emp 14		<i>Duties: Rough Carpentry</i>		<b>31,493</b>
				<i>Prem OT Credit @ 1.5</i>		<b>(778)</b>
		Emp 15		<i>Duties: Rough Carpentry</i>		<b>28,986</b>
				<i>Prem OT Credit @ 1.5</i>		<b>(262)</b>

	Emp 16		Duties: Rough Carpentry		1,898
					<b>82,914</b>
					=====
TN	8742	Salespersons, collectors, messengers		Payroll	
		Emp 23	Duties: Outside Estimator		191,352
		Emp 24	Duties: Outside Estimator		94,000
		Emp 25	Duties: Outside Estimator		73,539
		Emp 26	Duties: Outside Estimator		10,417
					<b>369,308</b>
					=====
TN	8810	Clerical office employees		Payroll	
		Emp 17	Duties: Receptionist		20,661
		Emp 18	Duties: Accounting		40,000
		Emp 19	Duties: Secretary		52,497
		Emp 20	Duties: Bookkeeping		37,625
		Emp 21	Duties: A/R		25,900
		Emp 22	Duties: Payroll		31,481
					<b>208,164</b>
					=====
TN	EXCLUDED				
		*Officer 1 (Excluded)	Duties: Operations Manager / Executive Supervisor		94,000
		*Officer 2 (Excluded)	Duties: Executive Supervisor		52,200
					<b>0</b>
					=====
<b>Total Exposure:</b>					<b>844,408</b>
<b>Subcontractors Exposure Recap</b>					
TN	5462	Glazier - Away From Shop & Drivers		Payroll	
		Sub 6 - glazier work			3,445
					<b>3,445</b>
					=====
TN	5645	Carpentry - Detached One or Two Family Dwellings		Payroll	
		Sub 2 - carpentry labor			1,000
					<b>1,000</b>
					=====
<b>Total Exposure:</b>					<b>4,445</b>
<b>Grand Total Exposure:</b>					<b>848,853</b>

Worksheet3 ... Audit 184473

Name	Code	Gross	6/1 - 6/1	Prem OT Credit @ 1.5
* Officer 1	EXCLUDED	94,000	94,000	
* Officer 2	EXCLUDED	52,200	52,200	
Emp 1	5474	37,209	37,209	(115)
Emp 2	5474	30,126	30,126	(1,885)
Emp 3	5474	32,730	32,730	(1,522)
Emp 4	5474	22,486	22,486	
Emp 5	5474	360	360	
Emp 6	5474	7,721	7,721	(8)
Emp 7	5474	5,175	5,175	(66)
Emp 8	5474	2,168	2,168	
Emp 9	5474	22,858	22,858	(78)
Emp 10	5474	5,685	5,685	(322)
Emp 11	5474	13,388	13,388	(78)
Emp 12	5474	8,190	8,190	
Emp 13	5645	23,007	23,007	(1,430)
Emp 14	5645	31,493	31,493	(778)
Emp 15	5645	28,986	28,986	(262)
Emp 16	5645	1,898	1,898	
Emp 17	8810	20,661	20,661	
Emp 18	8810	40,000	40,000	
Emp 19	8810	52,497	52,497	
Emp 20	8810	37,625	37,625	
Emp 21	8810	25,900	25,900	
Emp 22	8810	31,481	31,481	
Emp 23	8742	191,352	191,352	

Emp 24	8742	94,000	94,000	
Emp 25	8742	73,539	73,539	
Emp 26	8742	10,417	10,417	
No Exposure	0042 5213 5348 5462	0	0	
<b>Totals:</b>		<b>997,152</b>	<b>997,152</b>	<b>(6,544)</b>
<b>Adj:</b>		<b>(6,544)</b>		
<b>Exposure:</b>		<b>990,608</b>		

**Subcontractors ... Audit 184473**

Name	Certificate Detail				Exposure
<b>Insured Subs - 8</b>	Carrier:	COI's verified	Cost:	969,496	
	Policy Num:		Materials:	0	
	Contract Period:	06/01/2014 to 06/01/2015	% Adjustments:	0	
	Limits:				
	Audit State:	TN			
(No code)					<b>969,496</b>

**Cost Detail**

Date	Amount	Notes
	234,423	Sub 8
	32,676	Sub 9
	89,765	Sub 10
	12,387	Sub 11
	54,356	Sub 12
	9,876	Sub 13
	533,667	Sub 14
	2,346	Sub 15

<b>Materials for Insd Subs</b>	Carrier:	Materials provided to insured subs	Cost:	592,394	
	Policy Num:		Materials:	0	
	Contract Period:	06/01/2014 to 06/01/2015	% Adjustments:	0	
	Limits:				
	Audit State:	TN			
(No code)					<b>592,394</b>

<b>Sub 1</b>	Carrier:	Granite State	Cost:	36,906	
	Policy Num:	WC8123467	Materials:	0	
	Policy Period:	06/26/2014 to 06/26/2015	% Adjustments:	0	
	Limits:				
	Audit State:	TN			
(No code)					<b>36,906</b>

<b>Sub 2 - carpentry labor</b>	Carrier:		Cost:	1,000	
	Policy Num:		Materials:	0	
	Contract Period:	06/01/2014 to 06/01/2015	% Adjustments:	0	
	Limits:				
	Audit State:	TN			
5645	Carpentry - Detached One or Two Family Dwellings				<b>1,000</b>

<b>Sub 3</b>	Carrier:	Liberty Mutual	Cost:	16,971	
	Policy Num:	WC45655432	Materials:	0	
	Policy Period:	04/29/2014 to 04/29/2016	% Adjustments:	0	
	Limits:				
	Audit State:	TN			
(No code)					<b>16,971</b>

<b>Sub 4</b>	Carrier:	Builders Mutual	Cost:	14,686	
	Policy Num:	WC 45945ULD4	Materials:	0	
	Policy Period:	07/25/2013 to 07/25/2015	% Adjustments:	0	
	Limits:				
	Audit State:	TN			
(No code)					<b>14,686</b>

<b>Sub 5</b>	Carrier:	Bridgefield Casualty	Cost:	101,641	
	Policy Num:	WC56765453	Materials:	0	
	Policy Period:	09/01/2013 to 09/01/2015	% Adjustments:	0	
	Limits:				
	Audit State:	TN			
(No code)					<b>101,641</b>

<b>Sub 6 - glazier work</b>	Carrier:		Cost:	3,445	
	Policy Num:		Materials:	0	
	Contract Period:	06/01/2014 to 06/01/2015	% Adjustments:	0	
	Limits:				
	Audit State:	TN			
5462	Glazier - Away From Shop & Drivers				<b>3,445</b>

<b>Sub 7</b>	Carrier:	AIG	Cost:	76,989	
	Policy Num:	WC 54645665	Materials:	0	
	Policy Period:	08/01/2013 to 08/01/2016	% Adjustments:	0	
	Limits:				
	Audit State:	TN			
(No code)					<b>76,989</b>

**Workers' Compensation Workers ... Audit 184473 ... 06/01/2014 to 06/01/2015**

State	Code / Name	Classification	Loc	Basis	Mod	Adj	Exposure
TN	0042	Landscape gardening		Payroll			0
TN	5213	Concrete private residences construction - monolithic		Payroll			0
TN	5348	Tile, stone, mosaic or terrazzo work - inside		Payroll			0
TN	5462	Glazier - away from shop		Payroll			0
TN	5474	Painting NOC		Payroll			184,022
	<i>Emp 1</i>					115	
	<i>Emp 10</i>					322	
	<i>Emp 11</i>					78	
	<i>Emp 2</i>					1,885	
	<i>Emp 3</i>					1,522	
	<i>Emp 6</i>					8	
	<i>Emp 7</i>					66	
	<i>Emp 9</i>					78	
					Adjustments Total:	4,074	
TN	5645	Carpentry - detached dwellings		Payroll			82,914
	<i>Emp 13</i>					1,430	
	<i>Emp 14</i>					778	
	<i>Emp 15</i>					262	
					Adjustments Total:	2,470	
TN	8742	Salespersons, collectors, messengers		Payroll			369,308
TN	8810	Clerical office employees		Payroll			208,164
TN	Excluded					146,200	
<b>Total Adjustments / Exposure:</b>						<b>152,744</b>	<b>844,408</b>

Worksheet Gross Total	Verification Source Total	Audit Total
997,152	997,152	997,152

**General Information ... Audit 184473**

Insured:	XYZ Construction Inc	Phone:	615-123-4567
	123 Any St	Fax:	
	Nashville, TN 37208	Mobile:	
	Contact: Emp 18	Email:	Emp18@testISP.com
Records Obtained From:	Emp 18	Phone:	615-123-4567
	123 Any St	Fax:	
	Nashville, TN 37208	Mobile:	
		Email:	Emp18@testISP.com

**Verification Source Record**

**XYZ Construction Inc**

Verification Source Record: 941, State, and Computer Reports

Employer's Federal ID No.: 12-3456789

1st Quarter 2015: 180,819

2nd Quarter 2015: 175,741

3rd Quarter 2014: 194,480

4th Quarter 2014: 435,367

*Subtotal:* 986,407

- Subtract 06/01/2015 to 06/30/2015 -57,295

+ Add 06/01/2014 to 06/30/2014 68,040

*Adjusted Subtotal:* 997,152

*Total:* 997,152

**Workers' Compensation Checklist**

15 day rule observed for the audit period?	YES	Is the legal entity correct?	YES
Are there any additional entities?	NO	Are there any new operations?	NO
Were there leased employees?	NO	If employees lumped, did you provide # of employees?	N/A
Were non-guaranteed bonuses excluded?	N/A	Were employee contributions to benefit plans included?	N/A
Were commissions included?	N/A	Were housing allowances included?	N/A
Were tips excluded?	N/A	Were subcontractors used?	YES

Invoices reviewed for materials credit for uninsured subs?	NO	Were contract drivers used?	NO
Was premium overtime deducted?	YES	Does the insured operate an aircraft?	NO
<b>General Information Checklist</b>			
Are the records computerized?	YES	What is the condition of the records?	GOOD
Were payroll journal records examined?	YES	Were general ledger records examined?	YES
Was the check book examined?	NO	Were income tax return records examined?	NO
Were cash disbursement records examined?	NO	Were 941 Returns examined?	YES
Were U/C Returns examined?	YES	Were Certificates of Insurance examined?	YES
Were 1099 records examined?	NO	What other records were examined?	NONE
All locations/addresses shown verified/discussed on audit?	YES	Was the profit & loss statement reviewed?	YES

**Notes ... Audit 184473 ... Policy WC 12-AB-1234-1**

Test Insurance Company	Any City, AL		
XYZ Construction Inc	Nashville, TN		
Keith West	Wilkinson Insurance Services Inc.	(800) 356-7346	Ext 217

*Percent difference between actual and estimated exposures (negative if est. > act.):*

State	Code	Classification	Prem Basis	Location	Est	Act	Pct Diff
TN	0042	Landscape gardening	Payroll		3,126	0	(100.00)%
TN	5213	Concrete private residences construction - monolithic	Payroll		5,115	0	(100.00)%
TN	5348	Tile, stone, mosaic or terrazzo work - inside	Payroll		15,399	0	(100.00)%
TN	5474	Painting NOC	Payroll		50,000	0	(100.00)%
TN	5645	Carpentry - detached dwellings	Payroll		165,000	0	(100.00)%
TN	8742	Salespersons, collectors, messengers	Payroll		152,165	0	(100.00)%
TN	8810	Clerical office employees	Payroll		64,879	0	(100.00)%

**Exit Interview conducted on 12/16/2015 at 10:57 AM**

Interviewee:	Officer 1	Title:	President
Records were obtained from:		Title:	

**Notes to Audit Department**

Gross revenue: \$3,543,927.

Exposures varied based on availability of jobs and the nature of business the insured is in. Exposures will fluctuate from year to year based on the types and scope of jobs obtained by the insured.

Additional time was spent verifying employee wages, separating exposure by class code, verifying sub payments and COI's and general write-up of the file.

**Signature Form ... Audit 184473**

Insured:	XYZ Construction Inc		
Policy No(s):	WC 12-AB-1234-1	Policy Period:	05/30/2014 to 05/30/2015

The undersigned acknowledges that a representative of Wilkinson Insurance Services Inc. was present on the date below for the purpose of conducting an insurance audit for the policy indicated above.

*Insured's Authorized Representative:* **Officer 1**

**Note: The signature is only viewable with Internet Explorer.**

*Signed:* 12/16/2015 10:58:00 AM

**A copy of this audit for the agent of record is approved.**

<i>Auditor:</i>	Wilkinson Insurance Services 5650 Sanderson Street Suite Q Huntsville, AL 35805		
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**Progress ... Audit 184473**

Test Insurance Company	Any City, AL		
Insured:	XYZ Construction Inc	Nashville, TN	
Policy No(s):	WC 12-AB-1234-1	Policy Period:	05/30/2014 to 05/30/2015

Auditor:	Keith West Wilkinson Insurance Services Inc. (800) 356-7346 Ext 217
<b>Progress Entry:</b>	<b>11/17/2008 at 07:59:28 PM</b>
Entered By:	Test Insurance Company
<i>Remarks:</i>	
1st Audit Transmittals Marked Printed	
<b>Progress Entry:</b>	<b>02/19/2011 at 10:30:32 AM</b>
Entered By:	Rhonda Splear-Admin
<i>Remarks:</i>	
1st Customer Satisfaction Surveys Marked Printed	
<b>Progress Entry:</b>	<b>04/27/2012 at 09:31:11 AM</b>
Entered By:	Test Insurance Company
<i>Remarks:</i>	
1st Audit Transmittals Marked Printed	