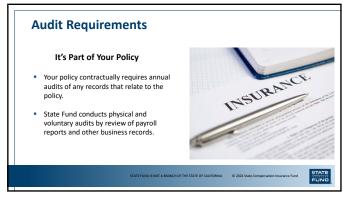
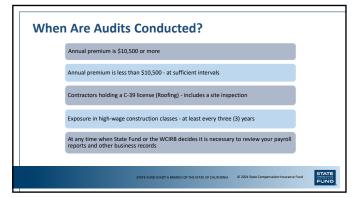




What Is a Premium Audit? At the end of your policy period State Fund conducts an audit to review your payroll and ensure that you are charged the correct amount of premium for the policy term. Premium audits also update any details that may affect coverage and rates.













What Is Considered Payroll? Gross wages/salaries Commissions and bonuses Sick, vacation and holiday pay Overtime payments Market value of gifts Housing (when provided in lieu of

retirement plans Any substitute for money

Employee contribution to pension or

wages)

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Overtime Excess Premium costs include the straight time portion of paid overtime Straight time portion of overtime pay **OVER TIME** Employee's hourly wage = \$10/hour Overtime rate of pay = \$15/hour (time and a SEKLY TIME SHEET Overtime excess = \$5/hour Does not include extra pay for swing or graveyard shifts







Owner and Officer Coverage

Corporate Officers, Partners, **LLC Managers and Members**

- Payroll must be assigned to the classification that best describes their duties
- If officers directly supervise any employee, the payroll is assigned to the classification
- Payroll is subject to minimum/maximum for



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Standard Exception Classifications



- Clerical Office Employees 8810

 Engaged 100% in clerical activities with no additional duties

 Physical separation
- Not exposed to the operative hazards of the business

- Salespersons, outside 8742

 100% of work time in the field calling on customers

 Outside salespersons on part-time basis with strictly clerical work while at employer's location

 Not exposed to the operative hazards of the business

Telecommuters - 8871

- Perform their work at least 51% of the time from home office or other office away from the employer's location
 Not exposed to the operative hazards of the business

Cannot divide a worker's payroll between Standard Exception classes and any other classifications.

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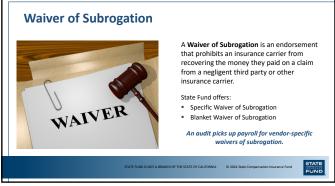
Family Member Coverage

- Family members employed in the course of the trade, business, or profession are employees (Labor Code § 3351)
- Payroll for relatives who work for the family business must be reported





Independent Contractors Independent Contractors status is determined on case-by-case basis Documents to provide: Business license Contractor's license number and expiration date Written contracts Certificate of workers' compensation insurance





* Time Records (with start and stop times) * Not reporting bonuses, sick time, vacation, and holiday pay * Not reporting wages of family members * Misclassifying covered officers and partners, managers, or supervisors * Miscalculating overtime excess * Misidentifying Clerical and Outside Sales classifications * Not reporting unlicensed contractors





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