

<b>Carrier</b> Test Insurance Company 111 Main Street Any City, AL 35801	<b>Policy Information</b> <b>GL WRAP-UP 1234567</b> General Liability 04/01/2004 to 04/01/2005 AuditID: 184476 Audit Method: Physical Audit Complete Type: Regular	<b>Insured Name and Address</b> ABC Construction Co Inc 123 Any St Nashville, TN 37202	<b>Completed By</b> Keith West Wilkinson Insurance Services 5650 Sanderson Street Suite Q Huntsville, AL 35805 Date Completed: 12/07/2006 FA Version: 3.0.5232 PID: 26
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**Description of Operations ... Audit 184476 ... Entity: ABC Construction Co Inc**

*Policy No(s): ABC 1234567; Policy Period: 04/01/2004 to 04/01/2005*

*Legal Entity: CORPORATION*

The insured is operating as a corporation under the name of ABC Construction Co Inc. They are a specialty contractor doing concrete construction work for new commercial construction projects. They pour concrete driveways, foundations/slabs, parking lots and sidewalks. There is no separation of payroll between the foundation/slab work and the other types of concrete work. All field employees listed as concrete are building and taking apart forms, pouring concrete, finishing concrete, providing job site clean up, etc. Job site foremen are directly overseeing all aspects of the concrete work in the field. All of these persons are included in the 91560 class code.

Executive supervisors are included in the 91580 class code and are performing indirect supervision through job site foremen. They are working in the office and visiting job sites periodically to meet with the foremen, assist in job site problems, hire subcontractors.

Exposure for clerical and outside sales personnel has been excluded. They are not working at the job sites and performing duties consistent with these areas.

Premium overtime was paid and deducted from the exposure.

Labor is performed by both direct employees and subcontractors. All subcontractors provided proper COI's covering the audit period and payments of the subcontractors. Due to the large number of subs, permission was granted from Jane Smith @ Test Insurance to lump all of the subs as one figure. All COI's were properly verified and adequate G/L limits were in place.

There were wages paid under an OCIP project at the DOT facility in Nashville @ 789 Project Pkwy, Nashville, TN. These wages have been excluded per separate coverage as verified with Joan Smith @ Marsh (OCIP Insurance Company, policy number AB1-234-567890-123). The phone number for Joan is 615-123-4567. The insured worked on this project all year long. Weekly wage reports filed by the insured for the OCIP project were reviewed to exclude wages paid under the OCIP project.

The president is active in sales and as general office manager. He is excluded from the exposure. The secretary/treasurer of the corporation is active as executive supervisor providing indirect supervision through job site foremen. He is included in the exposure at the G/L maximum in the 91580 class code.

**Exposure Summary ... Audit 184476 ... 04/01/2004 to 04/01/2005 ... Policy ABC 1234567**

*Policy No(s): ABC 1234567; Policy Period: 04/01/2004 to 04/01/2005*

State	Code	Classification	Premium Basis	Exposure
TN	91560	Concrete construction	Payroll	<b>1,405,960</b>
TN	91580	Contractors-exec. superv. or exec. superint.	Payroll	<b>331,299</b>
<b>Subcontractors Exposure Summary ... 04/01/2004 to 04/01/2005</b>				
State	Code	Classification	Premium Basis	Exposure
TN	91585	Insured subcontractors - buildings	Total Cost	<b>1,198,600</b>

**Principal's Information ... Audit 184476 ... Entity: ABC Construction Co Inc**

*Policy No(s): ABC 1234567; Policy Period: 04/01/2004 to 04/01/2005*

<b>Officer 1</b>	President	Excluded		
CORPORATION	TN 41	EXCLUDED		
Audit Period: 04/01/2004 to 04/01/2005	Total Amount:	96,620	Included At:	<b>0</b>
O/S Sales				
<b>Officer 2</b>	S/T	Included		
Start/End Dates: 04/01/2004 to 04/01/2005	Min:	5,200	Max:	26,000
CORPORATION	TN	91580	Contractors-exec. superv. or exec. superint.	Payroll
Audit Period: 04/01/2004 to 04/01/2005	Total Amount:	96,620	Included At:	<b>26,000</b>
Executive Supervisor				

**Exposure Recap ... Audit 184476 ... 04/01/2004 to 04/01/2005**

*Policy No(s): ABC 1234567; Policy Period: 04/01/2004 to 04/01/2005*

State	Code	Classification	Premium Basis
TN	91560	Concrete construction	Payroll
		All Others 30+ -Concrete	1,667,840
		Emp 10 -Job foreman	30,158
		Emp 11 -Job foreman	34,609
		Emp 12 -Job foreman	59,347
		Emp 9 -Job foreman	36,095
		OCIP -OCIP Payroll	(422,089)
		<i>Total:</i>	<b>1,405,960</b>
TN	91580	Contractors-exec. superv. or exec. superint.	Payroll
		Emp 13 -Executive Supervisor	14,838
		Emp 2 -Executive Supervisor	73,480
		Emp 3 -Executive Supervisor	67,710
		Emp 4 -Executive Supervisor	60,010
		Emp 5 -Executive Supervisor	62,410
		Emp 6 -Executive Supervisor	28,186
		Emp 7 -Executive Supervisor	39,431
		OCIP -Executive supervisors	(40,766)
		*Officer 2 -Executive Supervisor	26,000
		<i>Total:</i>	<b>331,299</b>
TN		EXCLUDED	
		Emp 1 -Office manager	39,440
		Emp 8 -O/S Sales	25,700
		*Officer 1 -O/S Sales	96,620
		<i>Total:</i>	<b>161,760</b>

**Subcontractors Exposure Recap ... Audit 184476 ... 04/01/2004 to 04/01/2005**

*Policy No(s): ABC 1234567; Policy Period: 04/01/2004 to 04/01/2005*

State	Code	Classification	Premium Basis
TN	91585	Insured subcontractors - buildings	Total Cost
		Insured Subs -- 47	1,198,600
		<i>Total:</i>	<b>1,198,600</b>

**Worksheet Stacked #1 ... Audit 184476**

*Policy No(s): ABC 1234567; Policy Period: 04/01/2004 to 04/01/2005*

Date	Gross	Col 3	Col 4	Col 5	Col 6
	Payroll	91580 Contractors-exe superv. or exec. s	EXCLUDE	EXCLUDE	91580 Contractors-exe superv. or exec. s
	941, State, and computer records	Officer 2	Officer 1	Emp 1	Emp 2
		TN			TN
<b>4/1-12/31:</b>	1,916,946	72,700	72,700	30,168	58,400
<b>1/1-4/1:</b>	636,051	23,920	23,920	9,272	15,080
	<b>2,552,997</b>	<b>96,620</b>	<b>96,620</b>	<b>39,440</b>	<b>73,480</b>

Date	Col 7	Col 8	Col 9	Col 10	Col 11
	91580 Contractors-exe superv. or exec. s	91580 Contractors-exe superv. or exec. s	91580 Contractors-exe superv. or exec. s	91580 Contractors-exe superv. or exec. s	91580 Contractors-exe superv. or exec. s
	Emp 3	Emp 4	Emp 5	Emp 6	Emp 7

	TN	TN	TN	TN	TN
<b>4/1-12/31:</b>	52,240	45,840	48,240	22,546	29,031
<b>1/1-4/1:</b>	15,470	14,170	14,170	6,710	10,400
				[-1070] Prem OT	
	<b>67,710</b>	<b>60,010</b>	<b>62,410</b>	<b>28,186</b>	<b>39,431</b>
<b>Date</b>	<b>Col 12</b>	<b>Col 13</b>	<b>Col 14</b>	<b>Col 15</b>	<b>Col 16</b>
	EXCLUDE	91560 Concrete construction	91560 Concrete construction	91560 Concrete construction	91560 Concrete construction
	Emp 8	Emp 9	Emp 10	Emp 11	Emp 12
		TN	TN	TN	TN
<b>4/1-12/31:</b>	10,100	30,063	23,200	27,433	49,125
<b>1/1-4/1:</b>	15,600	9,142	8,249	9,865	16,067
		[-3110] Prem OT	[-1291] Prem OT	[-2689] Prem OT	[-5845] Prem OT
	<b>25,700</b>	<b>36,095</b>	<b>30,158</b>	<b>34,609</b>	<b>59,347</b>
<b>Date</b>	<b>Col 17</b>	<b>Col 18</b>	<b>Col 19</b>	<b>Col 20</b>	<b>Col 21</b>
	91580 Contractors-exe superv. or executives	91560 Concrete construction	91560 Concrete construction	91580 Contractors-exe superv. or executives	
	Emp 13	All Others 30+	OCIP	OCIP	
	TN	TN	TN	TN	
<b>4/1-12/31:</b>	14,974	1,330,186			
<b>1/1-4/1:</b>		444,016			
	[-136] Prem OT	[-106362] Prem OT	[-422089] OCIP	[-40766] OCIP	
	<b>14,838</b>	<b>1,667,840</b>	<b>(422,089)</b>	<b>(40,766)</b>	

**Subcontractors ... Audit 184476 ... Entity: ABC Construction Co Inc**

*Policy No(s): ABC 1234567; Policy Period: 04/01/2004 to 04/01/2005*

<b>Insured Subs -- 47</b>			
91585	Insured subcontractors - buildings	Total Cost	Liability Lim: 0
Contract period: 04/01/2004 to 04/01/2005	Cost: 1,198,600	Materials: 0	Exposure: <b>1,198,600</b>

<i>Cost and Contract Period Detail</i>			
04/01/2004		0	
04/01/2005		0	

**General Liability Verification ... Audit 184476 ... 04/01/2004 to 04/01/2005**

*Policy No(s): ABC 1234567; Policy Period: 04/01/2004 to 04/01/2005*

State	Code	Classification	Exposure	
TN	91560	Concrete construction	Payroll	<b>1,405,960</b>
		<b>Name (* Principal)</b>	<b>Adjustment Description</b>	<b>Adjustment</b>
		All Others 30+	[-106362] Prem OT	106,362
		Emp 10	[-1291] Prem OT	1,291
		Emp 11	[-2689] Prem OT	2,689
		Emp 12	[-5845] Prem OT	5,845
		Emp 9	[-3110] Prem OT	3,110
		OCIP	[-422089] OCIP	422,089
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			<i>Adjustments Total:</i>	541,386	
TN	91580	Contractors-exec. superv. or exec. superint.		Payroll	<b>331,299</b>
		<b>Name (* Principal)</b>	<b>Adjustment Description</b>	<b>Adjustment</b>	
		Emp 13	[-136] Prem OT	136	
		Emp 6	[-1070] Prem OT	1,070	
		OCIP	[-40766] OCIP	40,766	
		*Officer 2	Over Inclusion Maximum	70,620	
				-----	
			<i>Adjustments Total:</i>	112,592	
TN		EXCLUDED			<b>161,760</b>
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			<b>Audit Total:</b>	<b>2,552,997</b>	

<b>Worksheet Gross Total:</b>	2,552,997	<b>Verification Source Total:</b>	2,552,997
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End of Report -- Audit No: 184476; Policy No(s): ABC 1234567; Policy Period: 04/01/2004 to 04/01/2005

**General Information ... Audit 184476 ... Policy ABC 1234567**

*Policy No(s): ABC 1234567; Policy Period: 04/01/2004 to 04/01/2005*

<p><b>Insured:</b>  ABC Construction Co Inc  123 Any Street Nashville, TN 12345  <i>Entity:</i> ABC Construction Co Inc  <i>Phone:</i> 615-123-4567</p> <p><b>Records obtained from:</b>  Jane Doe  123 Any Street Nashville, TN 12345</p>
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-----**Verification Source Record**-----

Entity: ABC Construction Co Inc
Verification Source Record: Federal 941 & State U/C & Computer rprts
Employer's Federal ID No.: 12-3456789
State ID No.: 12345678901

1st Quarter 2005:	636,051
2nd Quarter 2004:	455,170
3rd Quarter 2004:	899,764
4th Quarter 2004:	562,012
Subtotal:	2,552,997
<b>Grand Total:</b>	<b>2,552,997</b>

**General Liability Checklist**

Policy number and policy period match the request?	YES	General ledger or checkbook reviewed?	YES
15 day rule observed for the audit period?	YES	Invoices reviewed for materials credit for uninsured subs?	NO
If employees are lumped, did you provide # of employees?	YES	G/L, did you include one principal?	YES
Was the total subcontractor cost considered?	YES	Did the subcontractor(s) have adequate liability limits?	YES

**General Information Checklist**

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 S/S Returns examined?	YES
Were U/C Returns examined?	YES	Were cash receipt records examined?	NO
Were Certificates of Insurance examined?	YES	Were 1099 records examined?	YES
What other records were examined?	NONE	All locations/addresses shown verified/discussed on audit?	YES

**Notes To Audit Department ... Audit 184476 ... Policy ABC 1234567**

*Policy No(s): ABC 1234567; Policy Period: 04/01/2004 to 04/01/2005*

Test Insurance Company	Any City, AL
ABC Construction Co Inc	Nashville, TN
ABC Construction Co Inc	
Auditor: Keith West Wilkinson Insurance Services, Inc. (256) 880-2900	

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

<i>State</i>	<i>Code</i>	<i>Classification</i>	<i>Prem. Basis</i>	<i>Extra ID</i>	<i>Percent Difference</i>
TN	91580	Contractors-exec. superv. or exec. superint.	Payroll		62%

**Exit Interview conducted on: 09/01/2005 at 9:30:00 AM**

Interviewee: Jane Doe	Title: Office Manager
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**Notes To Audit Department-----**

More work in this period resulted in an increase in the number of executive supervisors. This resulted in an increase in exposure for the 91580 class code.

Extra time spent verifying payroll and numerous sub payments and COI's for the audit period as well as separating the OCIP exposure.

There were more than 40 employees.

Gross receipts: \$7,920,596.

There were wages paid under an OCIP project at the DOT facility in Nashville @ 789 Project Pkwy, Nashville, TN. These wages have been excluded per separate coverage as verified with Joan Smith @ Marsh (OCIP Insurance Company, policy number AB1-234-567890-123). The phone number for Joan is 615-123-4567. The insured worked on this project all year long. Weekly wage reports filed by the insured for the OCIP project were reviewed to exclude wages paid under the OCIP project.