



Columns & Rows



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INSURANCE AUDITORS ASSOCIATION OF THE SOUTHEAST NEWSLETTER

The purpose of this newsletter is to share information. Therefore, the articles are published as submitted by the membership. The Insurance Auditors Association of the Southeast accepts no responsibility of the absolute accuracy of the articles published, as they are not for the sole purpose of education or accreditation.

IAASE President's Comments

By Lee Surridge

Life is like a big puzzle. We have all these parts that we are trying to fit all together to make a grand picture. You know the components: work, family, religion, friends, sickness, death, and outside interests. It is difficult to make all the pieces come together and fit together.

The board has had several challenges fitting the pieces together for the South East this year. Has the puzzle come together? Not yet, we continue to work on it. We are looking to fill board positions for next year. Denise Smith has done a wonderful job on the newsletter and is stepping down because a piece of her puzzle needs further attention, and this role is open in June. But the board is working to put all the pieces together. If you can find room in your puzzle of life, we can use your help, big or small.

In May, we have our Annual Seminar and the board has all the pieces together for a great conference. Some new speakers and some well-known veterans have all stepped forward to help all of us improve in our chosen field of premium audit. Make the conference a piece of your puzzle. Hope to see you there.

Lee

How to Make a Winter Survival Kit

Submitted by: Ann Leithauser – IAA Alabama

Everyone should carry a Winter Survival Kit in their car. In an emergency, it could save your life and the lives of your passengers. Here is what you need:

- A shovel
- Windshield scraper and small broom
- Flashlight with extra batteries
- Battery powered radio
- Water
- Snack food including energy bars
- Raisins and mini candy bars
- Matches and small candles
- Extra hats, socks and mittens
- First aid kit with pocketknife
- Necessary medications
- Blankets or sleeping bag
- Tow chain or rope
- Road salt, sand, or cat litter for traction
- Booster cables
- Emergency flares and reflectors
- Fluorescent distress flag and whistle to attract attention
- Cell phone adapter to plug into lighter

Kit tips:

- Reverse batteries in flashlight to avoid accidental switching and burnout.
- Store items in the passenger compartment in case the trunk is jammed or frozen shut.
- Choose small packages of food that you can eat hot or cold.

911 tips:

- If possible, call 911 on your cell phone. Provide your location, condition of everyone in the vehicle, and the problem you are experiencing.
- Follow instructions: you may be told to stay where you are until help arrives.
- Do not hang up until you know who you have spoken with and what will happen next.
- If you must leave the vehicle, write down your name, address, phone number and destination. Place the piece of paper inside the front windshield for someone to see.

Survival tips:

- Prepare your vehicle: Make sure you keep your gas tank at least half-full.
- Be easy to find: Tell someone where you are going and the route you will take.
- If stuck: Tie a florescent flag (from your kit) on your antenna or hang it out the window. At night, keep your dome light on. Rescue crews can see a small glow at a distance. To reduce battery drain, use emergency flashers only if you hear approaching vehicles. If you are with someone else, make sure at least one person is awake and keeping watch for help at all times.
- Stay in your vehicle: Walking in a storm can be very dangerous. You might become lost or exhausted. Your vehicle is a good shelter.
- Avoid Overexertion: Shoveling snow or pushing your car takes a lot of effort in storm conditions. Do not risk a heart attack or injury. That work can also make you hot and sweaty. Wet clothing loses insulation value, making you susceptible to hypothermia.
- Fresh Air: It is better to be cold and awake than comfortably warm and sleepy. Snow can plug your vehicle's exhaust system and cause deadly carbon monoxide gas to enter your car. Only run the engine for 10 minutes an hour and make sure the exhaust pipe is free of snow. Keeping a window open or cracked while running the engine is also a good idea.
- Don't expect to be comfortable: You want to survive until you are found.



THE 2014 INSURANCE AUDITORS OF THE SOUTHEAST ANNUAL SEMINAR IS DESIGNED TO PROVIDE PRACTICAL TIPS AND APPLICATIONS FOR YOUR EVERYDAY WORK.

HIGHLIGHTS INCLUDE:

Construction Insurance, Market Cycles, and the Audit Role with Brad Moock, CPCU, CLU, CBIA (Builders Mutual Insurance Company)

The Workers' Comp Premium Audit from the Other Side of the Glass with Kevin Ring (Institute of Work Comp Professionals)

Back to the Future, Part V: Making Sense of Our Changing Industry with Myles Bancroft (Legacy P&C Partners, Inc.)

IAASE Webinars 101 with Dan King, APA (Liberty Mutual Insurance Group)

Companion/Tandem Classifications with Roy B. "Skip" Taylor, CPCU, APA, CIPA (AIG)

Road Warrior Safety with Sean Purcell, CBIA (Builders Mutual Insurance Company)

Program GL Rules 26 & 27 with John Dennis (Patriot National Insurance Group)

2014 Annual Seminar Hotel Information

Sheraton Charlotte Airport Hotel
3315 Scott Futrell Drive
Charlotte, NC 28208
www.sheraton.com/charlotteairport



Reservations: Call (800) 325-3535 and reference Insurance Auditors Association of the Southeast Annual Seminar or visit the Annual Seminar page on www.iaase.net for online reservations.

Reservations Deadline: April 24, 2014

IAASE has a block of single and double rooms at a discounted group rate of \$109 plus tax per night. Reservations must be made by April 24, 2014 to receive the discounted room rate. Sleeping rooms are assigned on a first-come, first-served basis may sell out before April 24.

IAASE has committed to a block of sleeping rooms for this event. If you make the decision to stay at another property, not only is it less convenient for you, but it also may negatively affect IAASE financially. We encourage you to reserve your room at the headquarters hotel and to continue to support your professional association.

Americans with Disabilities Act: The Sheraton Charlotte Airport Hotel complies with the provisions of ADA. If you need any additional assistance beyond what is accommodated by ADA, please contact the IAASE Executive Office by May 5 so that we may assist you.

2014 ANNUAL SEMINAR REGISTRATION

Registrations will be accepted on the official registration form only. Photocopies of the form are acceptable. Acceptable methods of payment are check, money order, American Express, Discover, MasterCard, or VISA.

To Register

Online - Secured registration online at www.iaase.net.

Fax - If you are paying for your registration with a credit card, fax the registration with payment information to (877) 835-5798.

Mail - Send your completed registration form with complete payment to: IAASE, PO Box 936, Columbus, OH 43216-0936.

SPONSORS

Thank you to our 2014 Annual Seminar Sponsors (As of February 15, 2014)

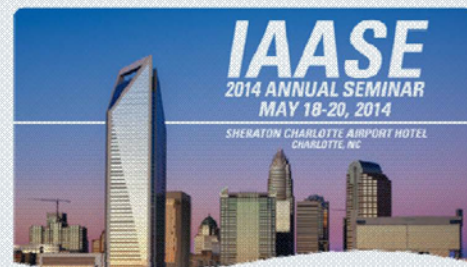
Platinum Sponsor:



REGISTRATION FORM

IAASE 2014 Annual Seminar

Please copy for your files. Please duplicate this form as needed.



ABOUT YOU

Full Name _____
Preferred First Name for Badge _____
Profession/Position _____
Name of Organization _____
Mailing Address _____
City _____ State _____ ZIP Code _____
Daytime Phone _____ Fax _____ Email _____
Emergency Contact Name and Phone _____
Dietary/Special Needs _____
☐ I am a first-time attendee to the Annual Seminar.

AMBASSADOR PROGRAM - PLEASE VOLUNTEER TO ACCLIMATE A NEW COLLEAGUE

We are asking experienced members who have attended the Annual Seminar before to be an Ambassador to our First Time Participants. The Ambassador will be paired up by the IAASE Executive Office with a new participant to acclimate him/her to the seminar and to IAASE overall.

☐ I Will Volunteer to be an Ambassador

ATTENDANCE

To assist us with attendance, please check the events you will be attending:

Sunday, May 18

☐ 5:00 pm - 7:00 pm Welcome Reception with Exhibitors

Monday, May 19

☐ 7:00 am - 8:00 am Continental Breakfast
☐ 12:00 pm - 1:00 pm Lunch & IAASE Business Meeting
☐ 5:30 pm - 10:00 pm IAASE Banquet

Tuesday, May 20

☐ 7:00 am - 8:00 am Continental Breakfast

ANNUAL SEMINAR FEES (PLEASE CHECK)

Please check the appropriate Registration Type (IAASE Member or Non-Member)

Registration

Registration fees include attendance at all of the sessions, access to online PDF handouts, the Welcome Reception, breakfasts on both days and lunch on Monday. It also includes all of the morning and afternoon beverage breaks and the Monday night banquet.

Registration Type

On or Before April 27 (Early Fee) After April 27 (Regular Fee)

☐ IAASE Member..... \$199..... \$249
☐ Non-Member..... \$249..... \$299

Spouse/Guest Fee includes all food functions related to the Annual Seminar including the Welcome Reception and Banquet. Presentation Sessions are NOT included in this fee.

Spouse/Guest Fee - \$99 per person # of Spouse/Guests = _____

Spouse/Guest Names _____

PAYMENT

Registration forms must be postmarked or faxed on or before April 27 to receive the lower fee.

Total Amount Paid = \$ _____

Payment Method

Check # _____ enclosed (Make checks payable to IAASE.)

Please charge my credit card (Circle One)

VISA

MasterCard

Discover

AMEX

Account Number _____

Name of Cardholder _____

Authorized Signature _____

Expiration Date _____

SIC/3-4 digit security code
(Located on back of card)

Taxpayer ID #: 59-2343987

The Insurance Auditors Association of the Southeast collects credit card information to make it easier for you to register for seminars and events online, as well as paying for other services. IAASE does not use or share credit card information for any other purpose. We retain such information as is needed for standard accounting record keeping requirements. Every step is taken to protect the loss, misuse, and alteration of the information under our control. If you prefer, please use a check or money order to make any necessary payments. Thank you.

Contact the IAASE Executive Office at (888) 853-2179 with questions.

FOR OFFICE USE ONLY: Date _____ Amount Paid _____ Check # _____ By _____

Five Basic Keys for a Successful Audit

Submitted by: Don Hughes, Vice President, Director of Customer Service, US-Reports

Reprinted with permission from the Fall 2013 edition of Newline, a publication of the National Society of Insurance Premium Auditors

I have pondered at length what the subject of my first *Newsline* article should be. I have finally settled on a “back to basics” theme and I hope that it will be well received by those who are new to our industry, as well as by those who have far more experience than I do. So, let me preface my remarks by stating for the record that these are five basic steps or keys to a successful audit experience. They are not the only steps and, follow them as we may; there are no guarantees when it comes to attempting to audit the business of an elusive policy holder. My experience has been that following these five simple steps creates positive results and enhances the opportunity for success.

Step #1 – Early and Often

In today’s world, we are all running at top speed trying to manage busy lives and schedules. We all have deadlines, windows of opportunity, and unexpected obstacles that crowd our calendars and challenge our resources. Working an audit early in the process is a critical element to success. Giving the insured some time and flexibility to prepare and schedule the audit will help to achieve everyone’s goal of a completed audit submitted on time.

First attempts to contact an insured are frequently unsuccessful and require a steady and well-spaced effort to schedule the appointment. Be persistent by making all attempts according to the instructions given by the insurance carrier. Be professional by spacing your attempts, allowing for any vacation or sick time that may be preventing the insured from returning your call. Another reason to begin this process early is that contact information is sometimes incorrect. We may have to do a little investigating before

we find numbers that will result in an appointment. Get these things out of the way early and your chances for a successful result increase. Procrastination is a sure way to having your completion rates go down and return non-productive rates to raise. There is truth to the saying that the early bird catches the worm.

Step #2 – Do Your Homework

Now that you have scheduled your appointment, it is time to hit the books. This is the time to learn something about the business you are going to audit. Understand what the coverage is on the policy. Look up the codes in PAAS to understand the scope and definition of each class code. You will want to know what is included in each code and, just as importantly, what each code does not include.

Being prepared for each audit is a major step towards creating a positive experience for the insured. Doing your homework speeds up the audit process and makes you more professional and profitable.

Step #3 – Review Your Work

Before you click that button that sends or uploads your completed audit, always take a moment to review the work you have done. You may want to get up from your desk and stretch, get a glass of water or whatever you prefer to refresh and prepare yourself to review your work with a clear mind. Become the reviewer and ask yourself the same questions that the person reviewing this audit next will ask. Does it make sense? Are the narrative sections clear and professional? Are all the class codes on the summary page? Do you have the correct basis for the codes? Does your worksheet balance? Did you use spell check for grammar, punctuation, and spelling? You’ll be surprised how often you will find

things that could result in an audit being returned to you for correction.

Step #4 – Comply with the Special Instructions

Every insurance carrier has special instructions and they are all unique in some way. If you familiarize yourself with the special instructions and comply with them, you will save yourself a lot of time and effort. This is the number one reason for work to be rejected by review. Whether it is officer flat rates, certificates of insurance for sub-contractors, or documentation of the FEIN and average number of employees, you will be way ahead of the game if you know the particular needs of each carrier you audit for. You never want to have to call the insured after an audit to ask a question that you should have covered at the time of the appointment.

Step #5 – Be Professional, Be Accurate

Virtually all policy holder complaints can be categorized under these two headings, professionalism and accuracy. We all understand that the audit process frequently results in additional premium. That is why insurance companies have them done and why policy holders aren't always the happiest of campers when we come calling. Nevertheless, creating a positive experience for the insured and representing the insurance company in the most professional manner along with a deadly accurate audit of the business is paramount. Being accurate means never guessing and never assuming anything. We check, we dig, we question, and we get it right. Creating a positive experience requires us to use our soft skills, sometimes under some very tense circumstances. Be courteous, be polite, and be a good guest. Look for one thing that you can offer as a genuine compliment to the insured. Be gracious and thankful for the time they spend with you and for the help they provided. Be kind and respectful and, more often than not, it will be returned to you.



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Temporary Employment Agencies

Submitted by: Gary Burkhardt, APA – IAA Carolina Chapter

Reasons for Increased Usage

- 1) Flexibility – allow for frequent changes in staff
- 2) Cost – can often get workers for less than the cost of a new hire. Common markup is 22% above actual hourly rate of pay
- 3) Needs are often not skilled, but skilled agencies are growing in popularity
- 3) Costs are often buried in subcontracted costs; Tradesman International & Hardhat Workforce Solutions
- 4) Recently had audit on electrical wiring contractor that used 4 different temp agencies and paid them nearly \$4,000,000
- 5) General liability policies of temporary agency are not set up to include these types of classifications. It is very general in scope.

Types of Employment Agencies

- 1) General – serves needs of many industries (warehouse workers)
- 2) Specialized – for certain industries such as construction trades and medical professionals

Total Cost versus worker hourly rate

- 1) Up to carrier to decide, but the general rule of thumb would be to include the actual contract cost.
- 2) If the wages paid are close to that earned by employees, and the markup for FICA and benefits are listed separately on the invoice, perhaps the hourly rate should be used instead to better reflect the true exposure. Once again, this is a carrier decision.

With Regards to General Liability Insurance Audits

- 1) Payroll based classes such as construction trades and warehouses
- 2) CGL does not treat these payments as subcontracted work, due to the conditions of control



Wilkinson
Insurance Services, Inc.

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Helpful Hints for Auditors

Submitted by: Denise Smith – IAA Mississippi

- Print all new items as they appear in your inventory (check inventory daily for new & rush work).
- Check for specific notes (2nd attempts/reopens/cancellations/exclusions/inclusion/etc.).
- Schedule the items (if your company does not do the scheduling for you).
- Create and print your appointment letters (always try to give the insured 2 weeks advance notice of your appointment).
- Make sure that you document the letter and the date mailed.
- Call the insured the week prior to appointment date to confirm appointment date and time (document the call through progress notes).
- On the date of appointment: dress appropriately, arrive on time, introduce yourself and offer a business card, then request the documents that you will need to review (payroll reports, SUTA's, 941's, Tax forms, general ledger, check register, cash disbursements register, vendor reports, etc.).
- Review the audit findings with the contact and get any additional information needed including the who, what, when, where, and whys. Who are the principals? What does the insured do? When does the insured operate (business hours)? Where does the insured perform operations? Why does the insured do the operations? Who are the insured's customers?
- Once you return to the office/home, complete any finishing touches to your audit, print or print preview the audit making sure the type entity type, audit source, policy term are correct and that the verification received matches that of the reported exposures.
- Send the audit in for review & billing (following company procedures).
- Reminder: Per Rule 24.E.2.m of ISO's Commercial Lines Manual "For the purposes of payroll determination, managers of limited liability companies shall be considered executive officers and member of limited liability companies shall be considered co-partners."

IAASE Mission:

The Insurance Auditors Association of the Southeast (IAASE) is committed to the growth, development, and recognition of the premium audit profession. As part of our mission, we encourage and support our members in the advancement of technical knowledge relative to the field of premium auditing, and promote recognition of all issues that affect the insurance industry.

¿Tu hables Española? (Do you speak Spanish?)

Developed by the Carolina Chapter with the assistance of Builders Mutual Insurance

English Word

Accountant
Agent
Auditor
Audit
Contractor
General Ledger
Insurance
Office
Payroll
Policy
Quarterly Reports
Subcontractor
Translator
Visit
Workers Compensation

Spanish Translation

Contador
Agente
Auditor
Auditoria
Contratista
Libro mayor general
Seguro
Ofician
Nomina
Poliza
Reportes trimestrales
Subcontratista
Interprete
Visita
Compensacion Laboral

Phrases

Hello, my name is
Hola, me llamo

Do you speak English (formal)
Habla ingles?

Do you have an interpreter?
Tien un interprete?

Do you need an interpreter?
Necesita un interprete?

I only speak a little Spanish.
Solo hablo un poco espanol.

I do not speak Spanish.
No hablo espanol.

Please call me at
Po favor, llameme al

My phone number is
Mi numero de telefono es

What is the name and telephone number of your accountant?
Cual es el nombre y numero de telefono de su contador?

I need to review your payroll, checkbook, and general ledger.
Necesito repasar la documentacion de su nomina, libro de cheques, y libro mayor general.

Your sales agent is
Su agente de ventas es/Su agente de ventas se llama

Do you pay your employees in cash?
Usted paga los empleados en efectivo?

One	Uno
Two	Dos
Three	Tres
Four	Cuatro
Five	Cinco
Six	Seis
Seven	Siete
Eight	Ocho
Nine	Nueve
Ten	Diez

IAASE Editor's Comments

By Denise Smith

Hello all. It is with bitter sweetness that I close a chapter of my life as editor of the Columns & Rows Newsletter. I have had many new chapters of my life open up over the past year and I simply cannot devote the time needed to each chapter; thus, I had to decide which chapters needed closing. Please know that this was a very difficult decision for me to make as the IAASE is very dear to my heart. However, I know that within the membership that we have, there is someone else who will willingly step in and take over with the next issue.

There are other open board positions also. If you have not yet been contacted by the nomination committee to fill an open position for the upcoming year and are willing to step up and take a seat on the board, please feel free to contact any member of the board and express your willingness as we are always searching for willing members who can bring added experience and recommendations or support to the association.

I hope to see each and every one of you in Charlotte in May!



Denise,

*Thank you for your
service as IAASE's
Columns & Rows Editor!*

IAASE Executive Office