



Northeast Audit Services, Inc.

Physical Audit Results

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CASE #: 123456 **CARRIER #:** 500
INSURED NAME: Electric Motor Repair, LLC
INSURED ADDRESS: 123 Main Street
CITY: Anytown **STATE:** NY **ZIP:** xxxxx
CARRIER: Any Insurance Company
AGENT: Agency
POLICY #: WC1234567 **AGENT PHONE:** 716-555-1234
POLICY PERIOD: 10/02/06 **TO** 10/02/07
AUDIT PERIOD: 10/01/06 **TO** 10/01/07
REP #: 3119 **AUDIT DATE:** 11/2/2007

| State | Code | Terminology | Estimate | Actual | % change |
|-------|------|----------------------------------|----------|--------|----------|
| NY | 3724 | Electrical Apparatus Installatio | 65,000 | 0 | -100% |
| NY | 3643 | Electric Power or Transmissio | 0 | 62,732 | |
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Special Notes: (office use only)

Northeast Audit Services, Inc.

PREMIUM AUDIT SUMMARY

| | | |
|-------------------------------------|-----------------------|------------------------------------|
| CARRIER: Any Insurance Company | POL. #: WC1234567 | POL. PERIOD: 10/02/06 TO 10/02/07 |
| INSURED: Electric Motor Repair, LLC | LOCATION: Anytown, NY | AUDIT PERIOD: 10/01/06 TO 10/01/07 |

DESCRIPTION OF OPERATIONS

Case # 123456

Electric Motor Repair, LLC has been in business for seven years. They specialize in the repair of commercial & industrial motors (over 1 H.P.) to include AC & DC rewinding. All work is completed in the shop. Insured does no off site installation service or repair. Insured uses a delivery service or the customer drops off and picks up the motor(s). Insured does not have any drivers. Insured will receive in the motor(s), disassemble, clean, replace parts, rewind, bake in oven (if needed), assemble and ready for shipment. Equipment includes but is not limited to hand tools, lathes, ovens and forklift. All work is completed by skilled employees to general industrial tolerance. Insured's name does not show on the product. Insured will also do some general machining of parts on a contract basis. All work is machined to customer specifications to general industrial tolerance. No other operations were disclosed during the course of the audit.

ENTITY TYPE: LLC

| OFFICERS, OWNERS, PARTNERS | TITLE | DESCRIPTION OF DUTIES | CODE | GROSS | USED |
|----------------------------|--------|--|---------|--------|------|
| Thomas O'Reilly | Member | Office - Costing, Estimating, Purchasing | Exclude | 95,318 | 0 |
| James O'Reilly | Member | Office - Shop Supervision, Purchasing | Exclude | 46,881 | 0 |
| | | | | | |
| | | | | | |
| | | | | | |

| STATE | CODE | TERMINOLOGY | EXPOSURE |
|-------|------|-----------------------------------|----------|
| NY | 3724 | Electrical Apparatus Installation | 0 |
| NY | 3643 | Electric Power or Transmission | 62,732 |
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| SOURCE OF DATA | |
|--------------------|-------------------------------------|
| Paychex Payroll | <input checked="" type="checkbox"/> |
| Earnings Record | <input type="checkbox"/> |
| General Ledger | <input type="checkbox"/> |
| Cash Disbursements | <input checked="" type="checkbox"/> |
| Check Book | <input type="checkbox"/> |
| Sales Journal | <input type="checkbox"/> |
| Insured Summary | <input type="checkbox"/> |

| VERIFICATION | |
|---------------|----------|
| 941's | |
| 4Q-2006 | 50,790 |
| 1Q-2007 | 51,159 |
| 2Q-2007 | 51,615 |
| 3Q-2007 | 51,367 |
| Total | 204,931 |
| Less: Members | -142,199 |
| Total | 62,732 |
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| LOCATION OF RECORDS | |
|---------------------|--|
| James O'Reilly | |
| 123 Main Street | |
| Anytown, NY xxxxx | |
| Ph (716) 987-6543 | |

| CONDITION OF RECORDS | |
|-------------------------------------|----------------------|
| <input checked="" type="checkbox"/> | Good |
| <input type="checkbox"/> | Fair(Explain) |
| <input type="checkbox"/> | Poor(Explain) |
| VERIFICATION SOURCE | |
| <input checked="" type="checkbox"/> | 941's |
| <input type="checkbox"/> | Unemployment Records |
| <input type="checkbox"/> | Sale Tax Reports |
| <input type="checkbox"/> | None(Explain) |

| AUDIT REFLECTS | |
|--------------------|-------------------------------------|
| Bonuses | |
| Commissions | |
| Board & Lodging | |
| Tips | |
| Sub Contractors | |
| Excess Wages | <input checked="" type="checkbox"/> |
| Overtime | |
| Casual Labor | |
| 410Ks or IRAS | |
| Classification Chg | |

Northeast Audit Services, Inc.

Worksheet

CARRIER: Any Insurance Company POL. # WC1234567 POL.Period: 10/2/2006 TO 10/2/2007
 INSURED: Electric Motor Repair, LLC LOCATION: Anytown, NY AUD Period 10/1/2006 TO 10/1/2007

| | <u>4Q-06</u> | <u>1Q-07</u> | <u>2Q-07</u> | <u>3Q-07</u> | <u>Total</u> | <u>Exclude</u> | <u>3643</u> |
|-------------------------------|--------------|--------------|--------------|--------------|---------------|----------------|---------------|
| Member O'Reilly, Thomas | 24,143 | 23,725 | 23,725 | 23,725 | 95,318 | 95,318 | |
| Member O'Reilly, James | 12,171 | 11,570 | 11,570 | 11,570 | 46,881 | 46,881 | |
| Motor Rep: McKernan, Shawn | 7,389 | 7,600 | 8,320 | 8,320 | 31,629 | | 31,629 |
| Motor Rep: Fitzpatrick, James | 7,087 | 8,264 | 8,000 | 7,752 | 31,103 | | 31,103 |
| Total | | | | | 204,931 | 142,199 | 62,732 |
| Exclude | | | | | -142,199 | -142,199 | |
| Summary | | | | | <u>62,732</u> | <u>0</u> | <u>62,732</u> |

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|--|----------------------|
| <u>Summary</u> | |
| #3724 "Electrical Apparatus Installation" | |
| Gross | <u><u>0</u></u> |
| #3643 "Electrical Power Or Transmission...." | |
| Gross | 204,931 |
| Less: Members | -142,199 |
| Total | <u><u>62,732</u></u> |
| Grand Total | 62,732 |

Northeast Audit Services, Inc.**Audit Notes**

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|--|---|------------------------------------|---------------------------|
| CARRIER <u>Insurance Company</u> | Policy No. <u>WC1234567</u> | Policy From <u>10/02/06</u> | To <u>10/02/07</u> |
| INSURED <u>Electric Motor Repair, LLC</u> | Location <u>Niagara Falls, N</u> | Audit From <u>10/01/06</u> | To <u>10/01/07</u> |

Notes: (Alt + Enter for new line)

Audit was completed within 15 days of policy expiration.
Signature page was completed.
No claims attached to the audit request.
Average number of employees is two (excluding the two Members).
Insured's name is not shown on the motor(s) they repair or any of the machining they complete.
Insured only has one location.
Auditor completed a physical walk through of the shop.
Auditor did not include any exposure in 3632 "Machine Shop" due to the interchange of labor. Auditor include all exposure under the higher rated classification of 3643 "Electric Power..." in accordance with the NYS WC manual rules.

Exposure Analysis:
3724 - No exposure to 3724 because insured has no off premises exposure.
3643 - "Electric Power..." - Classification added at audit to cover the exposure of this insured's operation.

INSURED Electric Motor Repair, LLC **POLICY #** WC1234567
ADDRESS Anytown, NY **CARRIER** Any Insurance Company

AUDIT RESULTS FOR THIS INSURED HAS DEVELOPED

CLASSIFICATION CHANGES

ADD CODE #(s) 3634 "Electric Power or Transmission Equipment Mfg."
Classification(s)

DELETE CODE #(s) 3724 "Electrical Apparatus Installation"
Classification(s)

CHANGE IN ENTITY TO:

- Insured Name Should Read: _____
- Corporation _____
- Partnership _____
- Individual _____

Effective Date of Change: _____

ADDRESS SHOULD READ:

Effective Date of Change: _____

ACTUAL EXPOSURES AS COMPARED TO ESTIMATED VARY BY MORE THAN 25% (EXPLAIN BELOW)

UNINSURED OR UNDERINSURED SUBCONTRACTOR FOUND AT TIME OF AUDIT PLEASE REFER TO SUBCONTRACTOR SCHEDULE AS ATTACHED

EMPLOYEE LEASING DISCLOSED

COMMENTS

AUDIT QUESTIONABLE DUE TO:

- RECORDS MADE AVAILABLE
- LACK OF COOPERATION
- OTHER: