

Frankenmuth Insurance Position on Furlough Payroll for Premium Audits

Throughout the COVID-19 pandemic, there has been a serious concern among businesses about how furloughed employee payroll will impact their premium audit. Frankenmuth Insurance will not charge premium for furlough payroll on any General Liability or Workers' Compensation audit while employees are not performing work for the business and are not present on the business premises.

To determine if a premium accommodation applies and complies with statistical reporting requirements, our auditors will need clear records of furlough payroll, kept separately from regular payroll records. Percentages of the total payroll will not be accepted. For workers' compensation policies, furlough payroll will be recorded under Classification 0012 - Paid Furloughed Workers During A Governmental Emergency Order Impacting Employment.

Additionally, for employees working in an alternate capacity, such as modified job duties, their payroll for that time period will be classified based on the work they are performing, provided detailed payroll records are kept.

Please share this information with your customers so they may update their payroll records accordingly prior to an audit.

The effective date of this change is March 1, 2020. This position may be subject to change if a state or bureau mandates a different directive.

If you have questions, please contact our Premium Audit Team at claudit@fmins.com or (800) 234-1133 ext. 4013.