

Recently, times have been hard for many different types of [building contractors](#).

With jobs more scarce, many have had to lay off workers or they simply haven't been able to keep people on full time. At

[Clinard Insurance Group, in Winston Salem, NC](#)

, we have seen our contractor clients' payrolls shrink dramatically and while that indicates hard times, it also presents an opportunity for these businesses. If you are a contractor in the building industry with shrinking payrolls, then your

[general liability](#)

and

[workers compensation](#)

insurance policies could now be a source of ready cash for you.

To understand just how this works, remember that both the [North Carolina general liability policy](#) and the NC [workers compensation policy](#)

are rated based on payroll. What this means is that the building contractor estimates his payroll for the coming policy year at the beginning of the policy term. Many of these estimates are based on the actual amounts of payroll found on the previous year's audit. With that in mind, many construction contractors are carrying payroll levels on their policy many times greater than the actual payrolls they are running in this down cycle of our economy.

If you are a business owner in this situation, you can wait until the final audit of this policy term and receive your refund then. The problem with this approach is that you will have to wait for the policy term to end, and then you will have to wait several more months for the final audit to be completed. In addition, you might have to continue to make monthly or quarterly payments on

your policies that are overcharging you now because your payrolls are overstated.

But there is a better way. Take a look at your [general liability policy](#) and your [workers compensation policy](#)

and look up the payrolls that you are being charged for on each policy. Now estimate what your total payroll will be for the full policy term. You can request that the insurance company reduce your payrolls on your policy to this new level and that will generate an instant refund check to you, or it will reduce the amounts of your remaining installments. Voila, instant cash flow.

One word of warning here. Be sure that you leave enough payroll on your policy so that you don't generate an additional premium due after the final audit. Doing that can put a huge crimp on your cash flow as I explained in an earlier blog. I call that problem "the audit trap" and you can read that entire blog by [clicking here](#) .

At [Clinard Insurance Group in Winston Salem, NC](#) , we specialize in helping all types of North Carolina based building contractors from Graders to Painters and everyone in between with their [general liability](#) and [workers compensation insurance](#) needs. If you would like help with your construction related insurance policies, please call us, toll free at 877-687-7557 or visit our contractors helper site at <http://www.thecontractorshelper.com>