

If you have a garage liability insurance policy for your [repair shop insurance](#) , or for your [used car dealer insurance program](#) , then you know that your policy must be audited each year. Garage liability insurance audits can be a huge hassle or they can be a quick and easy process. Some of what determines that is up to you. Here are a few tips to make your garage policy audits go as smoothly as possible. Some of this information is based on audit requirements for [Auto Owners Insurance Company garage policies](#) and may not necessarily be part of every insurance company's garage audit process.

Start with an accurate estimate. You will have to estimate your payroll and number of employees when you first take out the policy. Start out by making this an accurate estimate. Estimating too high takes money out of your pocket and crimps cash flow now. Estimate low makes you vulnerable to [the audit trap](#) and can hurt cash flow later. Don't forget that clerical employees are often required to be included in the total employee count. Also, remember that active owners, partners or members are included in the total as one full time equivalent employee.

With the Auto Owners Premier Garage Policy, there are caps on the payroll basis for owners, officers, partners or members as well as for employees. Your insurance company may or may not have caps on payroll so be sure to find out well in advance about this as it can limit your preparation time and may reduce your garage liability insurance costs in the long run.

Most garage policies will not charge for strictly clerical employees. But they are also usually quite strict about the definition of clerical workers. When they say clerical, they mean that employee only engages in clerical work. Few garage operations have a strictly clerical person, but if you do, you don't want to include them as an employee in the employee audit count and in the payroll count.

Know your categories of employees as defined by the garage policy and have those numbers ready for the auditor. Category 1 employees are usually defined as owners, officers and members as well as salespersons, sales and service managers and anyone who operates vehicles on and off premises. The payroll amount for this type of employee is usually capped and most of your payroll will fall into this category. Category 2 employees are usually defined as all other employees. Typically the payroll for this category will be very small or even zero.

By knowing what your insurance company needs from you at audit time, you should be able to reduce the time and costs of having your garage liability insurance audited each year. [At](#)

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