



# Zurich Workers' Compensation Flexible Payroll Reporting Option

## Frequently Asked Questions



**Q: What is the Zurich Workers' Compensation Flexible Payroll Reporting Option?**

**A:** Administered by SmartPay™, the Zurich Workers' Compensation Flexible Payroll Reporting Option is Zurich's pay-as-you-go payroll reporting solution for Workers' Compensation (WC) policies. This option allows customers to pay their premium based on actual payrolls.

**Q: What are the benefits of this option?**

**A:** Benefits to customers include:

- Improved cash-flow management
- No down payment\*
- Real-time premium calculations based on payroll reports
- Automatic premium withdrawal via Automated Clearing House (ACH)
- Lowered workers' compensation audit exposure and more efficient audit process upon policy expiration/cancellation
- Overall billing flexibility and convenience
- Payments spread out over a 12-month period

\*10% cash collateral required for non-automated reporters.

**Q: Who is eligible?**

**A:** The option is available to qualified guaranteed cost WC customers who agree to pay premium via ACH withdrawal from a bank account. In addition, customers will need to be on Zurich's Direct Bill installment payment plan for WC.

**Q: How does it work?**

**A:** The Flexible Payroll Reporting Option allows customers to report their payrolls as they become available. WC premium for the period will be calculated based on actual payrolls and then automatically deducted from the bank account via ACH by SmartPay.

**Q: How are payrolls reported?**

**A:** Customers can choose to self-report, report via approved payroll vendors, or use the optional SmartPay Payroll Reporting Service. The frequency of reporting can be monthly or by pay cycle (weekly, biweekly or semi-monthly).

**1. Report via approved payroll vendor**

- a. If a customer's payroll vendor is in [SmartPay's network](#), SmartPay can work directly with the payroll vendor to set up automated reporting.
- b. If the payroll vendor is not on the list, a customer may contact SmartPay support (contact below) to see if it can be added.
- c. Cash collateral requirement is waived for this reporting method.

**2. Self-report payroll**

- a. Customers can select to self-report their payrolls on SmartPay's platform by employee, by class code, or by uploading a payroll file, following [SmartPay's reporting template and instructions](#).
- b. For this self-reporting method, the customer is required to post cash collateral (10% of the total estimated annual premium) at the time the policy is bound.

**Note:** Customers must sign the Cash Collateral Agreement, which is attached to the quote proposal.

**3. SmartPay Payroll Reporting Service**

- a. If a customer's payroll vendor (e.g., ADP, Paychex) is not in [SmartPay's network](#) and the customer doesn't wish to self-report, the customer can use SmartPay's optional reporting service.
- b. Please contact SmartPay support (contact below) to discuss eligibility and associated costs.
- c. For this reporting method, the customer is required to post cash collateral (10% of the total estimated annual premium) at the time the policy is bound.

**Note:** Customers must sign the Cash Collateral Agreement, which is attached to the quote proposal.

**Q: How much will the option cost?**

**A:** Zurich doesn't charge a service fee for this option.

- If a customer plans to use a payroll vendor to report payroll on their behalf, please check to see if the vendor charges a fee for this service.
- If a customer chooses to use the SmartPay Payroll Reporting Services, SmartPay charges a fee, which will be billed separately by SmartPay. Please contact SmartPay Support for details.

**Q: Will there still be a down payment?**

**A:** No, by participating in this payment option, customers will not pay a down payment. A customer's first and subsequent payments will be based on reported payrolls.

**Q: Will there be a cash collateral/deposit upfront?**

**A:** It depends. For customers who choose to self-report or report through SmartPay's Payroll Reporting Services (both are considered non-automated reporters), Zurich requires that the customer post cash collateral in the amount of 10% of the total estimated annual premium upon policy bind. This will be used to offset any unpaid premiums after policy expiration/cancellation and post-audit. The customer and Zurich will enter into a Cash Collateral Agreement for the protection of both parties. Please refer to the Cash Collateral Agreement for more details. (A template of the Cash Collateral Agreement is attached to the quote proposal.) If applicable, SmartPay will debit customer's bank account for the collateral amount, shortly after registration.

**Q: How does this impact the final audit?**

**A:** Zurich will still perform a final audit. However, with accurate and timely reporting of payrolls during the policy term, a typical customer would see lower premium adjustments at final audit. In addition, the audit process will be simpler and more efficient.

Typical items for an audit are:

- Verifying employees are properly classified
- Reporting the status of 1099 workers
- Determining the insurance coverage of any subcontractors used during the policy period

**Q: What happens if the customer (or their payroll vendor) reports payroll late or misses a report?**

**A:** Once enrolled in this option, on-time and accurate reporting of payrolls is critical.

- If a customer fails to report payroll by the reporting date, a series of reminders will be sent from SmartPay.
- If no report is made after the third reminder, Zurich will send the customer an invoice of the estimated premiums for the unreported period and current month (in the same manner as non-monthly reporting billing). If there is not a timely report/premium payment made by the customer, Zurich will send a policy cancellation notice to the customer.

Late or missed payroll reporting could lead to customer's ineligibility to participate in the Zurich Workers' Compensation Flexible Payroll Reporting Option in the next policy renewal.

**Q: How will a customer pay their ongoing premium once enrolled in this option?**

**A:** Upon registration with SmartPay, customers will be asked to provide banking information to be used for recurring premium payment. For each reporting period, once a payroll is reported, the actual premium will be calculated and automatically withdrawn from customer's bank account by SmartPay.

It is important to ensure there are sufficient funds in the bank account. Per the customer's agreement with SmartPay, any bank draft return will result in SmartPay charging the customer a servicing fee of \$50, which includes costs charged by SmartPay's ACH vendor.

**Q: What is the customer's obligation if there is no payroll for a period?**

**A:** If there is no payroll to report for a period, ALL customers (regardless of reporting type) must log into SmartPay's platform and submit a zero payroll for the period. Failure to do so will trigger late/missing payroll notifications. Action by the customer is required because payroll vendors typically don't process zero payrolls.

**Q: What happens when there are endorsement changes to the policy?**

**A:** There is no change to the endorsement process. Customers and their brokers will continue to receive declaration pages for endorsements from Zurich.

**Q: How do renewals work under the Zurich Workers' Compensation Flexible Payroll Reporting Option?**

**A:** At renewal, Zurich Workers' Compensation Flexible Payroll Reporting Option policies will automatically continue with this option, unless Zurich is notified by the customer or their broker otherwise before renewal processing. Non-participating customers who want to switch over to Zurich's Flexible Payroll Reporting Option upon renewal should contact their broker preferably at least 60 days before the renewal date.

**Q: What can or cannot be changed once the customer is enrolled in this option?**

**A:** Once a policy is issued and set up with SmartPay as part of the Zurich Workers' Compensation Flexible Payroll Reporting Option, only certain payroll reporting changes can be made during the policy term.

- Customer self-reporting to payroll vendor processing
- Payroll vendor processing to customer self-reporting
- Change payroll vendor mid-term

The customer, however, can always request policy-level changes and endorsements through their broker.

**Note:** Customers can't cancel participation in the Zurich Workers' Compensation Flexible Payroll Reporting Option during the policy period. In addition, bill changes from Agency or Special Bill to Direct Bill are not permitted during the policy period. The only way to unenroll or enroll in this option mid-term is a cancel/rewrite of the policy.

**Q: How does a customer know their personal information is kept safe?**

**A:** Zurich and SmartPay are committed to protecting customers' personal information. All data is transferred via a secure transmission with industry standard SSL encryption to prevent unauthorized users from accessing the information.

**Q: What does a customer need to do to enroll in the Zurich Workers' Compensation Flexible Payroll Reporting Option?**

**A:** Customers need to contact their broker prior to binding to express interest in this option.

**Q: Who should a customer contact with questions?**

**A:** Any questions related to payroll reporting, premium calculations or payroll data collection should be directed to SmartPay Customer Support:

- Phone: 877-905-0786
- Email: [support@smartpayllc.com](mailto:support@smartpayllc.com)

A customer's underwriting and policy processing questions should be directed to their broker.

**Note:** Once enrolled, SmartPay will send you a detailed user guide with additional step-by-step instructions.

## A Simple Step-by-Step Guide to Workers' Compensation (WC) Flexible Payroll Reporting

Steps	Helpful Tips
1. <b>Learn</b> about our offering. <i>(Before quote)</i>	<ul style="list-style-type: none"> <li>• Check out our WC Flexible Payroll Reporting <b>Fact Sheet</b> and carefully review the <b>FAQs</b>.</li> <li>• Contact your broker or underwriter with additional questions.</li> </ul>
2. <b>Enroll</b> in this option. <i>(Before bind)</i>	<ul style="list-style-type: none"> <li>• Let your broker/underwriter know that you want to enroll in this option.</li> <li>• Provide the <b>name of your payroll vendor</b> to the underwriter <b>as early as possible</b>, so they can verify whether the vendor is in <a href="#">SmartPay's network</a>.               <ul style="list-style-type: none"> <li>o If they are in the network, you can set-up automated vendor payroll reporting.</li> <li>o If they are not in the network, your underwriter can help you check with SmartPay to see if your vendor can be added.</li> <li>o If vendor can't be added, you can:                   <ul style="list-style-type: none"> <li>– Set-up self-report payroll on SmartPay's platform, using their easy-to-follow instructions and templates; or</li> <li>– Utilize SmartPay's Payroll Reporting Service (paid). Contact SmartPay's support department to discuss eligibility and associated costs.</li> </ul> </li> </ul> </li> <li>• Provide a <b>designated contact</b> (name and email) to your underwriter.</li> <li>• For self-reporters only: <b>Sign and return the Cash Collateral Agreement</b> to your underwriter before bind.</li> <li>• <b>Note:</b> If you report through a payroll vendor, the frequency of your payroll report and premium payment is determined by your pay cycle (how often your payrolls are generated) and cannot be changed. If you self-report, then you can choose your report and payment frequency (weekly, biweekly, semi-monthly, and monthly).</li> </ul>
3. <b>Set up</b> your account on SmartPay. <i>(After issuance)</i>	<ul style="list-style-type: none"> <li>• Upon policy issuance, your designated contact will receive a <b>welcome email from SmartPay</b>. Follow the instructions and link to set up your account.</li> <li>• This email will also include a User Guide with more detailed instructions.</li> <li>• For self-reporters only: Upon your registration, 10% of estimated annual premium will be taken out of your bank account and set aside as <b>cash collateral</b> (a rolling non-working deposit).</li> </ul>
4. <b>Report</b> payrolls. <i>(Ongoing)</i>	<ul style="list-style-type: none"> <li>• For self-reporters only: Follow SmartPay's instructions to <b>report your timely payrolls for each period</b>.</li> </ul>
5. <b>Pay</b> premiums. <i>(Ongoing)</i>	<ul style="list-style-type: none"> <li>• Upon reporting, your premium for the period will be calculated and <b>automatically deducted</b> from your bank account <b>via Automated Clearing House (ACH)</b> by SmartPay.</li> </ul>
6. <b>Respond</b> to email reminders. <i>(If applicable)</i>	<ul style="list-style-type: none"> <li>• You will receive email reminders regarding your SmartPay account if you are late on <b>registration, reporting or payment</b>.</li> <li>• See additional details in the WC Flexible Payroll Reporting User Guide.</li> </ul>

*Note: there is no cost for the customer to participate in this offering unless the customer chooses to utilize SmartPay's paid reporting service instead of self-report.*

## Zurich

1299 Zurich Way, Schaumburg, IL 60196-1056

800 382 2150 [www.zurichna.com](http://www.zurichna.com)

---

Zurich American Insurance Company ("Zurich") offers qualified customers a Zurich Workers' Compensation Flexible Payroll Reporting Option. Zurich has contracted with SmartPay™ as a third-party service provider to administer its Pay-As-You-Go payroll reporting solution under the Zurich Workers' Compensation Flexible Payroll Reporting Option. SmartPay is not a subsidiary or affiliate of Zurich and use of the SmartPay Pay-As-You-Go payroll reporting solution is at your election.

This is intended as a general description of certain types of insurance and services available to qualified customers through the companies of Zurich in North America, provided solely for informational purposes. Nothing herein should be construed as a solicitation, offer, advice, recommendation, or any other service with regard to any type of insurance product underwritten by individual member companies of Zurich in North America, including Zurich American Insurance Company, 1299 Zurich Way, Schaumburg, IL 60196. Your policy is the contract that specifically and fully describes your coverage, terms and conditions. The description of the policy provisions gives a broad overview of coverages and does not revise or amend the policy. Coverages and rates are subject to individual insured meeting our underwriting qualifications and product availability in applicable states. Some coverages may be written on a nonadmitted basis through licensed surplus lines brokers.

©2024 Zurich American Insurance Company

A1-P0716376-A (02/24) P0716376

