Managing your General Liability premium audit

Guest editorial
Becky Harding, CPCU
Director of
Work Truck Total Protect
877-924-5777
becky@worktrucktotalprotect.com

Most work truck industry companies have General Liability policies that are auditable annually. But these companies also dread the audit, both the process itself and the impending outcome of additional premium due. Let's review the purpose of the audit, the audit process and how to avoid unexpected bills from insurers.

Insurers use audits to collect premiums commensurate to your operation's exposure. Not unlike the Workers Compensation audit, the General Liability audit is a mechanism designed to show your actual exposure for the policy term. General Liability policies are written at the beginning of the policy term using an estimate usually derived from your sales or payroll, depending on how your operations are classified. Of course, there is no way for you to know exactly what your sales or payroll will be for the upcoming year. But upfitters, for example, likely sit with their agent at renewal time and estimate gross sales for the coming year. The policy is then rated and written based on those estimated gross sales.

At the end of the year, the insurer will inquire as to what actual sales were for the term. If sales were higher than estimated, you'll receive a bill for additional premium. Conversely, if sales were lower than projected, you'll receive a return premium. Note that not all insurers return premium when the latter occurs, as some insurers are auditable "upward" only. Before you sign up with an insurer, ask your agent about this policy.

The audit process typically takes one of two forms, a written or in-person audit. During a written audit, the insurer sends you a form to fill in with your actual sales. After you return it to the insurer, they calculate the total and share the outcome. The more common way is an in-person audit. During this type of audit, an auditor comes to your facility and reviews your books with you, then completes the audit form based on their findings. They then submit their form to the insurer for calculation and you are informed of the outcome. When you receive the final audit, after all calculations are made, you should end up with a form that essentially says, "this is what you paid and this is what you should have paid." In a perfect world, this would result in a credit back to you each year. Unfortunately, it usually results in a bill for additional premium, since most companies give a conservative estimate at the beginning of the policy term.

However, there are steps you can take to avoid being blind-sided by a large additional premium.

1. Meet with your agent and discuss your estimated gross sales for the coming year at every renewal. The more involved you are in the process, the more control you will have over the outcome. Your sales estimates should be as accurate as possible to avoid additional premium due.
2. Understand exactly what information the insurer wants. Using the upfitter example again, auditable sales are always based on gross revenue. This means that you cannot deduct your chassis costs from your sales figures. By doing so, you're deducting your cost of goods sold, providing the insurer with gross profit rather than gross revenue. The additional premium generated by this type of mistake can be substantial.
3. Stay in contact with your agent throughout the year, especially if your sales swing drastically in either direction. Your agent should be able to go to the insurer during the policy term and amend your estimated sales to your revised forecast. This can help you avoid a big bill at the end of the policy term by breaking up your additional premium in small amounts over your monthly installments. But most importantly, if your sales are much higher than originally estimated, your rate per $1,000 could actually decrease. Many policies' rates are lowered as sales increase. By accurately amending your sales to a higher figure, your agent can often negotiate a lower rate for you. Then, even if you are still audited at the end of the year and receive an additional premium, the rate by which it is calculated is lower. This would result in a lower audit bill than if your agent had not negotiated that rate down.

The audit process is inevitable, but it doesn't have to be painful. Talk with your agent and learn the process, and you'll have more control over the outcome.

Chassis sales and shipments down in September

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By GVWR, Classes 2, 7 and 8 contributed most to YTD growth: Class 2 declined 9.3% YoY but remained up 33.1% YTD; Class 7 rose 20.7% YoY and 8.1% YTD; and Class 8 increased 6.0% YoY and 19.4% YTD. Mid-range Classes 3–6 were mixed, with Class 6 showing a 44.2% YoY bump up but still down 19.9% YTD, while Classes 3 and 4 were down both YoY and YTD.

Complete vehicle sales showed similar divergence: Tractor (Classes 7–8) sales increased 14.2% YoY and 2.8% YTD, while commercial van (Classes 1–3) sales fell 20.6% YoY and 4.2% YTD. Overall, Canada's market remains slightly ahead of 2024 levels, driven by continued strength in heavy-duty sales.

Canadian truck chassis shipments fell 29.7% YoY in September 2025 and are down 14.3% YTD. All cab types saw declines versus 2024: strip (–53.8%), cutaway (–50.3%), conventional (–13.2%) and LCOE (–61.9%). Despite the steep monthly drop, cutaway remains up 5.5% YTD, the only positive segment year-to-date.

By GVWR, Class 4 was the only category to post YoY growth (+22.3%), while all others declined sharply, from –17% to –66% YoY. YTD, Class 2 continued to show strong gains (+82.8%), offsetting declines across heavier classes.

For complete vehicles, tractor (Classes 7–8) shipments decreased 43.8% YoY but were flat (0.0% YTD), while commercial vans (Classes 1–3) dropped 36.8% YoY and 2% YTD. These declines indicate slower late-quarter production despite relatively stable cumulative demand.

Summary insights

Across North America, September results indicate a cooling trend in both sales and shipments, particularly in mid- and heavy-duty categories. U.S./Mexico markets are tracking slightly below 2024 levels, while Canada remains modestly positive YTD due to stronger early-year performance and steady heavy-duty demand. Light-duty and cutaway segments continue to show resilience on both sides of the border.