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| **Checklist 3—Human Resources and Payroll** | **Project Assigned To** | **Date Completed** | **Completed By** | **Notes** |
| nce on site, meet with the insurer’s personnel manager (and/or appropriate personnel) to discuss:   * Jobs that need to be accomplished (also what resources/personnel you’ll need) * What he or she can expect and what is expected from him/her |  |  |  |  |
| If multiple entities exist, determine the entity that employs personnel and what entity funds payroll. |  |  |  |  |
| Consult human resources counsel and tax advisors to determine any requirements that must be met or what notices should be sent. |  |  |  |  |
| Determine the insurer’s next payroll date and lead time for processing and make arrangements for distribution. Discuss payroll process with the payroll manager and document (flow chart). |  |  |  |  |
| Determine if payroll is processed by a service or in-house.   * Determine who has access to personnel and payroll records.   If by a service:   * Obtain contract * Contact service to notify of order * Work with service on logistics of issuing checks considering possible new checking account and new authorized signatures * Work with accounting on securing facsimile signature of appropriate receiver personnel. |  |  |  |  |
| Interview human resources manager and staff to obtain:   * Insurer organization chart * Organization charts by department, staffing and tasks * Specify number of full-time, part-time and temporary employees, including location, department, job, salary, accrued leave time, employment date and review date * Telephone directory for each office/branch location * Listing of the insurer’s officers and directors |  |  |  |  |

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| Identify control of access to insurer’s facilities, review employee access rights and modify as necessary. |  |  |  |  |
| ***Records Security*** |  |  |  |  |
| Secure the following payroll and personnel files after takeover:   * Payroll files and computer runs, including current and historical q-t-d and y-t-d cumulative totals and most recent W-2s and 1099s * Payroll tax records, including all deposits * Personnel files * Computerized personnel data * Employment contracts * Union contracts * Employee claim files, e.g., workers’ compensation claims, unemployment claims, employment discrimination claims, etc. * Employee disciplinary files * Documentation pertaining to cash advances or short- term loans to officers or employees * Personnel rules (e.g., employee handbook, policy and procedures manual, holiday schedule, memos addressing personnel issues, etc.) * Material regarding insurer profit sharing, credit unions, thrift, savings, tuition reimbursement programs, 401(k) or pension plans * Personnel forms used * Employee leave balance reports * Documentation pertaining to phone and car allowance for the employees, officers and directors |  |  |  |  |

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| ***Payroll*** |  |  |  |  |
| Obtain and confirm most current pay period data to documentation in the insurer’s personnel files (including all deductions), including:   * Verifying the appropriateness of each check/voucher issued * Verifying the payee and check amount * Verifying direct deposit authorizations and procedures |  |  |  |  |
| Review current payroll procedures, including direct deposits and/or voluntary deductions and determine and publish any new procedures, including approval processes for personnel and payroll actions. |  |  |  |  |
| Determine procedures for handling payroll functions at off-site locations. |  |  |  |  |
| Consider procedures for reimbursement of the payroll account when insurer employees work for other entities. |  |  |  |  |
| Upon distribution of first payroll after takeover, consider requiring identification and a signature before distributing paycheck to assist in determining if individuals who are not performing services for the insurer are receiving paychecks. |  |  |  |  |
| Review all employment contracts and determine any actions necessary. |  |  |  |  |
| If the insurer is involved with a union of any kind, obtain a copy of all contracts and related material. |  |  |  |  |
| Determine whether there are any personnel matters in dispute or litigation. |  |  |  |  |
| Identify any potential leave payout liability for the insurer. |  |  |  |  |
| Identify any employees on special leave status, such as FMLA. |  |  |  |  |

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| For employees of related entities who are paid through the insurer's payroll, ensure that personnel/payroll records are copied and forwarded to the appropriate entities. |  |  |  |  |
| ***Employee Benefits Packages*** |  |  |  |  |
| Prepare an assessment of the employee benefits package to determine any required changes:   * Determine if any of the programs are self-administered. * Determine whether benefits will continue to be offered. |  |  |  |  |
| Review employee benefits package, particularly insurance coverage and retirement plans. Ensure that the benefits package agrees to the current policies and employee handbook. |  |  |  |  |
| Contact benefits vendor(S) to inform them of the receivership process and any changes that should be implemented. |  |  |  |  |
| For any of the following that exist, review a plan document or detail for each. Determine if any modifications are necessary and, if so, update written materials and communicate with affected parties:   * Group insurance coverage (e.g., life/ad&d, medical, dental, vision, COBRA, STD etc.):   + Review enrollment cards or applications for each type of coverage to determine proper enrollment.   + Review payroll deductions for above and compare to monthly premium billings.   + Locate employee claims. Document claims submission and processing procedures.   + If the benefit package is self-funded or self- administered, review the claims processing procedures to determine if insurer funds are being properly handled.   + Review COBRA processing procedures. * Defined benefit (pension) and/or defined contribution (401(k)) plans:   + Review the plan document, summary plan description, and trust agreement. |  |  |  |  |

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| * Determine details of plan operation. Ensure timeliness of all reporting to plan participants and federal authorities (DOL, PBGC, IRS). * Verify that all payments and funding are made timely. * Workers’ compensation * Profit sharing or thrift plans * Severance plans * Stock options * Credit union * Bonus plan * Loans to employees * 401(k) and/or other retirement plans |  |  |  |  |
| Determine whether there are any pensioners who have health coverage or participate in other benefit programs through the insurer. If so, prepare a schedule of the pensioners listing their benefits. |  |  |  |  |
| Determine if there are key employees to be retained and if a retention/bonus program needs to be implemented for them (or all employees). |  |  |  |  |
| Ensure that copies of the receivership order are sent to third parties who:   * Administer any programs * Hold or distribute funds * Issue drafts * Coordinate data input and report preparation |  |  |  |  |
| Determine which bank accounts are used for payroll (including payment of taxes—FUTA, FICA, etc.), and whether they are current with respect to:   * Social security and taxes (e.g., federal, state, and city quarterly reports) * Insurance premium payments * Workers’ compensation assessments * Unemployment insurance payments |  |  |  |  |

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| * Other benefit contributions * If self-funded, outstanding claim payments to employees * Loan payments due the insurer by employees |  |  |  |  |
| ***Organizational Overview*** |  |  |  |  |
| Review organizational charts of insurer departments to determine staffing needs, terminations, etc. |  |  |  |  |
| Secure or prepare a personnel listing of current and recently terminated employees including name, social security number, job title, current salary, starting date, and termination date. |  |  |  |  |
| Determine if any outstanding personnel audits need to be handled, such as unemployment compensation or time and wage audits. |  |  |  |  |
| In early January following the takeover of the insurer, prepare to distribute W2s. Note that extra W2s or 1099s may need preparation if additional compensation (e.g., benefits, expenses, etc.) was not properly reported. Ensure mailing of these forms no later than the last day of January. |  |  |  |  |
| Send COBRA and/or other required notices to terminated employees. Certain state and federal laws may require the insurer to notify terminated employees of their right to extension of benefits, conversion privileges, or other contractual obligations due them by the insurer. |  |  |  |  |
| Determine whether the insurer must file an EEO-1, Form 5500, census, or other federal, state, or city reports. Assure that all necessary reports are filed in a timely manner or that timely request for extension has been filed. |  |  |  |  |
| ***Employee Termination*** |  |  |  |  |
| As employees separate or are terminated from employment, coordinate with Accounting/Asset Recovery sections to determine if laptops, cell phones or other property in the possession of the employee should be returned to the receiver. |  |  |  |  |