



## **Pennsylvania Compensation Rating Bureau**

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### **PENNSYLVANIA TEST AUDIT PROGRAM** **BULLETIN # 62**

#### **Revisions to Test Audit Program**

In response to significant and continuing deterioration in reported Test Audit Program results, the Governing Board has adopted revisions to the Test Audit Program. In addition, some procedures previously authorized under the Test Audit Program have been activated and/or expanded.

Revisions to the Test Audit Program are effective April 1, 2001. The revised program is presented in Bureau Circulars No. 1415 and 1416. Bureau Circular No. 1415 presents the revised program in a legislative style to facilitate identification of specific changes. Bureau Circular No. 1416 presents the revised program in normal text format reflecting all the changes to the program effective April 1, 2001. These Circulars are available at the Bureau's web site [www.pcrb.com](http://www.pcrb.com).

The principal changes to the Test Audit Program and to Bureau procedures attendant thereto are briefly and generally described following:

- Carrier groups performing significantly worse than standard are required to submit written action plans to the Bureau identifying key problems contributing to poor performance, presenting specific initiatives designed to improve performance and a set of target performance levels bringing quarterly difference ratios into compliance with program standards within one year. Each carrier group submitting an action plan will be offered optional educational services by Bureau staff specific to the carrier group's own past performance, results and action plan initiatives.
- A Response Form has been developed. This form will be provided with each difference letter and is intended to facilitate carrier groups' responses to Test Audit difference letters.
- Carrier groups failing to provide acceptable responses to Bureau requests for audit worksheets and premium invoices will be subject to incentive charges of \$1,000 per occurrence. These incentive charges will apply regardless of the number of Test Audits completed for a given carrier.
- Carrier groups failing to achieve minimum standard performance for more than four consecutive four-quarter reporting periods will be subject to increased levels of incentive charges from those previously imposed by the Test Audit Program. Notice of potential additional charges will be provided to carrier groups beginning with the second quarter of 2001, but actual payment of additional charges has been deferred until the four-quarter period ending April 1, 2002.

Each Bureau member is responsible for reading, understanding and complying with all provisions of the Test Audit Program. The above summaries are provided as a means of emphasizing major parts of the revised program, but are not a substitute for the program as announced in Bureau Circulars No. 1415 and 1416.