



Pennsylvania Compensation Rating Bureau

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PENNSYLVANIA TEST AUDIT PROGRAM

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TEST AUDIT NON - PRODUCTIVE RESCINDS

The Test Audit Program allows for non-productive audits to be rescinded when three attempts to complete the audit have been unsuccessful (see Bureau Circular No. 1416, Section VI, F). In order for the Bureau to rescind a test audit, written documentation must be provided detailing the attempts made to complete the carrier audit. The documentation must include the dates of the attempts, the name of the person contacted and whether the attempts were made by mail or telephone. If available, all supporting evidence must be submitted with the documentation, which may include but not be limited to copies of progress reports. Upon receipt and review of the documentation submitted, the test audit will be rescinded if the standards described herein have been met. If the Bureau test audit has already been completed at the time of the rescission, it will be processed on an information-only basis.

The following are examples of documentation accepted from Bureau field representatives when they are unable to complete a test audit.

- An appointment letter was sent to the insured scheduling the test audit on 1/15/02. Upon arrival at the insured's location, no one answered the door. A second appointment letter was sent rescheduling the test audit for 2/12/02, and again upon arrival no one answered the door. There was no telephone listing for the insured. A third appointment letter was sent rescheduling the test audit for 2/26/02, requesting the insured to call and confirm the receipt of the letter. As of today, 3/1/02, no response has been received from the insured.
- Appointment letters were sent to the insured scheduling the test audit on three different occasions: 1/24/02, 2/15/02 and 2/28/02. A physical visit was made to the insured's address on 1/24/02 and 2/15/02, and a business card was left both times asking the insured to call and reschedule the test audit. A telephone listing could not be found for the insured.
- The test audit was scheduled for 1/24/02 and upon arrival was advised the insured's controller, John Doe, was not available because of recent surgery. The controller called on 1/25/02 and stated he would not be available until mid-February. Mr. Doe was called on 2/25/02 to reschedule the audit, but he had not yet returned to work. Mr. Doe returned the call on 2/27/02, and the test audit was scheduled for 3/4/02. Mr. Doe called on 3/1/02 canceling the appointment. The test audit cannot be rescheduled within the test audit time frame.

The following are hypothetical carrier examples of acceptable documentation.

- Called the insured and made an appointment for 2/25/01 to complete the audit. Upon arrival, the proper payroll records were not available. The audit was rescheduled with the controller, John Smith, on 3/5/01. On 3/4/01, Mr. Smith called and cancelled the audit and rescheduled the audit for 3/13/01. Upon arrival at the insured's on 3/13/01, Mr. Smith was out sick, and the payroll records were not available. Called Mr. Smith on 3/14/01 and 3/18/01 to reschedule, but he has

not returned any phone calls. The audit is non-productive because the insured has been uncooperative.

- A voluntary statement was sent to the insured on 11/20/00, requesting payroll information for the Policy Period 12/1/99 - 00. A second request was sent to the insured on 1/15/02. A third request was sent to the insured with a copy of the request to the agent on 2/25/02. No reply was received from the insured, and on 3/29/00 the policy was closed doubling the payroll estimates.
- 11/20/00 - mailed voluntary statement to the insured.
1/15/01 - mailed second request to the insured.
2/25/01 - mailed third request to the insured with a copy to the agent.
3/29/01 - closed audit, uncooperative insured.