



Pennsylvania Compensation Rating Bureau

United Plaza Building • Suite 1500
30 South 17th Street • Philadelphia, PA 19103-4007
(215)568-2371 • FAX (215)564-4328 • www.pcrb.com

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PENNSYLVANIA TEST AUDIT PROGRAM

BULLETIN # 109

POLICY SELECTION RESPONSE PROCEDURE

INCENTIVE CHARGE ASSESSMENT

One of the more significant procedural changes to the Pennsylvania Test Audit Program that went into effect on July 1, 2010 was a reduction in the amount of time carriers have to respond to test audit policy selections. Effective July 1, 2010, the allowed response time was reduced from a total of 75 days (first and second request) to ten business days. As indicated in Section IV-D of the Pennsylvania Test Audit Program (Bureau Circular No. 1575), in order to facilitate a constructive transition to the new procedure a grace period was established from July 1, 2010 through June 30, 2011, during which time the incentive charges associated with failure to respond to policy selection notices in a timely manner were announced to carriers but not assessed.

Please take careful note that this transition period will end soon, at which point incentive charges for failure to respond to a policy selection in timely manner will begin to be applied.

Specifically, effective with the July 1, 2011 policy selection date (carrier notices posted on August 1, 2011), each failure to respond to a test audit policy selection with the submission of the requisite audit and related documentation within ten business days will result in an assessment of a \$1,000 charge. **These charges will no longer be waived.**

The PCRb strongly encourages all participating carriers to review their policy selection response procedures in preparation for this change. Direct any questions you might have to PCRb test audit staff (see below).

Christina Yost	215-320-4552	cyost@pcrb.com
Roxanne Walker	215-320-4578	rwalker@pcrb.com
Vincent Dean	215-320-4490	vdean@pcrb.com

It is also suggested that carriers not currently utilizing the policy selection response application resident on the PCRb website as part of Test Audit Online consider doing so as a means of expediting their responses no later than the upcoming July 1 implementation of incentive charges for late responses.