



## Pennsylvania Compensation Rating Bureau

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### PENNSYLVANIA TEST AUDIT PROGRAM BULLETIN #21

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#### SPECIAL TEST AUDITS

Bureau Circular 1285 notes that "selected risks may be test audited by Bureau staff...to resolve disputes between insureds and their carrier."

Recently, there has been a significant increase in requests made by insurance carriers for the Bureau to perform a survey or special test audit for purposes of determining the proper payroll allocations of employees for insureds which have contested a carrier's audit.

Carriers are reminded that the Bureau cannot provide these services in every case in which questions or complaints arise concerning classification assignment. Such circumstances are relatively common, and it is incumbent on insurers to apply the classification plan and explain that application to their insureds. The great majority of insureds' concerns in this area should be resolvable without Bureau intervention.

In exceptional cases where Bureau attention is required, carriers are asked to use the following procedure:

1. Complete written documentation of the facts and issues in dispute must be provided to the Bureau by the carrier, including appropriate audit work papers, correspondence with the insured, pertinent claims reports, loss control surveys, etc.
2. The insured should also present the bases for their concerns to the Bureau in writing.
3. Carriers should not suggest or request a specific action by the Bureau, i.e., a field survey or special audit. Many of these disputes can be handled by the Bureau's internal staff by letter if appropriate documentation exists on the audit worksheets and all necessary information is provided with the carrier member's request.

Requests for classification of an insured's business operation should continue to be sent to the attention of the Bureau's Classification/Underwriting Department.

Adherence to the above procedures will allow the Bureau's Field Operations Department to provide needed services in an efficient and effective manner, while retaining appropriate emphasis on the Test Audit Program and other support activities assigned to them.