



## Pennsylvania Compensation Rating Bureau

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May 23, 1994

### PENNSYLVANIA TEST AUDIT PROGRAM BULLETIN #28 TEST AUDIT APPEALS

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As per Bureau Circular No. 1285, the results of an insurance carrier appeal are presented to the membership for their information.

#### "F" Services

The carrier appeal centered around the Bureau's use of the carrier's original audit billing dated August 11, 1993 for premium comparison purposes. The carrier explained their revised audit billing dated October 15, 1993 was the result of the insured contacting their company with additional information and its use was independent of the Bureau's test audit. The Bureau's test audit was completed on September 20, 1993 and the test audit difference letter was sent on October 7, 1993.

The carrier had requested that Bureau staff present this appeal to the Committee even though no representative of the company could attend the meeting. It was the consensus of the Committee to adjudicate the carrier's appeal based on the facts presented. The Committee questioned Bureau staff as to the Test Audit Program's procedure for exchange of information on test audited risks. The Committee was advised that within 45 days from the date of mailing of any month's selection list, the carrier should send a non-returnable copy of the auditor's worksheets, premium invoice and all other pertinent information which the carrier wishes to present to the Bureau. In this case the carrier's original estimated billing dated July 28, 1993 and their audit work papers and billing dated August 11, 1993 were sent to the Bureau. After the test audit results were sent to the carrier on October 7, 1993, the carrier sent revised billing and worksheets dated October 15, 1993. It was the Bureau staff's position any revised billing or worksheets received subsequent to the Bureau's initial audit review should not be used for premium comparison purposes.

In executive session the Committee reaffirmed that the primary responsibility of a premium audit should be to accurately present exposures of the insured. The Committee noted an estimated billing, a physical audit and an audit revision were all completed for this insured.

The Committee voted to sustain the Bureau Test Audit difference based upon the inaccuracy of audit information developed from the carrier's initial audit and audit billing.