



## Pennsylvania Compensation Rating Bureau

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### PENNSYLVANIA TEST AUDIT PROGRAM BULLETIN # 54

#### COLLECTION OF ADDITIONAL PREMIUM

The Governing Board of the PCRB has approved a change in procedure with respect to the disposition of test audits resulting in additional premium. Specifically, the Governing Board has concluded that the retroactive collection of additional premium discovered via the performance of a Bureau test audit is inequitable and directed that such collections of premium should be discontinued. It was decided that the Bureau should revert to the original Test Audit Program procedure (prior to 1993) which precluded carriers from collecting additional premium developed as a result of a test audit. Therefore effective with policies selected for test audit with inception dates of February 1998, carriers will no longer be able to collect additional premium developed as the result of a Bureau test audit.

The applicable passage of the Test Audit Program (Disposition of Test Audits) is revised as indicated below:

#### 2. Additional Premiums

If results of the test audit produce an additional premium, the carrier:

- a. ~~May[,] to the extent permitted by law, bill additional premium for the test audit period~~ not bill additional premium on the test audited policy. For the \_\_\_\_\_ outstanding policy, changes in authorized classifications shall be deferred until the next renewal, effective at least 60 days after notice has been given to the employer. Issues of allocation or adequacy of payrolls between or within authorized classifications for the outstanding policy shall be governed by applicable Manual rules.
- b. Must prepare a revised unit statistical report reflecting the results of the test audit and forward that unit statistical report to the Bureau (except for deferred classification changes).

Note: Bureau staff is in the process of preparing and distributing a complete update of the rules and procedures for the Test Audit Program. The above change will be incorporated into that update.