

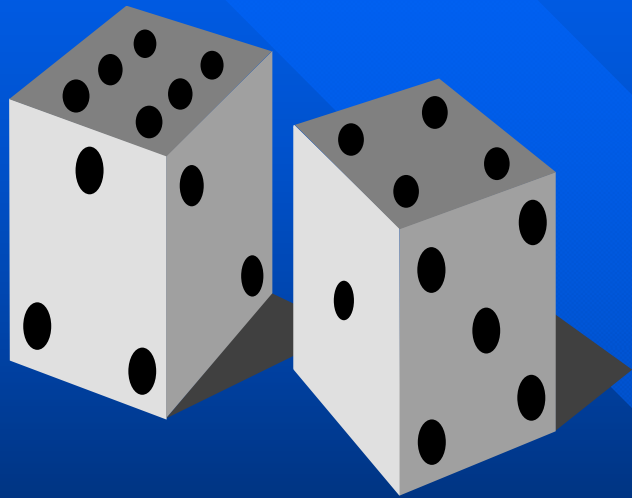
# **TEST AUDIT PROGRAM**

**(Bureau Circular 1532)**

# PURPOSE

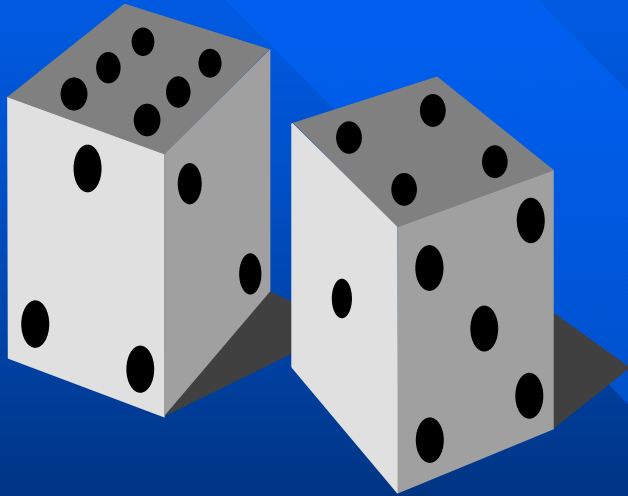
- **MONITOR ACCURACY OF CARRIER AUDITS**
- **VERIFY STATISTICAL DATA**
- **EDUCATIONAL RESOURCE**
- **ESTABLISH QUANTITATIVE STANDARDS OF PERFORMANCE**
- **PROVIDE INCENTIVES TO CARRIERS TO MEET STANDARDS**

# RISK SELECTION



- **RANDOM**
- **MINIMUM POLICY  
PREMIUM - \$2500**
- **INCLUDES PHYSICAL,  
VOLUNTARY (TELEPHONE)  
AND WAIVED (ESTIMATED)  
AUDITS**

# RISK SELECTION



- INCLUDES DELAWARE STATE
- ONLY ONE COMPLETED AUDIT OR SURVEY IN A FIVE YEAR PERIOD
- NUMBER OF POLICIES SHALL NOT EXCEED 16 PER MONTH

# TEST AUDIT STANDARDS

- **REPORTABLE DIFFERENCE:**
  - **DIFFERENCE IN PREMIUM IS GREATER THAN \$500**
  - **DIFFERENCE IN PREMIUM IS GREATER THAN 2.0%**

# TEST AUDIT STANDARDS

- **THREE ATTEMPTS**
- **INFORMATION ONLY**
- **CARRIERS EXCUSED FROM  
PROGRAM BASED ON SUPERIOR  
PERFORMANCE**

# INCENTIVE PROGRAM

- 25 or more test audits in any four consecutive quarters
- Reportable difference percentage exceeds program standards
- Chronic underachievers will be subject to a surcharge factor



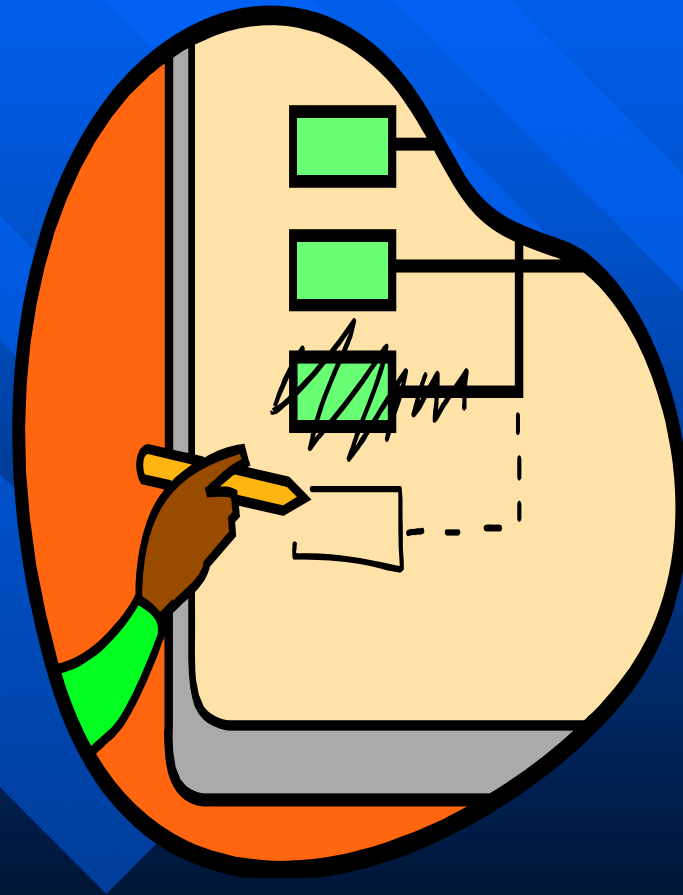
# PROGRAM STANDARDS

- IF A CARRIER'S REPORTABLE DIFFERENCES ARE BELOW 20% THAT CARRIER WILL HAVE MET PROGRAM STANDARDS.



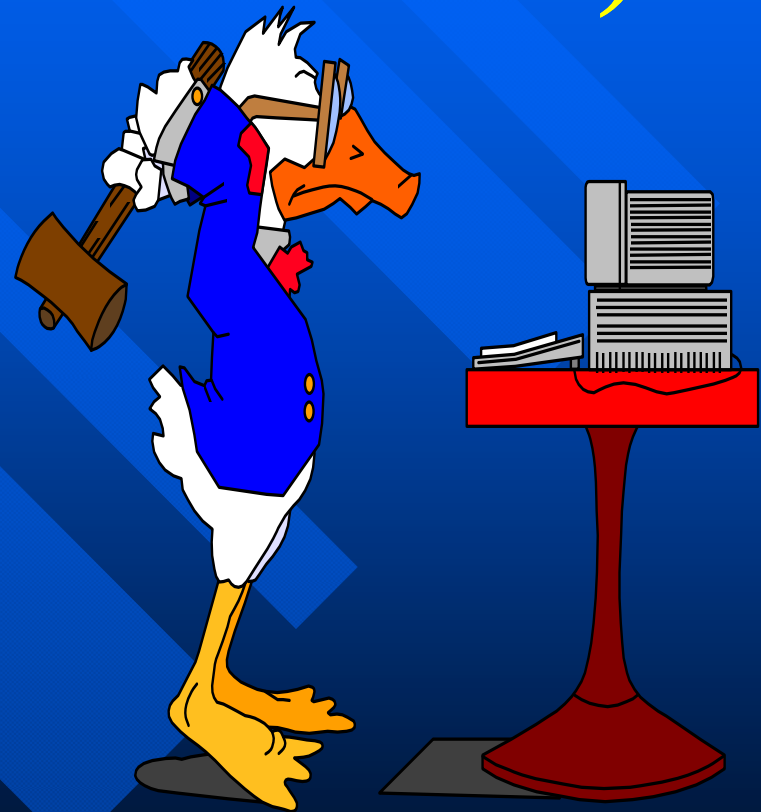
# PROGRAM CHANGES – 7/1/10

- Increase in incentive charges.
- Shorter response time for submission of audit workpapers
- Electronic Response Form.



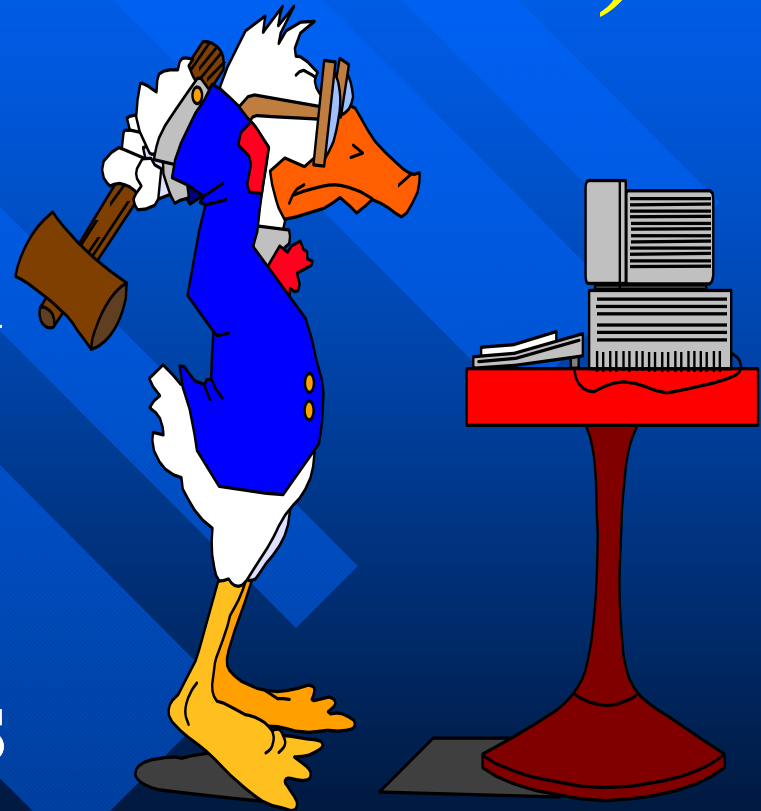
# WEBSITE (WWW.PCRB.COM)

- OVERVIEW
- FREQUENTLY  
ASKED QUESTIONS



# WEBSITE (WWW.PCRB.COM)

- STANDARD QUESTIONS FOR A CLASSIFICATION SURVEY
- BUREAU CIRCULARS
- TEST AUDIT BULLETINS



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