

We only had time to briefly touch base with our actuaries regarding the WER, but we did get feedback similar to what David Dahl suggested - that the methodology to come up with the credibility factor in the calculation, in particular the denominator of 100, should probably be revisited. Also, they suggested looking into the table factors by premium size. You asked that we email with any ideas for the test audit rule making and we wanted to get those to you in advance of tomorrow's meeting. Here's a list of some things for consideration:

- Extend Audit due date so that the test auditor has 6 months from the time the audit materials are received, not when the carrier is notified with the selection list. This was how it worked before the 2013 changes, which inadvertently shortened the time frame for NCCI to perform test audits.
- Allow electronic audits for convenience to customer. Carriers are doing these now as are some of the Independent Bureaus.
- Simplify quarterly reports
- Review Audit Types – Field, Payroll Report (voluntary), Desk, and Waived. We talked about Audit Types in the meeting on 11/6. A section of the Quarterly Reports categorizes results based on audit types. We wanted to clarify that the Audit Type is not known until NCCI receives the carrier's selection materials, so Audit Type would not be something that could be targeted in the selection process.
- Currently the results of an overdue/late test audit are excluded from the carrier results. Consider including in the results.
- These 2 ideas center around reducing the focus on smaller policies
 1. Eliminate risks under the experience rating threshold
 2. Alternatively, establish a minimum premium/size threshold for policies subject to test audit
- Include all completed audits with error in the Minimum Standards, not just audits with over \$5K in premium

Regarding section 3 of OAR 836-043-0150 Summary of Test Audit Results, revise rule so that NCCI only meets with each insurer not meeting Minimum Standards. We currently are not contacting every insurer each quarter to review their results unless they are close to or not meeting Minimum Standards.

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