

## Test Audit Program by State

### Risk Selection

<b>Oregon</b>	<ol style="list-style-type: none"><li>1. The number of policies to be selected for each insurer is determined based the insurer's current policy premium volume, confidence level and the error ratio from the insurer's previous test audits (Exhibit 1).</li><li>2. Policies for risks that have been test audited within the four-year period prior to the date of selection is excluded.</li><li>3. Wrap-up policies are excluded. How about PEO, large deductible policies?</li></ol>
<b>Alaska</b>	<ol style="list-style-type: none"><li>1. Policies for the test audit are selected randomly based on the total policy count within the state.</li><li>2. No risk will be selected for a test audit more frequently than once every three years or upon special conditions established by NCCI.</li></ol>
<b>California</b>	<ol style="list-style-type: none"><li>1. All insurers participating in the test Audit Program will be test audited on a continuous monthly base and the policies will be randomly selected.</li><li>2. Has a Monthly Selection Quota, which ranges from 2 to 20 test audits, and will be determined by: a. Annual pure premium volume, as indicated on the latest available calendar year reporting compiled by the WCIRB; and b. The number of policies submitted to the WCIRB based on the latest complete calendar year in WCIRB records.</li><li>3. No risk will be test audited more than once in any four-year period except upon conditions established by the president of the WCIRB.</li></ol>
<b>Massachusetts</b>	<ol style="list-style-type: none"><li>1. Carrier's quota for policies to be audited is based on number of policies and premium written.</li><li>2. Unless the carrier's quota is increased as a result of performance, the number of risks selected for each participating carrier shall not exceed 25 policies per quarter.</li><li>3. Risk based selection:<ol style="list-style-type: none"><li>a. Policies are selected will be across all industry group and not subject to minimum or maximum annual premium</li><li>b. Eligible policies will have risk factors calculated for them (page 11 &amp;12) , and priority will be given to policies with highest risk factors in the selection process.</li><li>c. Each month, policies are selected based on the Policy Expiration Dates. (ex: Test Audit Selection Date Jan 1, Policy Expiration Dates within Mar 1-31).</li></ol></li><li>4. Policy not subject to test audit: policy test audited within the last 5 years, temporary staffing contractor, Wrap-Up and/or OCIP.</li></ol>
<b>Minnesota</b>	Basic information available: Test Audits are selected at random based upon set criteria. Test Audits may also be requested in writing by Employer, Carrier, Employer's Representative and Authorized Governmental Agency.
<b>Delaware</b>	Insureds with premium value more than \$2,500 are selected randomly.
<b>Pennsylvania</b>	<ol style="list-style-type: none"><li>1. All carriers participating in the Test Audit Program will have risks randomly selected for test audits on a monthly basis. Each month, policies are selected based on the Policy Expiration Dates. (ex: Test Audit Selection Date Jan 1, Policy Expiration Dates within Sep 1-30).</li><li>2. Policy selected will be subject to a minimum annual policy premium of \$2,500.</li><li>3. Number of risks selected for each carrier shall not exceed 16 policy per month and are determined based on Annual premium volume and number of policies.</li><li>4. Risks are not subject to test audit: test audit completed within the last five years, with total premium of \$500,000 or more, temporary staffing contractor and/or PEO, risks which is part of a Wrap-up and/or OCIP</li></ol>
<b>New York</b>	<ol style="list-style-type: none"><li>1. Each carrier or carrier group has a predetermined quota for policies to be audited which is established on a yearly basis. This quota is based upon a formula that encompasses the total number of policies written and the amount of premium written by the carrier in New York State.</li><li>2. The quota is adjusted based upon a review of the carrier's last four years of audit results. The quota will increase if the carrier's results are worse than the industry as a whole or decrease if the results are better than the industry.</li><li>3. The total payroll for the policies selected is generally not more than \$1,000,000 or less than \$50,000.</li></ol>
<b>Wisconsin</b>	Only basic information available