



Wisconsin Compensation Rating Bureau

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CIRCULAR LETTER 3149 – NOVEMBER 18, 2016

TO: Members of the Bureau

FROM: Donna Knepper

RE: Proceedings of the WCRB Governing Board
Audit Noncompliance Charge (ANC)

Circular Letter 3134 dated March 18, 2016 announced the approval of the Audit Noncompliance Charge (ANC). This was a national proposal and was adopted in most states. The ANC is effective January 1, 2017, applicable to new and renewal business only.

The Office of the Commissioner of Insurance had raised some concerns over adopting the NCCI filing as is and required specific amendments. In order to receive approval, the amendments were:

- The spirit of the ANC endorsement is to provide incentive for the insured to cooperate with the premium audit as required by the policy contract. Better compliance will lead to improved accuracy and help ensure rate accuracy and sufficiency.
- The ANC endorsement is mandatory on all Wisconsin worker's compensation insurance policies. The ANC endorsement will be treated the same as the WI Law Endorsement and the WI Cancellation and Nonrenewal Endorsement. Policies without the ANC attached will be sent a mandatory NTC. Therefore, subject to fine for carrier non-compliance.
- There are no changes to the Wisconsin cancellation rules.
- ***The charge is not optional and must be applied if the insured is not compliant.*** However, if an employer is out of compliance, is charged and then falls back into compliance (by allowing the audit) the charge may be reimbursed or cancelled in the event that it has not yet been collected.

Endorsement WC 00 04 24 Audit Noncompliance Charge Endorsement states:

"...., we may apply an Audit Noncompliance Charge." (underline added).

The endorsement form is used nationally and a WI specific endorsement was not created. The WI Basic Manual Rules apply and those rules mandate the charge. Again, the charge is not optional.