

**TEXAS DEPARTMENT OF INSURANCE**  
**NOTIFICATION OF WORKERS' COMPENSATION FILING BY**  
**THE NATIONAL COUNCIL ON COMPENSATION INSURANCE**  
**ITEM B-1429**

The National Council on Compensation Insurance (NCCI) filed Item B-1429—Establishment of Audit Noncompliance Charge (TDI ECase No. 9507) with the Texas Department of Insurance on May 5, 2015, under the workers' compensation manual rule filing procedure adopted in Commissioner's Order No. 3142, dated March 21, 2014. The filing proposes that the changes in Item B-1429 would apply to policies with effective dates on or after 12:01 a.m., January 1, 2017.

Item B-1429 affects the following NCCI manuals adopted in Texas:

- *Basic Manual for Workers Compensation and Employers Liability Insurance*
- *Forms Manual of Workers Compensation and Employers Liability Insurance*
- *Statistical Plan for Workers Compensation and Employers Liability Insurance.*

Item B-1429 is a national filing that establishes an Audit Noncompliance Charge rule, endorsement, and statistical code. The purpose of the filing is to provide carriers an option to apply an Audit Noncompliance Charge to an employer that does not allow the carrier to examine and audit the employer's records, as Part Five – Premium, Sections F and G of the standard workers' compensation policy requires.

For workers' compensation, the carrier applies rates to payroll, the exposure base, to determine premium. The employer estimates payroll at the inception of the policy, and the carrier audits it after the end of the policy term in order to determine the final premium. As a result of the audit, an employer's premium could increase or decrease for the audited period. If the commissioner approves the filing, carriers will have the discretion to bill employers for the Audit Noncompliance Charge, which may be up to two times the estimated annual premium.

TDI prepared the above description of the proposed amendments. You may review a copy of NCCI's filing on the TDI website at [www.tdi.texas.gov/rules/2015/nccimanual.html](http://www.tdi.texas.gov/rules/2015/nccimanual.html), or in the Office of the Chief Clerk of the Texas Department of Insurance, 333 Guadalupe Street, Austin, Texas 78701.

**Hearing:** The commissioner will hold a hearing under Docket No. 2787 at 9:30 a.m., Central time, on February 17, 2016, to consider Item B-1429—Establishment of Audit Noncompliance Charge.

**Public Comment:** To comment on the filing, please submit two copies of your comments by 5 p.m., Central time, on January 18, 2016. Refer to TDI ECase No. 9507. Send one copy to [chiefclerk@tdi.texas.gov](mailto:chiefclerk@tdi.texas.gov) or to the Office of the Chief Clerk, Mail Code 113-2A, Texas Department of Insurance, P.O. Box 149104, Austin, Texas 78714-9104. Send the other copy to Marilyn Hamilton, at [marilyn.hamilton@tdi.texas.gov](mailto:marilyn.hamilton@tdi.texas.gov), or the Personal and Commercial Lines Office, Mail Code 104-PC, Texas Department of Insurance, P.O. Box 149104, Austin, Texas 78714-9104. You may also present comments at the hearing.

Issued in Austin, Texas on December 15, 2015.

  
Norma Garcia, General Counsel  
Texas Department of Insurance