

# Workers Compensation Audit Noncompliance Charge (ANC)

February 2018



**FOR AGENTS AND BROKERS**

In October 2017, Liberty Mutual implemented a new audit noncompliance charge (ANC) for workers compensation (WC) policies written in the eCLIQ® platform for 12 states. As of February 10, the ANC will be applicable in all states excluding Alaska, Indiana, Massachusetts, New York, and Texas (states that have not approved ANC) and North Dakota, Ohio, Washington, and Wyoming (monopolistic states).

The ANC complies with NCCI / Bureau rules and provides a consistent approach to compel policyholders to comply with requirements necessary to perform a final audit on a WC policy following policy expiration.

Please consult the [NCCI](#) manual rules for additional details.

## Workers Compensation ANC Overview

As mandated, all WC policies are audited at expiration to validate class codes and verify payrolls over the term of the policy to calculate the final premium based on actual exposures.

An endorsement will be attached at policy issuance to inform the policyholder they could be subject to a noncompliance charge if they do not comply with our request for information to complete the final audit. If the policyholder fails to comply after a minimum of two requests, the ANC will be assessed and could result in as much as two times (ANC factors vary by state) the estimated annual premium calculated at inception. If the policyholder subsequently complies, the ANC will be removed and the final audit will be processed based on actual exposures.

## When and where will the ANC endorsement begin attaching to policies?

Phase One	Policies effective <b>1/1/2017</b> and later - ANC endorsement is currently attaching at policy issuance	CO, CT, IA, MN, MO, MT, OR, SC, TN, UT, VA, WI
Phase Two	Policies effective <b>1/1/2018</b> and later - ANC endorsement will begin attaching at policy issuance	AL, AR, AZ, CA, DC, DE, FL, GA, ID, IL, KS, KY, LA, MD, ME, MI, MS, NC, NE, NH, NJ, NM, NV, OK, PA, RI, SD, VT, WV

## Resources

- [WC ANC Calculation Example](#)
- [ANC Endorsements](#)

<a href="#">WC 00 04 24</a>	Audit Noncompliance Charge Endorsement
<a href="#">WC 24 06 04B</a>	Missouri Amendatory Endorsement
<a href="#">WC 25 04 01A</a>	Montana Audit Noncompliance Charge Endorsement
<a href="#">WC 04 04 21</a>	California Optional Premium Increase Endorsement
<a href="#">WC 09 04 07</a>	Florida Non-Cooperation with Premium Audit Endorsement
<a href="#">WC 17 06 01H</a>	Louisiana Amendatory Endorsement
<a href="#">WC 37 04 01</a>	Pennsylvania Audit Noncompliance Charge Endorsement

If you have any questions about this charge, please contact your underwriter or territory manager.