

# BULLETIN #11-01

**TO: Utah Workers' Compensation Insurance Carriers**

**FROM: Joyce A. Sewell  
Director, Industrial Accidents**

**DATE: July 12, 2001**

**RE: Policy Reporting Penalties**

As you may be aware, Utah was the first state to use the IAIABC Proof of Coverage (POC) electronic reporting system. We have now been testing and using POC since October 1998. There has been incredible progress made by the carriers and reporting entities to ensure that policy information is reported to the Labor Commission as required by statute so that the Commission can monitor employers for compliance with the insurance requirement and thereby assist both the covered employers and injured workers.

In a continued spirit of cooperation in working with the carriers and recognizing that some errors will occur in any reporting system the Labor Commission is adopting a performance based penalty system related to the POC reporting system.

Penalties will not be assessed if the carrier is at a 95% or above compliance rate for both data and time for the month that the report is issued. Below are the instances in which a penalty may occur:

1) **Data Errors** - If the data is sent to the Labor Commission but is rejected due to errors in the fields required by the Commission it is our understanding that the carrier has received notice of the rejection by the reporter. The Commission will continue to allow carriers up to the 25<sup>th</sup> of the month to correct errors that were on the report received by the carrier for the prior month. If the carrier is at or above 95% compliance rate on data errors, either at the time of the report or after the 20 days correction period, the carrier will not be penalized for errors. However, the policies still need to be fixed.

2) **Timeliness** - If the carrier meets a 95% compliance rate in submitting policy information correctly to the Commission within the reporting time requirements per the statute (30 days for new, renewal, and reinstatement policies) there will be no penalty for timeliness. Please note that policy data that is reported incorrectly to the carrier's reporter within the 30 days but cannot be reported to the Commission will incur a timeliness error if the correct data is not received by the Commission within the 30 days time period. Per our understanding from the reporting services, the carrier receives notice from the reporting service if policy data is rejected. It then becomes the responsibility of the carrier to correct the data to send to the Commission. The data would need to be corrected and submitted to the

**Commission within the 30 day time period in order to not incur a penalty for timeliness.**

**The following penalty structure will apply to timely reporting:**

**95% and over in compliance for all policies reported for the month - no penalty**

**1-15 days late per policy - \$ 50.00**

**16-30 days late per policy - \$100.00**

**30 days and over late per policy - \$150.00**

**This bulletin will also serve as notice that the Commission is having a difficult time in some instances in having carriers report policies when employers are sent penalty letters for non-compliance with the workers' compensation insurance requirement and subsequently informs the Commission that the company has insurance with a particular carrier which the Commission has never received any policy information. Beginning immediately the Commission will request, in writing, specific employer policy information if the Commission has been informed that a carrier has written a policy for an employer but that the information has never been received by the Commission. The carrier will then have 20 days from the date of the letter to send the Commission the correct employer policy information. Failure to submit the information to the Commission through the carrier's reporting service during the 20 day time period will result in a \$150.00 penalty to the carrier for failure to submit requested information. If the carrier is not the carrier of record the Commission will need to be so notified.**