

S T A T E O F N E W Y O R K

7921--A

2013-2014 Regular Sessions

I N A S S E M B L Y

June 10, 2013

Introduced by M. of A. CAHILL -- read once and referred to the Committee on Labor -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the workers' compensation law, in relation to providing incentives for productive workers' compensation audits

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. The workers' compensation law is amended by adding a new
2 section 112-a to read as follows:
3 S 112-A. AUDITS OF EMPLOYERS. 1. (A) EMPLOYERS IN ALL CLASSES OTHER
4 THAN THE CONSTRUCTION CLASS SHALL BE AUDITED NOT LESS FREQUENTLY THAN
5 BIENNIALLY AND THE CHAIR OR BOARD MAY PROVIDE FOR MORE FREQUENT AUDITS
6 OF EMPLOYERS IN SPECIFIED CLASSIFICATIONS BASED ON FACTORS SUCH AS
7 AMOUNT OF PREMIUM, TYPE OF BUSINESS, LOSS RATIOS, OR OTHER RELEVANT
8 FACTORS. IN NO EVENT SHALL EMPLOYERS IN THE CONSTRUCTION CLASS, GENERAT-
9 ING MORE THAN THE AMOUNT OF PREMIUM REQUIRED TO BE EXPERIENCE RATED, BE
10 AUDITED LESS FREQUENTLY THAN ANNUALLY. THE ANNUAL AUDITS REQUIRED FOR
11 CONSTRUCTION CLASSES SHALL BE A PHYSICAL, ONSITE REVIEW OF ORIGINAL
12 PAYROLL RECORDS, EMPLOYEE RECORDS, CHECKBOOKS, CASH BOOK (DISBURSEMENTS
13 AND RECEIPTS), GENERAL LEDGER, CONTRACTS, TAX RETURNS INCLUDING QUARTER-
14 LY PAYROLL FILINGS, AND ORIGINAL CERTIFICATES OF INSURANCE. THE AUDIT
15 SHALL BE CONDUCTED NO MORE THAN NINETY DAYS AFTER THE EXPIRATION OF A
16 POLICY PERIOD. AT THE COMPLETION OF AN AUDIT, IF REQUESTED BY THE AUDI-
17 TOR, THE EMPLOYER OR OFFICER OF THE CORPORATION AND THE AUDITOR MUST
18 PRINT AND SIGN THEIR NAMES ON THE AUDIT DOCUMENT AFFIRMING THE ACCURACY
19 OF THE INFORMATION PROVIDED THEREIN. AS REQUIRED BY SECTION ONE HUNDRED
20 TWELVE OF THIS ARTICLE, EMPLOYERS SHALL MAKE AVAILABLE ALL BOOKS AND
21 RECORDS NECESSARY FOR THE PAYROLL VERIFICATION AUDIT AND PERMIT THE
22 AUDITOR TO MAKE A PHYSICAL INSPECTION OF THE EMPLOYER'S OPERATION. IF
23 AN EMPLOYER FAILS TO PROVIDE REASONABLE ACCESS TO ALL SUCH BOOKS AND
24 RECORDS NECESSARY FOR A PAYROLL VERIFICATION AUDIT, INCLUDING A PHYSICAL

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets
[] is old law to be omitted.

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1 INSPECTION OF THE EMPLOYER'S OPERATION, THE EMPLOYER SHALL PAY AN ADDI-
2 TIONAL PREMIUM TO THE CARRIER OF THREE TIMES THE MOST RECENT ESTIMATED
3 ANNUAL PREMIUM.

4 (B) IF AN EMPLOYER KNOWINGLY UNDERSTATES OR KNOWINGLY CONCEALS
5 PAYROLL, KNOWINGLY MISREPRESENTS OR KNOWINGLY CONCEALS EMPLOYEE DUTIES
6 SO AS TO AVOID PROPER CLASSIFICATION FOR PREMIUM CALCULATIONS, OR KNOW-
7 INGLY MISREPRESENTS OR KNOWINGLY CONCEALS INFORMATION PERTINENT TO THE
8 COMPUTATION AND APPLICATION OF AN EXPERIENCE RATING MODIFICATION FACTOR,
9 SAID KNOWING MISREPRESENTATIONS OR KNOWING CONCEALMENTS SHALL BE CONSID-
10 ERED FRAUDULENT PRACTICES IN VIOLATION OF APPLICABLE PROVISIONS OF
11 SECTION ONE HUNDRED FOURTEEN OF THIS ARTICLE AND INSURANCE FRAUD IN
12 VIOLATION OF APPLICABLE PROVISIONS OF SECTION 176.05 OF THE PENAL LAW.

13 (C) IF DURING THE COURSE OF AN AUDIT CONDUCTED UNDER THIS SECTION, AN
14 INSURANCE CARRIER OBTAINS INFORMATION INDICATING A VIOLATION OF THE
15 PROVISIONS OF PARAGRAPH (B) OF THIS SUBDIVISION, THEN THE CARRIER SHALL
16 REPORT SUCH INFORMATION TO THE BOARD.

17 2. THIS SECTION SHALL NOT APPLY TO EMPLOYERS THAT SELF-INSURE OR
18 EMPLOYERS THAT ARE MEMBERS OF A WORKERS' COMPENSATION GROUP SELF-INSURED
19 TRUST.

20 3. FOR THE PURPOSES OF THIS SECTION, "CONSTRUCTION CLASS" MEANS THE
21 WORK OR OCCUPATION DESCRIBED IN "GROUP 3" OF SUBDIVISION ONE OF SECTION
22 THREE OF THIS CHAPTER.

23 S 2. This act shall take effect immediately.