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North Carolina Industrial Commission

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Industrial Commission Focuses on Combating Fraud; Collects Nearly \$1 Million for Public Schools

FOR IMMEDIATE RELEASE

Raleigh, N.C. - Nearly \$1 million dollars in civil penalties from North Carolina businesses that operate without required workers' compensation insurance coverage was collected by the state Industrial Commission's Fraud and Compliance team during the past fiscal year. The proceeds from these penalties go to a state fund used exclusively for maintaining the public school system.

In fiscal year 2014-2015, the Commission collected \$992,965 in civil penalties. This is nearly triple the amount collected in fiscal year 2013-2014, and a five-fold increase from fiscal year 2012-2013 collections. The Commission collected an additional \$311,630 in non-fraud penalties in fiscal year 2014-2015 that will also go to public schools.

"Unlawful employers that fail to provide required workers' compensation insurance coverage are a drain on North Carolina's legitimate businesses, health care providers, and taxpayers," said Industrial Commission Chairman Andrew T. Heath. "The Industrial Commission's efforts to bring businesses into compliance are reflective of Governor McCrory's commitment to protecting North Carolina's workforce and business community."

Chairman Heath credited the Commission's hard-working Compliance and Fraud Investigative Division staff, as well as the Commission's fraud alerting tool, the Noncompliant Employer Targeting System (NETS), with enabling the Commission to quickly identify employers that are required by law to maintain a valid workers' compensation insurance policy, but have failed to do so. NETS, created in conjunction with the Government Data Analytics Center (GDAC) and SAS Institute Inc., uses data from various state agencies to create a list of potentially noncompliant businesses which the Commission then reviews.

When a noncompliant employer is identified, the Commission takes both corrective and punitive measures. Under North Carolina law, noncompliant businesses may be assessed a civil penalty and charged criminally for failing to carry workers' compensation insurance. The Commission conducts proactive, on-site enforcement operations on businesses identified by NETS as being uninsured despite having past contact with the Commission. As a result of these operations, 101 misdemeanor charges were filed in fiscal year 2014-2015 following enforcement operations in Durham, Guilford, Mecklenburg, Pitt, and Wake counties.

"While I am pleased with our progress in cracking down on employer non-compliance, the Commission will continue its intensive enforcement initiatives until every business meets its obligations under the Workers' Compensation Act," said Chairman Heath. "Unethical and illegitimate business owners will find no safe harbor here in North Carolina."