



North Carolina Industrial Commission

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Fraud Unit Steps Up Investigations of Uninsured Businesses

FOR IMMEDIATE RELEASE

Raleigh, N.C. - North Carolina Industrial Commission Chairman Andrew T. Heath has released an update on the Industrial Commission's initiative to thoroughly investigate and penalize state businesses that operate without required workers' compensation coverage. This initiative was launched in early 2014.

"The mandate to carry workers' compensation insurance is important to employees and employers alike," said Chairman Heath. "Employees who suffer compensable work injuries deserve the medical care they need to get back to work so they can provide for their families. For employers, workers' compensation insurance is a business expense, and employers who unlawfully avoid coverage should not be given a competitive advantage over legitimate employers who do provide coverage. Our goal is not only to penalize uninsured businesses, but also to ensure that they acquire and maintain proper workers' compensation insurance coverage."

Chairman Heath credited the Commission's fraud alerting tool, the Noncompliant Employer Targeting System (NETS) with enabling the Commission's Fraud Unit to quickly identify covered employers that do not have a current workers' compensation insurance policy. NETS uses data from various state agencies to create a list of potentially noncompliant businesses.

Under North Carolina law, noncompliant businesses may be assessed a civil penalty and charged criminally for failing to carry workers' compensation insurance. In fiscal year 2013-2014, the Commission assessed and collected approximately \$678,000 in civil penalties, a 43% increase from fiscal year 2012-2013 collections and a 621% increase from penalties collected in fiscal year 2011-2012. In the first half of fiscal year 2014-2015, the Commission has already collected approximately \$587,000 in penalties. The Commission also 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, 18 business owners were charged with misdemeanors for failing to maintain workers' compensation coverage in fiscal year 2013-2014. So far in fiscal year 2014-2015, 85 such misdemeanors charges have been filed following operations in Durham, Guilford, Mecklenburg, Pitt, and Wake counties.

"This intensified enforcement of workers' compensation fraud and noncompliance is a further example of the Industrial Commission's commitment to protecting the rights of law-abiding businesses and all workers under the North Carolina law," said Chairman Heath. "Employers who attempt to flout the law will be identified, investigated and properly sanctioned to make certain that their workers are insured as required by the North Carolina Workers' Compensation Act."

About NETS:

NETS is a cross-agency, data analytics program developed by the Government Data Analytics Center (GDAC) in collaboration with SAS Institute. The system consolidates information provided by the Industrial Commission, the North Carolina Department of Revenue, the North Carolina Department of Employment Security, and the North Carolina Rate Bureau in order to streamline information sharing between state agencies. For more information on NETS or GDAC, please contact the North Carolina Office of Internet Technology Services (ITS) at 919-754-6100.

Contact: Graham Wilson
Deputy Director of Communications
North Carolina Department of Commerce
(919) 733-5082