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**AUDIT NONCOMPLIANCE CHARGE ENDORSEMENT  
INSTRUCTION SHEET**

1. A carrier's application of the Audit Noncompliance Charge is optional for policies written in the Voluntary market.
2. A carrier is required to attach the Audit Noncompliance Charge Endorsement to policies when North Carolina coverage is included on a policy written in the Assigned Risk Market. Refer to the ***North Carolina Basic Manual for Workers Compensation and Employers Liability*** Rule 3A-12(b).
3. To apply the Audit Noncompliance Charge, the carrier must attach this endorsement to the policy at inception of the policy term being audited to notify employers regarding the potential application of an Audit Noncompliance Charge.
4. Refer to the ***North Carolina Basic Manual for Workers Compensation and Employers Liability*** for the method of determining the Audit Noncompliance Charge.