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Nevada Division of Insurance
Guidance for Workers' Compensation Insurers Regarding the Effects of the COVID-19 Emergency

The Nevada Division of Insurance ("Division") issues this guidance to workers' compensation insurance carriers who have issued policies to employers in Nevada. This guidance is intended to address the effects of the COVID-19 emergency on workers' compensation in Nevada.

Restrictions pertaining to social distancing have had the effect of limiting the operations of many businesses. In response, some business owners have decided to close but continue to pay employees. That decision may, in turn, minimize or eliminate risks covered by workers' compensation insurance. The Nevada Division of Insurance has approved filing B-1441 (Nevada State tracking number 91496) by the National Council on Compensation Insurance ("NCCI"), which developed a new rule and a corresponding statistical code for reporting such payroll and that excludes such payroll from the calculation of workers' compensation premium. Furthermore, Nevada law does not prohibit workers' compensation carriers from suspending premium payments by the closed-but-paying employers. However, all reporting requirements of the NCCI will remain in effect.

Workers' compensation insurers are encouraged to consider the impact on rates of any idling of workers by insured employers, and insurers should, if requested by the insured employer, conduct an audit in order to determine whether the insured is entitled to any adjustment in premium due to the idling, furloughing, laying off, or other dismissal of workers. Insurers are encouraged to allow self-auditing, self-reporting, and/or virtual audits in lieu of physical audits to the extent that physical audits are impracticable. Likewise, if an insured employer has remained open but has shifted workers to a telecommuting basis, insurers are requested to reflect the appropriate classification of those workers under NCCI Classification Code 8871: Clerical Telecommuter Employees, or other appropriate classifications based on the duties of the employees while normal business operations are interrupted or suspended. Once normal business operations resume, appropriate classifications should be applied.

Reasonable and consistently applied premium adjustments or audit accommodations as described in this guidance are consistent with the approach outlined by NCCI in its COVID-19 FAQ document, found on the NCCI website at <https://www.ncci.com/Articles/Pages/Insights-coronavirus-fags.aspx>. Such approaches by insurers are also understood by the Division to be consistent with currently approved rating plans, rules, and policy language, and with all applicable Nevada statutes and regulations.