

**ADOPTED REGULATION OF THE
STATE INDUSTRIAL INSURANCE SYSTEM**

LCB File No. R165-97

Effective January 1, 1998

EXPLANATION – Matter in *italics* is new; matter in brackets [] is material to be omitted.

AUTHORITY: §§1-6, NRS 616B.170; §7, NRS 616B.170 and 616B.540.

Section 1. NAC 616A.010 is hereby amended to read as follows:

616A.010 As used in this chapter, unless the context otherwise requires, the words and terms defined in:

1. NRS 616A.030 to 616A.360, inclusive; and
2. NAC 616A.020 to [616A.280,] 616A.270, inclusive,

have the meanings ascribed to them in those sections.

Sec. 2. NAC 616A.210 is hereby amended to read as follows:

616A.210 “Period of experience” means:

1. [The period during which payrolls, premiums and claims have been paid and which is considered by the system in calculating the dividend for a policyholder;

- 2.] For the purposes of NAC 616B.063 to 616B.108, inclusive, a period of 3 years beginning 4 1/2 years before and ending 1 1/2 years before the date on which the modification of premium based on experience is to be effective; *and*

3.] 2. For the purposes of NAC 616B.140, a period of 4 years beginning 5 1/2 years before and ending 1 1/2 years before the date on which the period of the plan for controlling excessive losses is to be effective . [; and

4. For the purposes of NAC 616B.286 to 616B.385, inclusive, the period of a policy.]

Sec. 3. NAC 616A.250 is hereby amended to read as follows:

616A.250 “Risk” means:

1. A single entity;

2. Two or more entities which qualify for combination under NAC 616B.081, whether or not insurance is provided by one or more policies issued by the system;

[3. For the purpose of retrospective rating, a business or trade association and the participating employers; or

4.] *or*

3. An employee leasing company and a client company that have entered into an agreement for leasing employees.

Sec. 4. NAC 616B.001 is hereby amended to read as follows:

616B.001 As used in this chapter, unless the context otherwise requires, the words and terms defined in:

1. NRS 616A.030 to 616A.360, inclusive; and

2. NAC 616A.020 to [616A.280,] 616A.270, inclusive,

have the meanings ascribed to them in those sections.

Sec. 5. NAC 616C.001 is hereby amended to read as follows:

616C.001 As used in this chapter, unless the context otherwise requires, the words and terms defined in:

1. NRS 616A.030 to 616A.360, inclusive; and
 2. NAC 616A.020 to [616A.280,] 616A.270, inclusive,
- have the meanings ascribed to them in those sections.

Sec. 6. NAC 616D.005 is hereby amended to read as follows:

616D.005 As used in this chapter, unless the context otherwise requires, the words and terms defined in:

1. NRS 616A.030 to 616A.360, inclusive; and
 2. NAC 616A.020 to [616A.280,] 616A.270, inclusive,
- have the meanings ascribed to them in those sections.

Sec. 7. NAC 616A.220, 616A.280, 616B.003, 616B.006, 616B.012, 616B.020, 616B.026, 616B.160, 616B.163, 616B.166, 616B.169, 616B.172, 616B.175, 616B.178, 616B.181, 616B.184, 616B.187, 616B.190, 616B.193, 616B.194, 616B.195, 616B.196, 616B.199, 616B.202, 616B.205, 616B.208, 616B.211, 616B.214, 616B.217, 616B.220, 616B.223, 616B.230, 616B.233, 616B.236, 616B.239, 616B.242, 616B.245, 616B.250, 616B.253, 616B.265, 616B.268, 616B.280, 616B.283, 616B.286, 616B.289, 616B.292, 616B.295, 616B.298, 616B.301, 616B.304, 616B.307, 616B.310, 616B.313, 616B.316, 616B.319, 616B.322, 616B.325, 616B.328, 616B.331, 616B.334, 616B.337, 616B.340, 616B.343, 616B.346, 616B.349, 616B.352, 616B.355, 616B.358, 616B.361, 616B.364, 616B.367, 616B.370, 616B.373, 616B.376, 616B.379, 616B.382, 616B.385, 616B.74001, 616B.74002, 616B.74003, 616B.74004, 616B.74005, 616B.74006, 616B.74007, 616B.74008, 616B.74009, 616B.74011, 616B.74012, 616B.74013, 616B.74014, 616B.74015, 616B.74016, 616B.74017, 616B.753, 616B.756, 616B.759 and 616B.762 are hereby repealed.

Sec. 8. This regulation becomes effective on January 1, 1998.

TEXT OF REPEALED SECTIONS

616A.220 “Plan” defined. “Plan” means a plan for retrospective rating for either individual employers or the employers of a business or trade association.

616A.280 “Year of the dividend” defined. “Year of the dividend” means a fiscal year which begins July 1 and ends the next June 30, during which a dividend based on experience is declared.

616B.003 Offices and suboffices.

1. In addition to the system’s suboffice in Las Vegas, Nevada, a suboffice of the system is located in Reno, Nevada.
2. A field office is located in Elko, Nevada.
3. A claim may be filed at the principal office or any suboffice of the system.
4. Any formal hearing of the system will be held at the principal office or a suboffice of the system or at some other place specified by the system.

616B.006 Correspondence with system. All correspondence and other documents being submitted to the system must be addressed to the system or one of its suboffices. Correspondence and documents shall be deemed to be officially received only if they have been so addressed.

616B.012 Petition for information or relief.

1. Any interested person may petition the system for:

(a) A declaratory order or an advisory opinion as to the applicability of any statutory provision or regulation of the system;

(b) The adoption, repeal or amendment of a regulation;

(c) Relief from the strict application of a regulation;

(d) Clarification of a regulation; or

(e) Any other information concerning a regulation.

2. The petition must:

(a) Set forth the name and address of the petitioner;

(b) Contain a clear and concise statement of the reason for the petition and any relevant documentation or other information for consideration by the system; and

(c) Be transmitted to the manager at 515 East Musser Street, Carson City, Nevada 89714.

3. The manager will respond in writing to each petition within 45 days after receipt.

616B.020 Plan for reporting of payroll and payment of premiums.

1. The system will assign each employer to one of the following four plans for payroll reporting and premium payments:

(a) Monthly.

(b) Quarterly.

(c) Semiannual.

(d) Annual.

2. Payroll paid during calendar periods and the premium due for the respective plans are as follows:

- | | |
|---------------------|---|
| (a) Monthly plan | Calendar month |
| (b) Quarterly plan | January 1-March 31 April 1-June 30 July 1-September 30 October 1-December 31 |
| (c) Semiannual plan | January 1-June 30 July 1-December 31 |
| (d) Annual plan | January 1-December 31 |

3. Specific instructions concerning the period of employment which is to be included in the first payroll report and payment of a premium are included in each policy when issued.

4. Payroll reports accompanied by the premium due on the payroll reported are due on or before the date established by the manager for the receipt of the payroll and premium.

5. A payroll report must be submitted for each reporting period, including any period in which there is no payroll.

6. Except as otherwise provided in subsection 7, the minimum premium payable for each policy issued will be prescribed in the current schedule of rates in the manual.

7. The minimum premium payable for each policy issued is:

(a) Sixty dollars, for the calendar year beginning on January 1, 1996, and ending on December 31, 1996.

(b) Ninety dollars, for the calendar year beginning on January 1, 1997, and ending on December 31, 1997.

(c) One hundred twenty dollars, for the calendar year beginning on January 1, 1998, and ending on December 31, 1998.

8. A policy which is canceled for failure to submit a payroll report or to pay the required premium will be charged a reopening fee of not less than \$100.

9. The payroll which must be reported to calculate premiums must include any wages deemed to be earned by an employee pursuant to chapters 616A to 616D, inclusive, of NRS unless the employee is receiving compensation for a temporary total disability during the period of the payroll. If there are no other wages to be reported during a particular period, the employer shall pay the minimum premium prescribed in this section.

616B.026 Advance deposit of premium.

1. Each employer, upon applying for a workers' compensation account with the system, shall provide an advance premium deposit pursuant to subsection 2 of NRS 616B.218, in the form of cash, security bond or negotiable security in an amount as prescribed in the following schedule:

| Plan for payroll reporting and premium payment | Advance premium deposit required |
|--|----------------------------------|
| Monthly | 2 months premium |
| Quarterly | 4 months premium |
| Semiannual | 7 months premium |
| Annual | 13 months premium |

2. The advance premium deposit represents the premium expected to be payable to the system at the end of the month following the reporting period plus 1 additional month. Payroll is reportable and the full premium earned thereon is payable to the system on or before the date established by the manager for the receipt of the payroll report and premium. Upon receipt of the payroll report and the full premium due thereon, the advance premium deposit must represent the premium expected to be earned by the system during the new reporting period plus the subsequent month.

3. The advance premium deposit must be maintained continuously at not less than the required amount while the account is active and, until 1 complete year of the account's payroll history is available to the system, must be adjusted monthly to reflect current payroll and premium levels. After 1 complete year of payroll history is available, the required advance premium deposit must not be adjusted, except:

(a) At the beginning of a new fiscal year or whenever a change in a premium rate affecting the employer becomes effective.

(b) Based on the results of an audit by the system of the account's payroll records.

(c) Based on an anticipated change in the number of employees to be insured under the policy during the current or following reporting period, as documented by the system.

When the required advance premium deposit is adjusted pursuant to this subsection, the employer may request in writing a refund of any excess advance premium deposit. If adjusted pursuant to paragraph (b), the system will return the excess, less any premiums due, within 30 days after the date the written request is received by the system. If adjusted pursuant to paragraph (a) or (c), the system will return the excess, less any premiums due, within 30 days after receipt of the written request, if the employer has had a timely audit. If the system determines that an audit is necessary, the system may incorporate the results of the audit in establishing the amount, if any, to be refunded. Any additional advance premium deposit is due 30 days after the date of mailing the notification that an additional advance premium deposit is payable.

4. If a full premium payable is not paid when due, the unpaid premium must be paid from the account's advance premium deposit. If the advance premium deposit is then deficient the employer will be notified by the system of the additional advance premium deposit due.

5. Cash deposited as an advance premium does not earn interest for the account while it is on deposit.

6. The minimum advance deposit must equal the estimated premium for one reporting period plus one month, or:

(a) Sixty dollars, on or after January 1, 1996, but before January 1, 1997;

(b) Ninety dollars, on or after January 1, 1997, but before January 1, 1998; or

(c) One hundred twenty dollars, on or after January 1, 1998,

whichever is greater.

7. The minimum advance premium deposit when it is in the form of a surety bond is \$1,000. Required increases must be in increments of \$500. The bond must substantially comply with the form provided by the system.

8. The failure of an employer to maintain the required advance premium deposit acts as a rejection of coverage for workers' compensation and subjects him to the fines and penalties prescribed for a rejecting or noncomplying employer.

9. An employer terminating his business is entitled to a refund of the unencumbered advance premium deposit following the completion of a termination audit by the system's auditors.

616B.160 Definitions. As used in NAC 616B.160 to 616B.268, inclusive, unless the context otherwise requires, the words and terms defined in NAC 616B.060 and 616B.163 to 616B.181, inclusive, have the meanings ascribed to them in those sections.

616B.163 "Basic premium" defined. "Basic premium" means the fixed cost chargeable to a risk independently of the losses of the risk during the year of experience.

616B.166 “Converted losses” defined. “Converted losses” means the costs chargeable to a risk based on the risk’s losses during the year of experience, and equals the product of ratable losses multiplied by the loss conversion factor.

616B.169 “Optional payment of premium” defined. “Optional payment of premium” means an arrangement between the risk and the system which provides for payments of premiums during the year of experience or during the life of the plan other than the method of paying premiums prescribed in NAC 616B.205.

616B.172 “Participating employer” defined. “Participating employer” means an employer who is a member of an association, and who has elected to participate in a plan for retrospective rating for associations, and has been accepted by the manager, the association and the other employers participating in the plan.

616B.175 “Premium for excess loss” defined. “Premium for excess loss” means a specific percentage of the standard premium which is charged to a risk independently of the losses of the risk during the year of experience, if a limitation of loss was elected in advance by the risk participating in a plan.

616B.178 “Ratable losses” defined. “Ratable losses” means the risk’s incurred losses during the year of experience, less costs:

1. Recoverable under a reinsurance plan of the system; and
2. In excess of the selected limit for losses, if applicable.

616B.181 “Year of experience” defined. “Year of experience” means:

1. For the initial year of experience, the period beginning after midnight preceding the first day of the month following receipt of the risk’s written election to participate in a plan, and ending at midnight the following December 31 or upon cancellation, whichever comes first.

2. For all years except the initial year, a period beginning at midnight preceding January 1 and ending at midnight the following December 31 or upon cancellation, whichever comes first.

616B.184 Factor for converting losses. Except as otherwise provided in NAC 616B.195 the factor for converting losses for all plans will be determined annually by the manager.

616B.187 Election of plan.

1. The application of any plan for retrospective rating is optional with the risk, subject to acceptance by the manager.

2. All operations of an entity for which retrospective rating is elected are subject to the rating.

3. An operation covered by a policy for which retrospective rating has been elected may not, before completion of the year of experience, be transferred to another entity of the risk unless the employer becomes a debtor in possession of the business. In that case, the plan will be continued as if a transfer had not taken place.

4. For those risks with two or more entities which qualify for combination pursuant to NAC 616B.081, separate plans may be elected for the entities, if each entity electing a separate plan meets the requirements for eligibility of the plan selected.

616B.190 Time for filing election. After the initial year of experience, the risk's written election to participate in a plan for retrospective rating must be received by the system on or before January 15, and the plan is effective as of the prior January 1.

616B.193 Specification of plan; requirements for election.

1. If an eligible risk elects to participate in a plan for retrospective rating, the plan must be specified in the written election. The risk or the system may, subject to the approval of the manager, devise:

- (a) A plan using alternatives provided in NAC 616B.160 to 616B.268, inclusive; or
- (b) Its own plan.

2. The election must specify:

- (a) The entities and combined entities included in the plan.
- (b) A schedule of rating values determined by:
 - (1) Selecting one of the schedules set forth in NAC 616B.236, 616B.239 or 616B.242; or
 - (2) Using the factors agreed upon by the risk and the system pursuant to 616B.195.
- (c) That the risk understands and agrees to comply with the terms of the plan.

3. The written election may specify:

(a) An optional method of paying premiums. For the purpose of determining positive earnings and net worth pursuant to subsection 1 of NAC 616B.211, the written election must include:

(1) The amount of payroll expected to be reported during the year of experience in each classification assigned to the employer; and

(2) Financial statements for the risk's last 3 completed fiscal years.

(b) A limitation for losses.

616B.194 Additional requirements for election by association; rejection of method by manager.

1. In addition to the requirements set forth in subsection 2 of NAC 616B.193, the plan for retrospective rating selected by an association must:

(a) Specify the method of distributing to participating employers any refunds of premium resulting from the application of the plan.

(b) Specify the method of assessing the participating employers for any premium due the system resulting from the application of the plan.

(c) Include a copy of the agreement between the association and each participating employer.

2. The manager may reject any method specified by the association pursuant to paragraphs (a) and (b) of subsection 1, and may require the association to develop a revised method.

616B.195 Establishment of factors by agreement. For the purpose of devising a plan for retrospective rating pursuant to paragraph (b) of subsection 1 of NAC 616B.193, the factors for determining the:

1. Basic premium;
2. Minimum premium;
3. Maximum premium; or
4. Conversion of losses,

may be established by agreement between the system and the employer or association devising the plan.

616B.196 Application of plan.

1. Upon completion of a year of experience, the risk's aggregate standard premium for the year of experience will be determined based on the audited payrolls of the risk.

2. The retrospective premium for the risk will be determined annually during the seventh and eighth months of the calendar year following the end of the year of experience. The premium chargeable for any year of experience will be subject to no more than four annual adjustments.

3. The final premium chargeable for any year of experience will be fixed 3 years and 6 months after the end of that year and will include an incurred but not reported charge in an amount equal to 11 percent of the converted incurred losses for:

- (a) Incurred but not reported claims;
- (b) Future reopenings of claims; and
- (c) Developments on known claims.

4. If a plan is terminated before the fourth determination of the retrospective premium, the following percentages for incurred but not reported claims will be applied for each determination of the premium owed:

| Determination | Percentage for Incurred but Not Reported Claims |
|---------------|--|
| 1 | 80 |
| 2 | 29 |
| 3 | 18 |
| 4 | 11 |

5. A determination of a retrospective premium, other than the final determination, will not be revised for any reason other than for a clerical error on the part of the system, a subsequent injury or a subsequent recovery from a third party.

6. In addition to paying any premium due, at each determination of retrospective premium, the risk must pay to the system within 30 days after the date of the mailing of the notice that the premium and interest are due, the interest accumulated on any premium deferred because of the election of an optional method of paying premiums. Interest will be calculated at a percentage rate per annum, compounded monthly, established by the manager at the beginning of the plan year for the retrospective rating. The deferred premium is:

(a) For the period until the first determination of the retrospective premium, the difference at the end of each month between the standard premium and the aggregate premium paid, but not less than zero.

(b) For the period after a determination of the retrospective premium and until the next determination of the retrospective premium, the difference at the end of each month between the most recently determined retrospective premium and the total premium paid, but not less than zero.

7. A plan will terminate at the fourth determination of the retrospective premium.

616B.199 Determination of premium.

1. Determining the amount of the retrospective premium for any plan requires:

(a) Calculation of the standard premium for the risk for the year of experience based upon audited payrolls.

(b) Selection of the rating values applicable to the risk, based upon the standard premium.

(c) Calculation of the basic premium for the risk. If an employer selects one of the schedules set forth in NAC 616B.236, 616B.239 or 616B.242, the basic premium will be calculated by multiplying the standard premium by the factor for determining the basic premium obtained pursuant to paragraph (b).

(d) Calculation of the premium for excess loss for the risk, if a limitation of loss has been elected in advance, by multiplying the standard premium by the applicable factor for excess loss and the factor for converting losses.

(e) Calculation of converted losses for the risk by multiplying the ratable loss by the factor for converting losses.

(f) Calculation of the minimum premium payable under the plan. If an employer selects one of the schedules set forth in NAC 616B.236, 616B.239 or 616B.242, the minimum premium payable under the plan will be calculated by multiplying the standard premium by the factor for determining the minimum premium obtained under paragraph (b).

(g) Calculation of the maximum premium payable under the plan. If an employer selects one of the schedules set forth in NAC 616B.236, 616B.239 or 616B.242, the maximum premium payable under the plan will be calculated by multiplying the standard premium by the factor for determining the maximum premium obtained under paragraph (b).

2. Except as otherwise provided in subsection 3, the retrospective premium is the sum of:

- (a) The basic premium;
- (b) The premium for excess loss if applicable; and
- (c) The converted losses.

3. If the amount calculated pursuant to subsection 2 is less than the minimum premium determined under paragraph (f) of subsection 1, the retrospective premium will be the minimum premium. If the amount is greater than the maximum premium obtained under paragraph (g) of subsection 1, the retrospective premium will be the maximum premium.

616B.202 Determination of reserve balance.

1. Before the determination of the retrospective premium, the system will evaluate the claims of a risk and establish the reserve balance for each claim.

2. By the end of June or as soon as practicable thereafter, the system will notify the risk of the reserve balance for each claim to be included in the ratable losses of the risk in determining the retrospective premium.

3. If it is apparent to the risk that complete and accurate information on the condition of a particular claimant was not available to the system when the reserve balance for that claim was established, the risk may request a reevaluation of the reserve balance for that claim, but changes in a claimant's condition which occur on or after July 1 will not be considered in the reevaluation of that claim. A request for a reevaluation must:

- (a) Include a statement as to why the reserve balance originally determined by the system is inappropriate;
- (b) Be accompanied by any documentation in support of the request which was not available when the system made its original determination; and
- (c) Be received by the system on or before July 20 or 10 days after the system mails notice to the risk of the amounts of the reserve balances, whichever is later.

4. The risk will be notified before the determination of its retrospective premium of the outcome of its request for a reevaluation.

5. The reevaluation by the system of the reserve balance for a claim is final for its determination of the retrospective premium and is not subject to appeal at any level.

616B.205 Payment of premium; refunds. Unless an optional method of paying premiums is designated in the plan:

1. The risk shall pay to the system the standard premium for the year of experience. The premium may be paid monthly, quarterly, semiannually or annually, pursuant to NAC 616B.020 to 616B.035, inclusive, and 616B.780 to 616B.795, inclusive.

2. Upon the first determination of the retrospective premium:

(a) If the retrospective premium is less than the paid standard premium, the difference less any past premium due must be refunded to the risk by certified letter, return receipt requested, within 30 days after the date of the determination of the retrospective premium.

(b) If the retrospective premium is greater than the standard premium paid to the system, the difference must be paid to the system within 30 days after the date of the mailing of the notice that the premium is due.

3. Upon subsequent annual determinations of the retrospective premium:

(a) If the retrospective premium is less than the retrospective premium paid at the prior annual adjustment, the difference less any past premium due must be refunded to the risk by certified mail, return receipt requested, within 30 days after the date of the determination.

(b) If the retrospective premium is greater than the retrospective premium paid at the prior annual adjustment, the difference must be paid to the system within 30 days after the date of the mailing of the notice that the premium is due.

616B.208 Cancellation for delinquent payment of premium.

1. If an employer or participating employer fails to pay his premium when due, or within 14 days after notification of his delinquency, his certificate and participation in the plan must be canceled, but not retroactively, unless the manager determines that good cause existed for the delinquency. A delinquency is also sufficient cause for the manager to reject the risk's election to participate in a plan for subsequent years of experience.

2. The retrospective premium for an employer whose plan is canceled by the manager will be determined in accordance with subsection 2 of NAC 616B.245.

3. Before cancellation, the system will notify the association that the participating employer is delinquent. Upon cancellation:

(a) The retrospective premium for the remainder of the year for the employer will be determined in accordance with subsection 2 of NAC 616B.245, based on the rating values which would have applied if the employer had chosen to use the schedule of rating values in NAC 616B.239.

(b) The retrospective premium for the association will be determined in accordance with subsection 3 of NAC 616B.268.

616B.211 Requirements for optional methods of paying premiums.

1. Except as otherwise provided in subsection 2, the minimum requirements for eligibility for the optional methods of paying premiums are as follows:

| Criteria | Option 1 | Option 2 |
|--|--|--|
| Standard premium during year of experience expected to exceed: | | |
| 50,000 | \$ | |
| 150,000 | \$ | |
| Net Worth exceeding the greater of: | \$250,000 or twice the expected standard premium | \$1,000,000 or twice the expected standard premium |
| Positive earnings for each of the last: | 3 years | 3 years |

2. The state, a county, a city, a school district, the University and Community College System of Nevada, a metropolitan police department or other governmental entity, including associations of governmental entities, need meet only the requirement relating to the standard premium.

3. For any optional method of paying premiums to be elected, the plan must be effective January 1. If the election is not received by the system on or before January 15, no optional method of paying premiums may be elected.

616B.214 Operation of options: Option 1. Under option 1:

1. The premium to be paid by the risk during the year of experience is 80 percent of the standard premium.

2. The first time the retrospective premium is determined, and each time thereafter, the amount refundable or the amount due will be determined pursuant to subsections 2 and 3 of NAC 616B.205.

3. Interest must be charged on the deferred premium pursuant to subsection 3 of NAC 616B.196. If a refund is due, the interest must be deducted before payment of the refund.

616B.217 Operation of options: Option 2. Under option 2:

1. The minimum monthly amount payable for the first month is the sum of one-twelfth of the expected basic premium and one-twelfth of the expected premium for excess loss, under the plan elected by the risk. This payment is payable at the end of February.

2. The minimum monthly amount payable for the second through twelfth months, inclusive, is the sum of one-twelfth of the expected basic premium, one-twelfth of the expected premium for excess loss, if applicable, under the plan elected by the risk, and 108 percent of the monthly disbursements for the risk. The first of these payments is payable at the end of March.

3. The minimum monthly amount payable for the thirteenth through fifty-fourth months, inclusive, is 108 percent of the monthly disbursements for the risk, including awarded claims.

4. Annually following completion of the year of experience until termination of the plan, the retrospective premium will be determined pursuant to NAC 616B.199.

5. If the aggregate premium paid exceeds the retrospective premium on the date the retrospective premium is determined, the system will refund the difference to the risk within 30 days after the date the premium is determined.

6. At the fourth annual determination of the retrospective premium, the difference between the retrospective premium and the total premium paid under the option must be paid to the system within 30 days after the date of mailing of the notice that the premium is due.

7. Interest must be charged on the deferred premium pursuant to subsection 3 of NAC 616B.196. If a refund is payable to the risk, any interest due the system must be deducted before payment of the refund.

616B.220 Election to limit ratable losses.

1. Any eligible risk participating in a plan may elect to limit its ratable losses for the combined indemnity and medical costs for a single accident incurred in the year of experience.

2. If the election is made:

(a) A premium for excess loss must be included in determining the retrospective premium.

(b) The maximum limit per accident which may be selected is related to the estimated standard premium for the risk as follows:

| Estimated Standard Premium for the Year of Experience | Limitation Per Accident: Full Coverage | Limitation Per Accident: Ex-Medical |
|---|--|-------------------------------------|
| Any eligible risk | \$10,000 | \$8,000 |
| \$50,000 or more | 15,000 | 12,000 |
| 75,000 or more | 20,000 | 16,000 |
| 100,000 or more | 25,000 | 20,000 |
| 120,000 or more | 30,000 | 24,000 |
| 140,000 or more | 35,000 | 28,000 |
| 160,000 or more | 40,000 | 32,000 |
| 200,000 or more | 50,000 | 40,000 |
| 300,000 or more | 75,000 | 60,000 |
| 400,000 or more | 100,000 | 80,000 |
| 600,000 or more | 150,000 | 120,000 |
| 800,000 or more | 200,000 | 160,000 |
| 1,000,000 or more | 250,000 | 200,000 |

3. Any elected limitation on ratable losses applies to incurred losses.

616B.223 Factors for calculating premium for excess loss.

1. The factors to be used in calculating the premium for excess loss are as follows:

| Selected Limitation Per Accident: Full Coverage | Selected Limitation Per Accident: Ex-Medical | Factor for Determining Excess Loss Premium Hazard Groups | | | |
|--|---|--|------|------|------|
| | | I | II | III | IV |
| \$10,000 | \$8,000 | .244 | .340 | .567 | .808 |
| 15,000 | 12,000 | .227 | .318 | .531 | .756 |
| 20,000 | 16,000 | .213 | .297 | .498 | .709 |
| 25,000 | 20,000 | .199 | .279 | .466 | .665 |
| 30,000 | 24,000 | .188 | .263 | .394 | .563 |
| 35,000 | 28,000 | .177 | .232 | .351 | .501 |
| 40,000 | 32,000 | .167 | .207 | .316 | .451 |
| 50,000 | 40,000 | .135 | .171 | .263 | .375 |
| 75,000 | 60,000 | .086 | .113 | .178 | .255 |
| 100,000 | 80,000 | .063 | .084 | .135 | .192 |
| 150,000 | 120,000 | .040 | .053 | .086 | .123 |
| 200,000 | 160,000 | .028 | .038 | .061 | .086 |
| 250,000 | 200,000 | .021 | .027 | .045 | .063 |

2. The hazard group applicable to a risk will be selected from the manual based upon the classification assigned to the risk. A risk with multiple classifications will have separate hazard groups assigned according to the separate classifications.

616B.230 Eligibility.

1. An employer is eligible to participate in a plan for retrospective rating during a year of experience if:

(a) The employer is not a debtor in possession;

(b) The prevention of accidents and the management of claims are among the goals of the employer; and

(c) The employer's manual premium or standard premium during the year of experience is expected to be \$50,000 or more.

2. The employer must meet the requirements of eligibility for participation in a plan for retrospective rating at the beginning of each year of experience.

3. An employer who is not eligible to participate in a plan for retrospective rating pursuant to paragraph (c) of subsection 1 may elect to participate during that year of experience if sufficient evidence is presented to the manager to indicate that the employer will be eligible to elect for the following year or if, in the opinion of the manager, participation in a plan will substantially improve the working conditions on the employer's premises.

616B.233 Selection of rating values. For the schedules in NAC 616B.236, 616B.239 and 616B.242, the rating values are those shown in the table most nearly corresponding to the employer's audited standard premium. The rating values so established must be used for the determination of the retrospective premium.

616B.236 Schedule to determine rating values: Plan A. The following schedule, designated Plan A, may be used to determine alternative rating values:

| Factor for Determining | Factor for Determining | Factor for Determining |
|---------------------------|---------------------------|---------------------------|
|---------------------------|---------------------------|---------------------------|

| Standard Premium | the Basic Premium | the Minimum Premium | the Maximum Premium |
|------------------|-------------------|---------------------|---------------------|
| 50,000 | .718 | .718 | 1.250 |
| 55,000 | .707 | .707 | 1.250 |
| 60,000 | .697 | .697 | 1.250 |
| 65,000 | .686 | .686 | 1.250 |
| 70,000 | .676 | .676 | 1.250 |
| 75,000 | .665 | .665 | 1.250 |
| 80,000 | .656 | .656 | 1.250 |
| 85,000 | .647 | .647 | 1.250 |
| 90,000 | .638 | .638 | 1.250 |
| 95,000 | .629 | .629 | 1.250 |
| 100,000 | .620 | .620 | 1.250 |
| 105,000 | .612 | .612 | 1.250 |
| 110,000 | .605 | .605 | 1.250 |
| 115,000 | .597 | .597 | 1.250 |
| 120,000 | .590 | .590 | 1.250 |
| 125,000 | .582 | .582 | 1.250 |
| 130,000 | .574 | .574 | 1.250 |
| 135,000 | .567 | .567 | 1.250 |
| 140,000 | .559 | .559 | 1.250 |
| 145,000 | .552 | .552 | 1.250 |
| 150,000 | .544 | .544 | 1.250 |
| 155,000 | .539 | .539 | 1.250 |
| 160,000 | .533 | .533 | 1.250 |
| 165,000 | .528 | .528 | 1.250 |
| 170,000 | .522 | .522 | 1.250 |
| 175,000 | .517 | .517 | 1.250 |
| 180,000 | .512 | .512 | 1.250 |
| 185,000 | .507 | .507 | 1.250 |
| 190,000 | .501 | .501 | 1.250 |
| 195,000 | .496 | .496 | 1.250 |
| 200,000 | .491 | .491 | 1.250 |
| 205,000 | .488 | .488 | 1.250 |
| 210,000 | .486 | .486 | 1.250 |
| 215,000 | .483 | .483 | 1.250 |
| 220,000 | .480 | .480 | 1.250 |
| 225,000 | .478 | .478 | 1.250 |
| 230,000 | .475 | .475 | 1.250 |
| 235,000 | .472 | .472 | 1.250 |
| 240,000 | .469 | .469 | 1.250 |
| 245,000 | .467 | .467 | 1.250 |
| 250,000 | .464 | .464 | 1.250 |
| 255,000 | .461 | .461 | 1.250 |
| 260,000 | .459 | .459 | 1.250 |
| 265,000 | .456 | .456 | 1.250 |
| 270,000 | .453 | .453 | 1.250 |
| 275,000 | .451 | .451 | 1.250 |
| 280,000 | .448 | .448 | 1.250 |
| 285,000 | .445 | .445 | 1.250 |
| 290,000 | .442 | .442 | 1.250 |

| | | | |
|---------|------|------|-------|
| 295,000 | .440 | .440 | 1.250 |
| 300,000 | .436 | .436 | 1.250 |
| 305,000 | .435 | .435 | 1.250 |
| 310,000 | .433 | .433 | 1.250 |
| 315,000 | .432 | .432 | 1.250 |
| 320,000 | .430 | .430 | 1.250 |
| 325,000 | .429 | .429 | 1.250 |
| 330,000 | .428 | .428 | 1.250 |
| 335,000 | .426 | .426 | 1.250 |
| 340,000 | .425 | .425 | 1.250 |
| 345,000 | .423 | .423 | 1.250 |
| 350,000 | .422 | .422 | 1.250 |
| 355,000 | .421 | .421 | 1.250 |
| 360,000 | .419 | .419 | 1.250 |
| 365,000 | .418 | .418 | 1.250 |
| 370,000 | .416 | .416 | 1.250 |
| 375,000 | .415 | .415 | 1.250 |
| 380,000 | .414 | .414 | 1.250 |
| 385,000 | .412 | .412 | 1.250 |
| 390,000 | .411 | .411 | 1.250 |
| 395,000 | .409 | .409 | 1.250 |
| 400,000 | .407 | .407 | 1.250 |
| 405,000 | .406 | .406 | 1.250 |
| 410,000 | .406 | .406 | 1.250 |
| 415,000 | .405 | .405 | 1.250 |
| 420,000 | .405 | .405 | 1.250 |
| 425,000 | .404 | .404 | 1.250 |
| 430,000 | .403 | .403 | 1.250 |
| 435,000 | .403 | .403 | 1.250 |
| 440,000 | .402 | .402 | 1.250 |
| 445,000 | .402 | .402 | 1.250 |
| 450,000 | .401 | .401 | 1.250 |
| 455,000 | .400 | .400 | 1.250 |
| 460,000 | .400 | .400 | 1.250 |
| 465,000 | .399 | .399 | 1.250 |
| 470,000 | .399 | .399 | 1.250 |
| 475,000 | .398 | .398 | 1.250 |
| 480,000 | .397 | .397 | 1.250 |
| 485,000 | .397 | .397 | 1.250 |
| 490,000 | .396 | .396 | 1.250 |
| 495,000 | .396 | .396 | 1.250 |
| 500,000 | .395 | .395 | 1.250 |
| 505,000 | .394 | .394 | 1.250 |
| 510,000 | .393 | .393 | 1.250 |
| 515,000 | .392 | .392 | 1.250 |
| 520,000 | .391 | .391 | 1.250 |
| 525,000 | .391 | .391 | 1.250 |
| 530,000 | .390 | .390 | 1.250 |
| 535,000 | .389 | .389 | 1.250 |
| 540,000 | .388 | .388 | 1.250 |
| 545,000 | .387 | .387 | 1.250 |
| 550,000 | .386 | .386 | 1.250 |
| 555,000 | .385 | .385 | 1.250 |

| | | | |
|---------|------|------|-------|
| 560,000 | .384 | .384 | 1.250 |
| 565,000 | .383 | .383 | 1.250 |
| 570,000 | .382 | .382 | 1.250 |
| 575,000 | .382 | .382 | 1.250 |
| 580,000 | .381 | .381 | 1.250 |
| 585,000 | .380 | .380 | 1.250 |
| 590,000 | .379 | .379 | 1.250 |
| 595,000 | .378 | .378 | 1.250 |
| 600,000 | .377 | .377 | 1.250 |
| 605,000 | .376 | .376 | 1.250 |
| 610,000 | .375 | .375 | 1.250 |
| 615,000 | .374 | .374 | 1.250 |
| 620,000 | .373 | .373 | 1.250 |
| 625,000 | .373 | .373 | 1.250 |
| 630,000 | .372 | .372 | 1.250 |
| 635,000 | .371 | .371 | 1.250 |
| 640,000 | .370 | .370 | 1.250 |
| 645,000 | .369 | .369 | 1.250 |
| 650,000 | .368 | .368 | 1.250 |
| 655,000 | .367 | .367 | 1.250 |
| 660,000 | .366 | .366 | 1.250 |
| 665,000 | .365 | .365 | 1.250 |
| 670,000 | .364 | .364 | 1.250 |
| 675,000 | .364 | .364 | 1.250 |
| 680,000 | .363 | .363 | 1.250 |
| 685,000 | .362 | .362 | 1.250 |
| 690,000 | .361 | .361 | 1.250 |
| 695,000 | .360 | .360 | 1.250 |
| 700,000 | .359 | .359 | 1.250 |
| 705,000 | .358 | .358 | 1.250 |
| 710,000 | .357 | .357 | 1.250 |
| 715,000 | .356 | .356 | 1.250 |
| 720,000 | .355 | .355 | 1.250 |
| 725,000 | .355 | .355 | 1.250 |
| 730,000 | .354 | .354 | 1.250 |
| 735,000 | .353 | .353 | 1.250 |
| 740,000 | .352 | .352 | 1.250 |
| 745,000 | .351 | .351 | 1.250 |
| 750,000 | .351 | .351 | 1.250 |
| 755,000 | .350 | .350 | 1.250 |
| 760,000 | .350 | .350 | 1.250 |
| 765,000 | .349 | .349 | 1.250 |
| 770,000 | .349 | .349 | 1.250 |
| 775,000 | .348 | .348 | 1.250 |
| 780,000 | .347 | .347 | 1.250 |
| 785,000 | .347 | .347 | 1.250 |
| 790,000 | .346 | .346 | 1.250 |
| 795,000 | .346 | .346 | 1.250 |
| 800,000 | .345 | .345 | 1.250 |
| 805,000 | .344 | .344 | 1.250 |
| 810,000 | .344 | .344 | 1.250 |
| 815,000 | .343 | .343 | 1.250 |
| 820,000 | .343 | .343 | 1.250 |

| | | | |
|--------------------|------|------|-------|
| 825,000 | .342 | .342 | 1.250 |
| 830,000 | .341 | .341 | 1.250 |
| 835,000 | .341 | .341 | 1.250 |
| 840,000 | .340 | .340 | 1.250 |
| 845,000 | .340 | .340 | 1.250 |
| 850,000 | .339 | .339 | 1.250 |
| 855,000 | .338 | .338 | 1.250 |
| 860,000 | .338 | .338 | 1.250 |
| 865,000 | .337 | .337 | 1.250 |
| 870,000 | .337 | .337 | 1.250 |
| 875,000 | .336 | .336 | 1.250 |
| 880,000 | .335 | .335 | 1.250 |
| 885,000 | .335 | .335 | 1.250 |
| 890,000 | .334 | .334 | 1.250 |
| 895,000 | .334 | .334 | 1.250 |
| 900,000 | .333 | .333 | 1.250 |
| 905,000 | .333 | .333 | 1.250 |
| 910,000 | .332 | .332 | 1.250 |
| 915,000 | .332 | .332 | 1.250 |
| 920,000 | .331 | .331 | 1.250 |
| 925,000 | .331 | .331 | 1.250 |
| 930,000 | .330 | .330 | 1.250 |
| 935,000 | .330 | .330 | 1.250 |
| 940,000 | .329 | .329 | 1.250 |
| 945,000 | .329 | .329 | 1.250 |
| 950,000 | .328 | .328 | 1.250 |
| 955,000 | .328 | .328 | 1.250 |
| 960,000 | .327 | .327 | 1.250 |
| 965,000 | .327 | .327 | 1.250 |
| 970,000 | .326 | .326 | 1.250 |
| 975,000 | .325 | .325 | 1.250 |
| 980,000 | .325 | .325 | 1.250 |
| 985,000 | .324 | .324 | 1.250 |
| 990,000 | .324 | .324 | 1.250 |
| 995,000 | .323 | .323 | 1.250 |
| 1,000,000 | .323 | .323 | 1.250 |
| 1,250,000 | .308 | .308 | 1.250 |
| 1,500,000 | .293 | .293 | 1.250 |
| 1,750,000 | .278 | .278 | 1.250 |
| 2,000,000 | .263 | .263 | 1.250 |
| 2,250,000 | .257 | .257 | 1.250 |
| 2,500,000 | .251 | .251 | 1.250 |
| 2,750,000 | .246 | .246 | 1.250 |
| 3,000,000 | .240 | .240 | 1.250 |
| 3,250,000 | .234 | .234 | 1.250 |
| 3,500,000 | .227 | .227 | 1.250 |
| 3,750,000 | .221 | .221 | 1.250 |
| 4,000,000 | .214 | .214 | 1.250 |
| 4,250,000 | .210 | .210 | 1.250 |
| 4,500,000 | .207 | .207 | 1.250 |
| 4,750,000 | .203 | .203 | 1.250 |
| 5,000,000 and over | .199 | .199 | 1.250 |

616B.239 Schedule to determine rating values: Plan B. The following schedule,

designated Plan B, may be used to determine alternative rating values:

| Standard Premium | Factor for Determining the Basic Premium | Factor for Determining the Minimum Premium | Factor for Determining the Maximum Premium |
|------------------|---|---|---|
| 50,000 | .623 | .623 | 1.500 |
| 55,000 | .611 | .611 | 1.500 |
| 60,000 | .599 | .599 | 1.500 |
| 65,000 | .586 | .586 | 1.500 |
| 70,000 | .574 | .574 | 1.500 |
| 75,000 | .562 | .562 | 1.500 |
| 80,000 | .552 | .552 | 1.500 |
| 85,000 | .541 | .541 | 1.500 |
| 90,000 | .531 | .531 | 1.500 |
| 95,000 | .520 | .520 | 1.500 |
| 100,000 | .510 | .510 | 1.500 |
| 105,000 | .502 | .502 | 1.500 |
| 110,000 | .495 | .495 | 1.500 |
| 115,000 | .487 | .487 | 1.500 |
| 120,000 | .480 | .480 | 1.500 |
| 125,000 | .472 | .472 | 1.500 |
| 130,000 | .464 | .464 | 1.500 |
| 135,000 | .457 | .457 | 1.500 |
| 140,000 | .449 | .449 | 1.500 |
| 145,000 | .442 | .442 | 1.500 |
| 150,000 | .434 | .434 | 1.500 |
| 155,000 | .429 | .429 | 1.500 |
| 160,000 | .424 | .424 | 1.500 |
| 165,000 | .418 | .418 | 1.500 |
| 170,000 | .413 | .413 | 1.500 |
| 175,000 | .408 | .408 | 1.500 |
| 180,000 | .403 | .403 | 1.500 |
| 185,000 | .397 | .397 | 1.500 |
| 190,000 | .392 | .392 | 1.500 |
| 195,000 | .386 | .386 | 1.500 |
| 200,000 | .381 | .381 | 1.500 |
| 205,000 | .379 | .379 | 1.500 |
| 210,000 | .376 | .376 | 1.500 |
| 215,000 | .374 | .374 | 1.500 |
| 220,000 | .371 | .371 | 1.500 |
| 225,000 | .369 | .369 | 1.500 |
| 230,000 | .366 | .366 | 1.500 |
| 235,000 | .364 | .364 | 1.500 |
| 240,000 | .361 | .361 | 1.500 |
| 245,000 | .359 | .359 | 1.500 |
| 250,000 | .356 | .356 | 1.500 |
| 255,000 | .354 | .354 | 1.500 |
| 260,000 | .351 | .351 | 1.500 |

| | | | |
|---------|------|------|-------|
| 265,000 | .349 | .349 | 1.500 |
| 270,000 | .346 | .346 | 1.500 |
| 275,000 | .344 | .344 | 1.500 |
| 280,000 | .341 | .341 | 1.500 |
| 285,000 | .339 | .339 | 1.500 |
| 290,000 | .336 | .336 | 1.500 |
| 295,000 | .334 | .334 | 1.500 |
| 300,000 | .330 | .330 | 1.500 |
| 305,000 | .329 | .329 | 1.500 |
| 310,000 | .328 | .328 | 1.500 |
| 315,000 | .327 | .327 | 1.500 |
| 320,000 | .326 | .326 | 1.500 |
| 325,000 | .325 | .325 | 1.500 |
| 330,000 | .323 | .323 | 1.500 |
| 335,000 | .322 | .322 | 1.500 |
| 340,000 | .321 | .321 | 1.500 |
| 345,000 | .320 | .320 | 1.500 |
| 350,000 | .319 | .319 | 1.500 |
| 355,000 | .318 | .318 | 1.500 |
| 360,000 | .317 | .317 | 1.500 |
| 365,000 | .316 | .316 | 1.500 |
| 370,000 | .315 | .315 | 1.500 |
| 375,000 | .314 | .314 | 1.500 |
| 380,000 | .312 | .312 | 1.500 |
| 385,000 | .311 | .311 | 1.500 |
| 390,000 | .310 | .310 | 1.500 |
| 395,000 | .309 | .309 | 1.500 |
| 400,000 | .307 | .307 | 1.500 |
| 405,000 | .306 | .306 | 1.500 |
| 410,000 | .306 | .306 | 1.500 |
| 415,000 | .305 | .305 | 1.500 |
| 420,000 | .305 | .305 | 1.500 |
| 425,000 | .304 | .304 | 1.500 |
| 430,000 | .303 | .303 | 1.500 |
| 435,000 | .303 | .303 | 1.500 |
| 440,000 | .302 | .302 | 1.500 |
| 445,000 | .301 | .301 | 1.500 |
| 450,000 | .300 | .300 | 1.500 |
| 455,000 | .300 | .300 | 1.500 |
| 460,000 | .299 | .299 | 1.500 |
| 465,000 | .298 | .298 | 1.500 |
| 470,000 | .298 | .298 | 1.500 |
| 475,000 | .297 | .297 | 1.500 |
| 480,000 | .296 | .296 | 1.500 |
| 485,000 | .295 | .295 | 1.500 |
| 490,000 | .294 | .294 | 1.500 |
| 495,000 | .293 | .293 | 1.500 |
| 500,000 | .292 | .292 | 1.500 |
| 505,000 | .291 | .291 | 1.500 |
| 510,000 | .291 | .291 | 1.500 |
| 515,000 | .290 | .290 | 1.500 |
| 520,000 | .289 | .289 | 1.500 |
| 525,000 | .289 | .289 | 1.500 |

| | | | |
|---------|------|------|-------|
| 530,000 | .288 | .288 | 1.500 |
| 535,000 | .287 | .287 | 1.500 |
| 540,000 | .286 | .286 | 1.500 |
| 545,000 | .286 | .286 | 1.500 |
| 550,000 | .285 | .285 | 1.500 |
| 555,000 | .284 | .284 | 1.500 |
| 560,000 | .284 | .284 | 1.500 |
| 565,000 | .283 | .283 | 1.500 |
| 570,000 | .282 | .282 | 1.500 |
| 575,000 | .282 | .282 | 1.500 |
| 580,000 | .281 | .281 | 1.500 |
| 585,000 | .280 | .280 | 1.500 |
| 590,000 | .279 | .279 | 1.500 |
| 595,000 | .279 | .279 | 1.500 |
| 600,000 | .278 | .278 | 1.500 |
| 605,000 | .277 | .277 | 1.500 |
| 610,000 | .277 | .277 | 1.500 |
| 615,000 | .276 | .276 | 1.500 |
| 620,000 | .275 | .275 | 1.500 |
| 625,000 | .275 | .275 | 1.500 |
| 630,000 | .274 | .274 | 1.500 |
| 635,000 | .273 | .273 | 1.500 |
| 640,000 | .272 | .272 | 1.500 |
| 645,000 | .272 | .272 | 1.500 |
| 650,000 | .271 | .271 | 1.500 |
| 655,000 | .270 | .270 | 1.500 |
| 660,000 | .270 | .270 | 1.500 |
| 665,000 | .269 | .269 | 1.500 |
| 670,000 | .268 | .268 | 1.500 |
| 675,000 | .268 | .268 | 1.500 |
| 680,000 | .267 | .267 | 1.500 |
| 685,000 | .266 | .266 | 1.500 |
| 690,000 | .265 | .265 | 1.500 |
| 695,000 | .265 | .265 | 1.500 |
| 700,000 | .264 | .264 | 1.500 |
| 705,000 | .263 | .263 | 1.500 |
| 710,000 | .263 | .263 | 1.500 |
| 715,000 | .262 | .262 | 1.500 |
| 720,000 | .261 | .261 | 1.500 |
| 725,000 | .261 | .261 | 1.500 |
| 730,000 | .260 | .260 | 1.500 |
| 735,000 | .259 | .259 | 1.500 |
| 740,000 | .259 | .259 | 1.500 |
| 745,000 | .258 | .258 | 1.500 |
| 750,000 | .258 | .258 | 1.500 |
| 755,000 | .257 | .257 | 1.500 |
| 760,000 | .257 | .257 | 1.500 |
| 765,000 | .256 | .256 | 1.500 |
| 770,000 | .256 | .256 | 1.500 |
| 775,000 | .256 | .256 | 1.500 |
| 780,000 | .255 | .255 | 1.500 |
| 785,000 | .255 | .255 | 1.500 |
| 790,000 | .254 | .254 | 1.500 |

| | | | |
|-----------|------|------|-------|
| 795,000 | .254 | .254 | 1.500 |
| 800,000 | .254 | .254 | 1.500 |
| 805,000 | .253 | .253 | 1.500 |
| 810,000 | .253 | .253 | 1.500 |
| 815,000 | .252 | .252 | 1.500 |
| 820,000 | .252 | .252 | 1.500 |
| 825,000 | .252 | .252 | 1.500 |
| 830,000 | .251 | .251 | 1.500 |
| 835,000 | .251 | .251 | 1.500 |
| 840,000 | .250 | .250 | 1.500 |
| 845,000 | .250 | .250 | 1.500 |
| 850,000 | .250 | .250 | 1.500 |
| 855,000 | .249 | .249 | 1.500 |
| 860,000 | .249 | .249 | 1.500 |
| 865,000 | .248 | .248 | 1.500 |
| 870,000 | .248 | .248 | 1.500 |
| 875,000 | .248 | .248 | 1.500 |
| 880,000 | .247 | .247 | 1.500 |
| 885,000 | .247 | .247 | 1.500 |
| 890,000 | .246 | .246 | 1.500 |
| 895,000 | .246 | .246 | 1.500 |
| 900,000 | .246 | .246 | 1.500 |
| 905,000 | .245 | .245 | 1.500 |
| 910,000 | .245 | .245 | 1.500 |
| 915,000 | .244 | .244 | 1.500 |
| 920,000 | .244 | .244 | 1.500 |
| 925,000 | .243 | .243 | 1.500 |
| 930,000 | .243 | .243 | 1.500 |
| 935,000 | .242 | .242 | 1.500 |
| 940,000 | .242 | .242 | 1.500 |
| 945,000 | .241 | .241 | 1.500 |
| 950,000 | .241 | .241 | 1.500 |
| 955,000 | .241 | .241 | 1.500 |
| 960,000 | .240 | .240 | 1.500 |
| 965,000 | .240 | .240 | 1.500 |
| 970,000 | .239 | .239 | 1.500 |
| 975,000 | .239 | .239 | 1.500 |
| 980,000 | .239 | .239 | 1.500 |
| 985,000 | .238 | .238 | 1.500 |
| 990,000 | .238 | .238 | 1.500 |
| 995,000 | .237 | .237 | 1.500 |
| 1,000,000 | .236 | .236 | 1.500 |
| 1,250,000 | .223 | .223 | 1.500 |
| 1,500,000 | .210 | .210 | 1.500 |
| 1,750,000 | .197 | .197 | 1.500 |
| 2,000,000 | .184 | .184 | 1.500 |
| 2,250,000 | .180 | .180 | 1.500 |
| 2,500,000 | .177 | .177 | 1.500 |
| 2,750,000 | .173 | .173 | 1.500 |
| 3,000,000 | .169 | .169 | 1.500 |
| 3,250,000 | .165 | .165 | 1.500 |
| 3,500,000 | .161 | .161 | 1.500 |
| 3,750,000 | .157 | .157 | 1.500 |

| | | | |
|--------------------|------|------|-------|
| 4,000,000 | .152 | .152 | 1.500 |
| 4,250,000 | .150 | .150 | 1.500 |
| 4,500,000 | .147 | .147 | 1.500 |
| 4,750,000 | .144 | .144 | 1.500 |
| 5,000,000 and over | .141 | .141 | 1.500 |

616B.242 Schedule to determine rating values: Plan C. The following schedule, designated Plan C, may be used to determine alternative rating values:

| Standard Premium | Factor for Determining the Basic Premium | Factor for Determining the Minimum Premium | Factor for Determining the Maximum Premium |
|------------------|--|--|--|
| 50,000 | .557 | .557 | 1.750 |
| 55,000 | .544 | .544 | 1.750 |
| 60,000 | .531 | .531 | 1.750 |
| 65,000 | .517 | .517 | 1.750 |
| 70,000 | .504 | .504 | 1.750 |
| 75,000 | .491 | .491 | 1.750 |
| 80,000 | .481 | .481 | 1.750 |
| 85,000 | .471 | .471 | 1.750 |
| 90,000 | .460 | .460 | 1.750 |
| 95,000 | .450 | .450 | 1.750 |
| 100,000 | .440 | .440 | 1.750 |
| 105,000 | .432 | .432 | 1.750 |
| 110,000 | .425 | .425 | 1.750 |
| 115,000 | .417 | .417 | 1.750 |
| 120,000 | .410 | .410 | 1.750 |
| 125,000 | .402 | .402 | 1.750 |
| 130,000 | .395 | .395 | 1.750 |
| 135,000 | .388 | .388 | 1.750 |
| 140,000 | .382 | .382 | 1.750 |
| 145,000 | .375 | .375 | 1.750 |
| 150,000 | .368 | .368 | 1.750 |
| 155,000 | .364 | .364 | 1.750 |
| 160,000 | .359 | .359 | 1.750 |
| 165,000 | .355 | .355 | 1.750 |
| 170,000 | .350 | .350 | 1.750 |
| 175,000 | .346 | .346 | 1.750 |
| 180,000 | .341 | .341 | 1.750 |
| 185,000 | .336 | .336 | 1.750 |
| 190,000 | .330 | .330 | 1.750 |
| 195,000 | .325 | .325 | 1.750 |
| 200,000 | .320 | .320 | 1.750 |
| 205,000 | .318 | .318 | 1.750 |
| 210,000 | .315 | .315 | 1.750 |
| 215,000 | .313 | .313 | 1.750 |
| 220,000 | .310 | .310 | 1.750 |
| 225,000 | .308 | .308 | 1.750 |
| 230,000 | .306 | .306 | 1.750 |
| 235,000 | .303 | .303 | 1.750 |
| 240,000 | .301 | .301 | 1.750 |
| 245,000 | .298 | .298 | 1.750 |
| 250,000 | .296 | .296 | 1.750 |
| 255,000 | .294 | .294 | 1.750 |
| 260,000 | .291 | .291 | 1.750 |
| 265,000 | .289 | .289 | 1.750 |
| 270,000 | .286 | .286 | 1.750 |
| 275,000 | .284 | .284 | 1.750 |
| 280,000 | .282 | .282 | 1.750 |
| 285,000 | .279 | .279 | 1.750 |

| | | | |
|---------|------|------|-------|
| 290,000 | .277 | .277 | 1.750 |
| 295,000 | .274 | .274 | 1.750 |
| 300,000 | .272 | .272 | 1.750 |
| 305,000 | .271 | .271 | 1.750 |
| 310,000 | .270 | .270 | 1.750 |
| 315,000 | .269 | .269 | 1.750 |
| 320,000 | .268 | .268 | 1.750 |
| 325,000 | .267 | .267 | 1.750 |
| 330,000 | .265 | .265 | 1.750 |
| 335,000 | .264 | .264 | 1.750 |
| 340,000 | .263 | .263 | 1.750 |
| 345,000 | .262 | .262 | 1.750 |
| 350,000 | .261 | .261 | 1.750 |
| 355,000 | .260 | .260 | 1.750 |
| 360,000 | .259 | .259 | 1.750 |
| 365,000 | .258 | .258 | 1.750 |
| 370,000 | .257 | .257 | 1.750 |
| 375,000 | .256 | .256 | 1.750 |
| 380,000 | .254 | .254 | 1.750 |
| 385,000 | .253 | .253 | 1.750 |
| 390,000 | .252 | .252 | 1.750 |
| 395,000 | .251 | .251 | 1.750 |
| 400,000 | .250 | .250 | 1.750 |
| 405,000 | .250 | .250 | 1.750 |
| 410,000 | .249 | .249 | 1.750 |
| 415,000 | .249 | .249 | 1.750 |
| 420,000 | .248 | .248 | 1.750 |
| 425,000 | .248 | .248 | 1.750 |
| 430,000 | .247 | .247 | 1.750 |
| 435,000 | .247 | .247 | 1.750 |
| 440,000 | .246 | .246 | 1.750 |
| 445,000 | .246 | .246 | 1.750 |
| 450,000 | .245 | .245 | 1.750 |
| 455,000 | .245 | .245 | 1.750 |
| 460,000 | .244 | .244 | 1.750 |
| 465,000 | .244 | .244 | 1.750 |
| 470,000 | .243 | .243 | 1.750 |
| 475,000 | .243 | .243 | 1.750 |
| 480,000 | .242 | .242 | 1.750 |
| 485,000 | .242 | .242 | 1.750 |
| 490,000 | .241 | .241 | 1.750 |
| 495,000 | .240 | .240 | 1.750 |
| 500,000 | .239 | .239 | 1.750 |
| 505,000 | .238 | .238 | 1.750 |
| 510,000 | .238 | .238 | 1.750 |
| 515,000 | .237 | .237 | 1.750 |
| 520,000 | .237 | .237 | 1.750 |
| 525,000 | .236 | .236 | 1.750 |
| 530,000 | .236 | .236 | 1.750 |
| 535,000 | .235 | .235 | 1.750 |
| 540,000 | .235 | .235 | 1.750 |
| 545,000 | .234 | .234 | 1.750 |
| 550,000 | .233 | .233 | 1.750 |

| | | | |
|---------|------|------|-------|
| 555,000 | .233 | .233 | 1.750 |
| 560,000 | .232 | .232 | 1.750 |
| 565,000 | .232 | .232 | 1.750 |
| 570,000 | .231 | .231 | 1.750 |
| 575,000 | .231 | .231 | 1.750 |
| 580,000 | .230 | .230 | 1.750 |
| 585,000 | .229 | .229 | 1.750 |
| 590,000 | .229 | .229 | 1.750 |
| 595,000 | .228 | .228 | 1.750 |
| 600,000 | .228 | .228 | 1.750 |
| 605,000 | .227 | .227 | 1.750 |
| 610,000 | .227 | .227 | 1.750 |
| 615,000 | .226 | .226 | 1.750 |
| 620,000 | .226 | .226 | 1.750 |
| 625,000 | .225 | .225 | 1.750 |
| 630,000 | .224 | .224 | 1.750 |
| 635,000 | .224 | .224 | 1.750 |
| 640,000 | .223 | .223 | 1.750 |
| 645,000 | .223 | .223 | 1.750 |
| 650,000 | .222 | .222 | 1.750 |
| 655,000 | .222 | .222 | 1.750 |
| 660,000 | .221 | .221 | 1.750 |
| 665,000 | .221 | .221 | 1.750 |
| 670,000 | .220 | .220 | 1.750 |
| 675,000 | .219 | .219 | 1.750 |
| 680,000 | .219 | .219 | 1.750 |
| 685,000 | .218 | .218 | 1.750 |
| 690,000 | .218 | .218 | 1.750 |
| 695,000 | .217 | .217 | 1.750 |
| 700,000 | .217 | .217 | 1.750 |
| 705,000 | .216 | .216 | 1.750 |
| 710,000 | .215 | .215 | 1.750 |
| 715,000 | .215 | .215 | 1.750 |
| 720,000 | .214 | .214 | 1.750 |
| 725,000 | .214 | .214 | 1.750 |
| 730,000 | .213 | .213 | 1.750 |
| 735,000 | .213 | .213 | 1.750 |
| 740,000 | .212 | .212 | 1.750 |
| 745,000 | .212 | .212 | 1.750 |
| 750,000 | .211 | .211 | 1.750 |
| 755,000 | .210 | .210 | 1.750 |
| 760,000 | .210 | .210 | 1.750 |
| 765,000 | .209 | .209 | 1.750 |
| 770,000 | .209 | .209 | 1.750 |
| 775,000 | .208 | .208 | 1.750 |
| 780,000 | .208 | .208 | 1.750 |
| 785,000 | .207 | .207 | 1.750 |
| 790,000 | .207 | .207 | 1.750 |
| 795,000 | .206 | .206 | 1.750 |
| 800,000 | .206 | .206 | 1.750 |
| 805,000 | .205 | .205 | 1.750 |
| 810,000 | .205 | .205 | 1.750 |
| 815,000 | .204 | .204 | 1.750 |

| | | | |
|--------------------|------|------|-------|
| 820,000 | .204 | .204 | 1.750 |
| 825,000 | .203 | .203 | 1.750 |
| 830,000 | .203 | .203 | 1.750 |
| 835,000 | .203 | .203 | 1.750 |
| 840,000 | .203 | .203 | 1.750 |
| 845,000 | .202 | .202 | 1.750 |
| 850,000 | .202 | .202 | 1.750 |
| 855,000 | .202 | .202 | 1.750 |
| 860,000 | .201 | .201 | 1.750 |
| 865,000 | .201 | .201 | 1.750 |
| 870,000 | .201 | .201 | 1.750 |
| 875,000 | .200 | .200 | 1.750 |
| 880,000 | .200 | .200 | 1.750 |
| 885,000 | .200 | .200 | 1.750 |
| 890,000 | .200 | .200 | 1.750 |
| 895,000 | .199 | .199 | 1.750 |
| 900,000 | .199 | .199 | 1.750 |
| 905,000 | .199 | .199 | 1.750 |
| 910,000 | .198 | .198 | 1.750 |
| 915,000 | .198 | .198 | 1.750 |
| 920,000 | .198 | .198 | 1.750 |
| 925,000 | .197 | .197 | 1.750 |
| 930,000 | .197 | .197 | 1.750 |
| 935,000 | .197 | .197 | 1.750 |
| 940,000 | .197 | .197 | 1.750 |
| 945,000 | .196 | .196 | 1.750 |
| 950,000 | .196 | .196 | 1.750 |
| 955,000 | .195 | .195 | 1.750 |
| 960,000 | .195 | .195 | 1.750 |
| 965,000 | .194 | .194 | 1.750 |
| 970,000 | .194 | .194 | 1.750 |
| 975,000 | .194 | .194 | 1.750 |
| 980,000 | .194 | .194 | 1.750 |
| 985,000 | .193 | .193 | 1.750 |
| 990,000 | .193 | .193 | 1.750 |
| 995,000 | .193 | .193 | 1.750 |
| 1,000,000 | .192 | .192 | 1.750 |
| 1,250,000 | .180 | .180 | 1.750 |
| 1,500,000 | .168 | .168 | 1.750 |
| 1,750,000 | .156 | .156 | 1.750 |
| 2,000,000 | .144 | .144 | 1.750 |
| 2,250,000 | .142 | .142 | 1.750 |
| 2,500,000 | .139 | .139 | 1.750 |
| 2,750,000 | .136 | .136 | 1.750 |
| 3,000,000 | .133 | .133 | 1.750 |
| 3,250,000 | .130 | .130 | 1.750 |
| 3,500,000 | .128 | .128 | 1.750 |
| 3,750,000 | .125 | .125 | 1.750 |
| 4,000,000 | .122 | .122 | 1.750 |
| 4,250,000 | .121 | .121 | 1.750 |
| 4,500,000 | .119 | .119 | 1.750 |
| 4,750,000 | .117 | .117 | 1.750 |
| 5,000,000 and over | .115 | .115 | 1.750 |

616B.245 Cancellation of plan.

1. An employer's plan may be canceled by mutual agreement between the employer and the manager, but not retroactively.

2. Upon cancellation, the retrospective premium is determined in accordance with NAC 616B.199. Rating values will be applied on the basis of the standard premium which is actually earned from the effective date of the plan to the date of cancellation, with the exception that the maximum premium is determined as follows:

(a) For a continuing policy, the maximum premium is based upon the standard premium which develops on the policy through December 31 following the date of cancellation.

(b) For a terminating policy, the maximum premium is based upon the standard premium extended proportionately to the full annual amount.

616B.250 Eligibility.

1. An association is eligible to participate in a plan for retrospective rating during a year of experience if:

(a) The occupations or industries of the participating employers in the association are substantially similar taking into consideration the nature of the services being performed by their employees;

(b) The prevention of accidents and the management of claims are among the goals of the employers participating in the plan; and

(c) The aggregate manual premium or standard premium for the participating employers of the association during the year of experience is expected to be \$300,000 or more.

2. An association and members of the association who elect to participate in a plan must meet the requirements for eligibility for participation in the plan at the beginning of each year of experience.

3. An employer, including a debtor in possession, is eligible to elect to participate in a plan for an association during a year of experience if:

(a) The employer is a member of the association;

(b) The employer is not a participant in any other plan for retrospective rating for that year of experience;

(c) The employer's principal occupation or industry is substantially similar to that of the other participating employers;

(d) The employer is acceptable to the association and the other participating employers and, if the employer is a debtor in possession, the acceptance is in writing;

(e) The employer agrees to assume a proportionate share of the liability of the association's plan for any unpaid retrospective premium; and

(f) The employer accepts the liability for any unpaid premium of any debtor in possession participating in the plan.

4. An association and its member employers which are not eligible to participate in a plan pursuant to paragraph (c) of subsection 1 may elect to participate during that year of experience if sufficient evidence is presented to the manager to indicate that it will be eligible to elect for the following year.

616B.253 Responsibilities of association.

1. An association shall execute a written agreement with each participating employer indicating that the association and the participating employers are jointly liable for any retrospective premiums payable as a result of the application of the plan.

2. A debtor in possession may participate in an association's plan if the association acknowledges in writing that the association and all participating employers will be jointly liable for the debtor's premium if he is unable to pay. If the association does not submit this written acknowledgment, the system will exclude the debtor in possession from the association's plan.

616B.265 Delinquent payments. If a participating employer is delinquent at a determination of retrospective premium, any refunds payable to the association as a result of the application of any past plan in which the employer participated will be reduced by the amount or estimated amount of the delinquency.

616B.268 Cancellation.

1. Participation in the plan may be canceled by agreement between the association, the participating employers and the manager, but not retroactively.

2. A participating employer may cancel his participation in the plan by agreement with the manager if the association is given notice of the cancellation at least 10 days before the effective date of the cancellation. The cancellation will not be retroactive.

3. Upon cancellation, the retrospective premium for the association must be determined in accordance with NAC 616B.199. Rating values must be applied on the basis of the standard premium which is actually earned from the effective date of the plan to the date of cancellation with the exception that the maximum premium must be based upon the aggregate of the standard premium for the participating employers extended proportionately to the full annual amount.

4. The experience of all participating employers must include the experience of an employer whose participation in the plan is canceled, but only the experience generated before cancellation may be included. The employer remains liable for his share of any premiums due, and remains eligible for his share of any retrospective refunds.

616B.280 Scope. All plans for self-rating entered into by the system after October 13, 1977, are governed by NAC 616B.280 to 616B.385, inclusive. Any plans entered into before, but remaining in effect on October 13, 1977, are also governed by those provisions.

616B.283 Definitions. As used in NAC 616B.283 to 616B.385, inclusive, unless the context otherwise requires, the words and terms defined in NAC 616B.286 to 616B.316, inclusive, have the meanings ascribed to them in those sections.

616B.286 “Administrative expense factor” defined. “Administrative expense factor” means a factor used to calculate the amount that an employer must reimburse the system for its services in administering the employer’s policy and the claims under that policy.

616B.289 “Claim evaluation” defined. “Claim evaluation” means an estimation of additional costs or liabilities anticipated in the settlement of open claims.

616B.292 “Excess insurance factor” defined. “Excess insurance factor” means a percentage factor used in the calculation of the employer’s annual contribution to the excess reserve.

616B.295 “Excess losses” defined. “Excess losses” means the incurred losses in excess of the primary loss limit from any one act or occurrence.

616B.298 “Final premium” defined. “Final premium” means a premium obligation calculated for a participating employer based on his experience during the most recent complete policy year.

616B.301 “Plan for self-rating” defined. “Plan for self-rating” means a plan for insurance for workmen’s compensation which enables each of several employers or a group of employers engaged in enterprises having the same or similar exposure to industrial injury or disease to rate their liability for workmen’s compensation under the administration of the system. The term does not include self-insured employers defined in NRS 616A.305.

616B.304 “Primary loss” defined. “Primary loss” means a liability which results from a single act or occurrence which will be fully reimbursed by the employer to the system.

616B.307 “Primary loss limit” defined. “Primary loss limit” means the maximum dollar amount of claim loss incurred from a single act or occurrence which is used to calculate the cost of benefits and administrative expense in annual premium billings.

616B.310 “Reportable payroll” defined. “Reportable payroll” means a payroll calculated pursuant to NAC 616A.200.

616B.313 “Tentative premium” defined. “Tentative premium” means a premium paid by a participant in the plan during a year of coverage. It is equal to reportable payroll multiplied by the tentative premium rate.

616B.316 “Tentative premium rate” defined. “Tentative premium rate” means a rate per \$100 of payroll which is used to calculate payments due during a fiscal year of coverage.

616B.319 Eligibility. To be eligible for participation in the plan for self-rating, an employer must:

1. Be a corporation having a net worth of at least \$2,500,000;
2. Have a record of positive earnings over the past 3 years;
3. Have:

(a) Developed operations in Nevada with premium for workmen's compensation at rates from the manual of not less than \$100,000 per year for each of the preceding 3 years; or

(b) Paid premiums on payrolls in excess of \$10,000,000 per year for each of the preceding 3 years; and

4. Have a record of effective loss control and accident prevention evidenced by annual ratings for experience averaging less than 95 percent during the life of the policy, or 5 consecutive years, whichever is less, the period to include and precede the date of application for status as a member in the plan for self-rating.

616B.322 Application for participation in plan. Each application for participation in a plan for self-rating must contain:

1. A written request to participate in such a plan, signed by an officer of the corporation; and

2. Audited financial reports of the corporation covering the 3 years immediately preceding the date of the application.

616B.325 Notice of action by manager. The system will advise an employer within 30 days after the receipt of an application for participation in the plan for self-rating as to whether the system will enter into an agreement for self-rating with the employer.

616B.328 Endorsement of plan. The endorsement of a plan for self-rating will be signed by the manager. The endorsement must be accepted and adopted by a resolution of the board of directors of the corporation applying for the endorsement. The action of the board of directors must be certified by the signature of a corporate officer on the endorsement for the policy.

616B.331 Benefits. The benefits provided under a plan for self-rating are the same as those provided for full coverage under chapters 616A to 617, inclusive, of NRS.

616B.334 Period of policy.

1. The initial period for a policy is a period beginning at 12:01 a.m. on the first day of a month following the signing of the certification of acceptance of the plan for self-rating by the board of directors. The initial period for a policy ends on the following June 30. Each subsequent period for a policy is for a fiscal year.

2. The certification of the action of the board of directors must include identification of the month in which the plan becomes effective. The coverage under the plan is continuous until canceled.

3. Thirty days before the expiration of the year of the policy, the system will notify each participant in the plan of any modification in the plan which will become effective for the next year.

616B.337 Statement of financial responsibility. Each participant in the plan for self-rating shall file with the system an annual, audited financial report of the corporation, plus any additional financial information required to establish the financial responsibility necessary to maintain a plan for self-rating.

616B.340 Calculations of premiums.

1. Each employer's tentative premium rate is calculated as follows:

(a) The premium paid by the employer during the preceding 5 fiscal years is divided by the hundreds of dollars of payroll reported by the employer for the same period.

(b) The result obtained in paragraph (a) is modified to reflect economic and legislated changes in benefits for workmen's compensation. The modifier is normally equal to the overall percentage change in premium rates applicable to other policyholders.

2. A final premium equals the sum of:

(a) The employer's contribution to the excess reserve, which is 30 to 40 percent of the tentative premium;

(b) The primary losses on claims incurred during the last complete policy year;

(c) Adjustments to incurred primary losses on prior year claims; and

(d) Administrative expense applicable to paragraphs (b) and (c).

The calculation is made during the sixth month following the close of the policy year.

616B.343 Payment of premium; minimum premium.

1. Payments of premiums are due quarterly during the month following the end of a quarter.

2. An advance premium deposit equal to 33 1/3 percent of the estimated annual premium is required. The deposit may be in the form of cash, negotiable securities or a surety bond.

3. The minimum annual premium must not be less than 30 percent of the amount produced by multiplying the tentative rate by the total Nevada payroll of the employer during the applicable policy period.

616B.346 Liability for open claims.

1. Open claims incurred during the previous year for a policy must be reviewed annually by evaluators of a claim during the sixth month after the close of the latest complete year of the policy.

2. The evaluators shall estimate the additional medical, compensation and rehabilitation expenses anticipated before settlement of each open claim. Evaluators shall use the same methods and rules in evaluating the plan for self-rating as they use in estimating liability for claims incurred under other rating plans.

616B.349 Annual statement; settlement of accounts.

1. An annual statement of each policyholder's account must be prepared and delivered during the seventh month after the close of the latest complete policy year.
2. The settlement of an account must be completed within 30 days of delivery of the annual statement.
3. The annual statement must consist of the following three sections:
 - (a) The policyholder's final premium;
 - (b) The annual statement of excess reserve changes and status; and
 - (c) A calculation of the tentative premium rate for the current policy year.

616B.352 Administrative expense. Administrative expense is determined annually as a percentage charge on the sum total of adjustments to incurred primary losses, plus the total incurred primary losses for the current policy period. The maximum loss per occurrence on which administrative expense will be charged and must be paid by each policyholder is the primary loss limit set by the manager for the fiscal year in which a claim was incurred. The administrative expense of the amount per occurrence, above the primary loss, will be charged as an excess reserve liability. The administrative expense factor will be determined by the manager following completion of the annual financial report of the system by independent auditors.

616B.355 Limitation on primary loss. The primary loss liability of an employer under the policy is limited to an amount determined annually by the manager. Before June 1, the manager will define the limit which applies to all policies issued or renewed during the next fiscal year.

616B.358 Losses for claims for subsequent injuries. The primary liability for losses of the employer is waived for any claim which qualifies for handling as a subsequent injury case. The entire loss associated with a claim which qualifies for subsequent injury credit will be handled as follows:

1. If the qualifying preexisting physical impairment was the result of a previous injury incurred while the claimant was employed by an employer who was covered under the terms of the plan for self-rating, the entire loss is chargeable to the excess reserve in which the employer participated at the time of the subsequent injury.

2. If the qualifying preexisting impairment was caused by some event or happening, including an industrial injury, which occurred while the claimant was not in the employ of an employer who is presently covered under the terms of the plan for self-rating, the entire loss is chargeable to the subsequent injury account and funded from the state insurance fund.

616B.361 Excess reserve.

1. The manager will establish and maintain reserves for each active group of employers which elects to rate itself to cover losses and administrative expenses for the uninsured amount per occurrence in excess of the limitation on primary loss. The excess reserves for the plan will be funded by the premium paid by employers participating in the plan. Thirty to forty percent of each employer's tentative premium must be credited to the excess reserve of the group of employers to which each is assigned.

2. The excess reserve for a group of employers must not exceed a sum equal to:

- (a) The liability for uninsured, incurred excess losses for claims;
- (b) The reserve for administrative expenses associated with the uninsured liability; and
- (c) Five hundred thousand dollars of unencumbered reserve.

When a balance of an excess reserve exceeds this sum, the system will refund the excess to employers in the group in amounts proportionate to the difference between each employer's net contribution to the reserve and his obligation to the reserve. Refunds will not be made to any employer in a group if the unencumbered reserve is less than \$500,000.

3. The manager will increase the excess insurance factor up to 40 percent of the tentative premium for any period in which the excess reserve is less than the uninsured excess loss incurred for any group of employers.

616B.364 Contribution by employer to account for excess reserves.

1. An employer’s gross contribution to the excess reserve is an amount equal to the percentage of the tentative premium paid since the effective date of the policy or 5 years, whichever is less, plus earnings from interest credited to the employer’s account for excess reserves for the same period.

2. An employer’s net contribution to the excess reserve is an amount equal to his gross contribution less refunds of excess reserves to the employer since the effective date of his plan to rate himself or during the preceding 5 years, whichever is the lesser period.

616B.367 Employer groups. Employer groups considered to have the same or similar exposure for excess reserves include:

| Group No. | Employer Group Description | Manual Classification groups |
|-----------|--|------------------------------|
| 1 | Underground mining and construction | 1100, 8900 |
| 2 | Surface mining and ore reduction | 1200, 1300, 1400, 1500, 1700 |
| 3 | Heavy manufacturing and fabrication | 2000, 2100, 2900 |
| 4 | Light manufacturing | 2500 |
| 5 | General contractors and cement or cement product manufacture | 8000, 2200 |
| 6 | Food markets and food | 5700, 7300, 2800 |
| 7 | Trucking and transportation | 4300, 4000 |
| 8 | Warehousing | 4100 |

| | | |
|----|--|---------------------------------------|
| 9 | Public utilities | 5100 |
| 10 | Telecommunications and banks | 5200, 7900 |
| 11 | Auto sales | 5400 |
| 12 | Retail store operations | 7000, 7100, 7200 |
| 13 | Hospitals and nursing homes | 7400, 7700 |
| 14 | Building contractors | 8100 |
| | Painting and dry wall subcontractors | 8200 |
| | Plant machinery installation contractors | 8500 |
| 15 | Subcontractors - Electrical contractors | 8300 |
| | Plumbing contractors | 8400 |
| 16 | Resort hotel and casinos | 8700, 9000, 9100, 9200, 9300, 9600 |

616B.370 Employer's interest in excess reserve. An employer's interest in the excess reserve is an amount which is in the same ratio to the total unencumbered excess reserve as an employer's net contribution is to the total net contribution of all employers during the last 5 years.

616B.373 Unencumbered excess reserve. The unencumbered excess reserve is an amount equal to the gross contributions of the employers to the excess reserve, less the total claims incurred for uninsured excess losses and the associated administrative expense.

616B.376 Reinsurance for excess losses.

1. The maximum loss arising from a single act or occurrence which will be charged against an employer's excess reserve for his group is the difference between the limitation on the primary loss in the plan for self-rating and the excess loss reinsured under the plan for self-rating in the system's reinsurance policy.

2. The system will notify employers of the limits for their excess loss for the reinsurance coverage before they enter into an agreement to rate themselves.

3. Participants in the plan shall pay a reinsurance premium calculated by multiplying the final premium by a rate for a reinsurance premium.

4. Policyholders will be notified by registered mail of any change in their reinsurance coverage or rate for a reinsurance premium at least 30 days before the effective date of the change.

616B.379 Interest on excess reserves.

1. The excess reserve will be credited annually with the current average book yield on the system's invested assets as determined at the close of the fiscal year.

2. Interest must be credited on the average reserve which is unencumbered.

616B.382 Obligation of employer to excess reserve.

1. Each employer's obligation to, and interest in the excess reserve, must be calculated during the seventh month following the close of the fiscal year.

2. The obligation of the employer to the excess reserve is an amount which is in the same ratio to the total required excess reserve for the employer group as the employer's gross contribution to the excess reserve is to the gross contribution to the excess reserve of all employers who participate in an employer group.

3. An example of participation of an employer in the funding of excess reserves is:

(a) Excess reserve requirement:

| | |
|---|-----------|
| Total excess losses incurred which are not covered by reinsurance | \$100,000 |
| Administrative expense liability | 12,360 |
| Encumbered excess reserve requirement | 500,000 |
| Required excess reserve | 612,360 |

(b) Employer's gross contribution to excess reserve:

| | Premium paid 5 years or policy period | Interest credited 5 years or policy period | Gross contribution |
|------------|---|--|-----------------------|
| Employer 1 | \$400,000 | \$30,000 | \$430,000 |
| Employer 2 | 300,000 | 10,000 | 310,000 |
| Employer 3 | 200,000 | 6,000 | 206,000 |
| | | Total Gross Contribution: | 946,000 |

(c) Ratio of employer's gross contribution to total gross contribution:

| | | | |
|------------|-------------------|---|--------|
| Employer 1 | \$430,000 | = | 45.45% |
| | <u> </u> | | |
| | \$946,000 | | |
| Employer 2 | \$310,000 | = | 32.77% |
| | <u> </u> | | |
| | \$946,000 | | |
| Employer 3 | \$206,000 | = | 21.78% |
| | <u> </u> | | |
| | \$946,000 | | |

(d) Employer's obligation to excess reserve:

| | Percentage Interest | Total Reserve Requirement | Employer's Obligation |
|------------|------------------------|------------------------------|--------------------------|
| Employer 1 | 45.45% | \$612,360 | \$278,318 |
| Employer 2 | 32.77% | 612,360 | 200,670 |
| Employer 3 | 21.78% | 612,360 | 133,372 |

(e) Distribution of excess in excess reserve:

| | |
|-------------------------------------|----------------|
| Gross contributions | \$946,000 |
| Less reserve refunds in prior years | <u>110,000</u> |
| Net contributions: | 836,000 |

| | |
|------------------------------------|----------------|
| Excess reserve requirement | <u>612,360</u> |
| Excess available for distribution: | 223,640 |

(f) Calculation of employer's net contribution:

| | Gross contribution | Refunds of excess reserves of prior year | Net contribution |
|------------|-----------------------|--|---------------------|
| Employer 1 | \$430,000 | \$90,000 | \$340,000 |
| Employer 2 | 310,000 | 20,000 | 290,000 |
| Employer 3 | 206,000 | — | 206,000 |

(g) Calculation of employer refund:

| | Net contribution | Obligation of employer to reserve | Amount of refund |
|------------|---------------------|---|---------------------|
| Employer 1 | \$340,000 | \$278,318 | \$61,682 |
| Employer 2 | 290,000 | 200,670 | 89,330 |
| Employer 3 | 206,000 | 133,372 | 72,628 |

616B.385 Termination of policy.

1. A plan for self-rating is terminated by:

(a) Voluntary rejection of the plan by the policyholder.

(b) Cancellation of an endorsement by the manager for failure of the policyholder to demonstrate financial responsibility.

(c) A reduction in a policyholder's annual premium to an amount of less than \$50,000 per annum for 2 successive years.

2. A policyholder whose plan is terminated is liable after the date of termination of the plan for all benefits and administrative expenses payable under the plan, without limitation as to the sum chargeable for any one act or occurrence for all the claims for benefits or damages for any

cause of action which accrued during the effective period of the policy's endorsement for a plan of self-rating.

616B.74001 Definitions. As used in NAC 616B.74002 to 616B.74017, inclusive, unless the context otherwise requires, the words and terms defined in NAC 616B.74002 to 616B.74008, inclusive, have the meanings ascribed to them in those sections.

616B.74002 "Adjusted premium" defined. "Adjusted premium" means the amount of premium determined by multiplying the payroll reported by the policyholder during the period of experience by:

1. The appropriate rates from the manual; and
2. The factor for the modification of premium based on experience which is effective at the time the payroll was earned.

616B.74003 "Administrative expense" defined. "Administrative expense" means an amount equal to the:

1. Minimum premium paid by an employer pursuant to NAC 616B.020; or
 2. Adjusted premium multiplied by a factor for administrative expenses determined by the manager,
- whichever is greater.

616B.74004 "Dividend based on experience" defined. "Dividend based on experience" means a monetary sum which the manager declares to be payable to employers who have maintained adequate standards for safety or prevention of accidents and which is distributed on the basis of the premium contributed by each employer and his losses resulting from claims incurred during a given period of experience.

616B.74005 “Earned premium” defined. “Earned premium” means the amount of premium determined by multiplying the payroll reported by the policyholder during the period of experience by:

1. The appropriate rates from the manual; and
 2. The factor for the modification of premium based on experience which is effective at the time the payroll was earned,
- less the amount of premium refunded under the terms of a plan for retrospective rating effective during the period of experience.

616B.74006 “Loss adjustment expense” defined. “Loss adjustment expense” means an amount equal to the limited losses multiplied by a factor for loss adjustment expenses determined by the ownership.

616B.74007 “Provision for contingencies” defined. “Provision for contingencies” means the portion of the state insurance fund which the manager determines should be retained to protect the solvency of the fund against the adverse effect of any catastrophe, economic change, change in judicial decisions or in the law, reserve deficiencies, or any other future event whose effect on the fund cannot be predicted with accuracy.

616B.74008 “Surplus” defined. “Surplus” means the portion of the state insurance fund which the manager is required to distribute to employers pursuant to NRS 616.383.

616B.74009 Determination of provision for contingencies. Following completion of the annual audit of the state insurance fund and the report of the consulting actuary, the manager will make a preliminary determination of the appropriate level of the provision for contingencies. In making this determination, the manager will consider the advice of the system’s consulting

actuary. The written opinion of the consulting actuary will be made available to any member of the public upon request.

616B.74011 Declaration of amount of surplus; public hearing; final determination of distribution.

1. The manager will declare the amount of the surplus as of the end of the preceding fiscal year.
2. If a surplus of at least \$1,000,000 exists following the preliminary determination of the provision for contingencies, the manager will hold a public hearing to determine the amount of the surplus and how it should be applied for the benefit of the policyholders. The manager will provide a notice at least 7 days in advance of the time, place and purpose of the hearing. The hearing will not be held earlier than November 15 or later than May 1 of the fiscal year in which the surplus is determined. The manager will make a final determination not later than May 31 of the total amount of surplus, if any, and the form of distribution.

616B.74012 Eligibility for dividends.

1. In determining the eligibility of policyholders for a dividend based on experience, the system will consider each policy individually.
2. Except as otherwise provided in this section, an employer who has provided his employees with industrial insurance during the period of experience under a policy issued by the system is eligible for consideration to receive such a dividend. Only an employer whose earned premium minus administrative expense and loss adjustment expenses exceeds his limited losses may receive a dividend.
3. An employer who has participated in a plan for self-rating pursuant to NAC 616B.280 to 616B.385, inclusive, is not eligible to receive a dividend.

616B.74013 Amount of dividend.

1. The earned premium and limited losses which are reflected in a policyholder's experience during the period of experience will be used by the system in determining the amount of a dividend to which the policyholder is entitled.
2. The system will consider each employer having a qualified policy separately in calculating the distribution of a dividend.

616B.74014 Determination of loss chargeable for claim. In determining the dividend to be issued to an employer, the maximum loss to be charged for any claim will be determined pursuant to NAC 616B.102.

616B.74015 Revision of losses. The system will not revise a calculation of incurred losses because of a divisional or judicial decision or a development which occurs after the last evaluation of a claim during the year of the dividend except where:

1. A loss has been included or excluded through a mistake other than an alleged error of judgment;
2. A claim was not compensable; or
3. The system has recovered compensation in an action against a third party before September 1 of the year immediately following the year of the dividend.

616B.74016 Calculation of dividend. The system will calculate the dividend based on experience to which an eligible employer is entitled as follows:

1. The system will place the participating policyholders in various groupings based on the amount of adjusted premium developed by the policyholder during the period of experience.

2. For each grouping, the system will distribute the dividend to each group of policyholders in the same ratio as the adjusted premium contributed by the group is to the total adjusted premium contributed by all participating policyholders.

3. For each grouping, the system will calculate a factor for the dividend by dividing the amount of the dividend assigned to the group by an amount equal to the group's total adjusted premium, minus the administrative expense and loss adjustment expense for the group and the group's limited losses during the period of experience.

4. Based on the calculated factors for the various groupings, the system will determine an appropriate mathematical formula which relates the adjusted premium and calculated factors, for the full range of adjusted premium amounts. This formula is at the discretion of the manager, subject to any adjustment necessary for conformity with subsection 1 of NAC 616B.74017.

5. A factor for the dividend must be determined by the system for each eligible policyholder, based on the formula determined in subsection 4, and the policyholder's adjusted premium.

6. The system will calculate the dividend due to a policyholder by multiplying the policyholder's factor for the dividend by an amount equal to the earned premium on the policy during the period of experience, minus the administrative expense and loss adjustment expense for the policy and the employer's limited losses on the policy during the period of experience.

616B.74017 Payment of dividends.

1. The total dividend which is distributed will be an amount within 1 percent of the total declared dividend. All adjustments resulting from public hearings or otherwise will be completed before the distribution date.

2. The minimum dividend paid will be \$1.

3. A dividend of \$25 or more will be paid by check if the policyholder's advance deposit is adequate.

4. If there is a deficiency balance in a policyholder's advance deposit at the end of the second week of September of the year following the year of the dividend, the dividend will be deposited for credit to the advance deposit to the extent necessary to cover the deficit.

5. A dividend of less than \$25 will be added to the policyholder's advance deposit.

6. The system will pay the dividend during October of the year immediately following the year of the dividend if all adjustments required by public hearing or otherwise have been resolved before October 1.

616B.753 Request by employer to remove costs from employer's account; notification of preexisting permanent physical impairment.

1. An employer who is insured by the system may request the system to remove from the employer's account the costs of compensating an employee who has a preexisting permanent physical impairment and incurs a subsequent injury. The employer must:

- (a) Request in writing that the system remove such costs from his account; and
- (b) Submit the request to the system before the initial closure of the claim.

2. The request must contain:

(a) Sufficient information regarding the preexisting permanent physical impairment to enable the system to perform an analysis of the subsequent injury.

(b) All pertinent information available to the employer that is related to the injuries, including, but not limited to:

(1) Information to identify the injured employee, including his name, social security number and date of birth, the number of his claim and the date of his injury;

(2) Information to identify the employer, including the employer's name, the name of the business, the names of the owners of the business, and the employer's policy number;

(3) Information regarding the preexisting permanent physical impairment, including an identification of the medical condition, the type of treatment rendered and the names and addresses of any medical facilities, physicians or chiropractors who provided treatment; and

(4) Documentation, if any, of the employee's falsification of his physical condition at the time he was hired, including a written statement from the employer explaining how the false information formed a substantial basis for the employment.

The system may require additional information to complete an analysis of the subsequent injury.

3. Upon obtaining knowledge that an employee has a preexisting permanent physical impairment, the employer shall notify the system of the impairment in writing, as soon as practicable.

616B.756 Removal of costs from employer's account. The system may remove from an employer's account the costs of compensating an employee for a subsequent injury if the employer:

1. Had knowledge of the employee's preexisting permanent physical impairment, as defined in NRS 616B.540, at the time the employee was hired, or that the employee was retained in employment after the employer acquired such knowledge; or

2. Demonstrates that:

(a) At the time the employee was hired by the employer, the employee knowingly made a false representation as to his physical condition on any written application which formed the basis of his employment;

(b) The employer relied upon the false representation and this reliance formed a substantial basis of the employment; and

(c) A causal connection existed between the false representation and the subsequent disability.

616B.759 Analysis of subsequent injury; written determination.

1. The system will initiate an analysis of a subsequent injury not later than 30 days after it receives a written request pursuant to NAC 616B.753. The analysis will be conducted to determine whether the employee had a preexisting permanent physical impairment, as defined in NRS 616B.540.

2. Within 30 days after completing the analysis, the system will render a written determination advising the employer of its findings and whether the system will remove from the account of the employer the costs of compensating the employee for the subsequent injury.

616B.762 Appeal of determination of system. An employer may appeal a determination of the system to deny a request to remove from the employer's account the costs of compensating an employee for a subsequent injury by submitting a written request for a hearing to a hearing officer not later than 70 days after the date on which the system rendered the determination.