

**ADOPTED REGULATION OF THE  
ADMINISTRATOR OF THE DIVISION OF INDUSTRIAL  
RELATIONS OF THE DEPARTMENT OF BUSINESS AND  
INDUSTRY**

**LCB File No. R168-97**

Effective January 30, 1998

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

AUTHORITY: §§2-8, NRS 616A.400 and 616D.120.

**Section 1.** Chapter 616D of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 8, inclusive, of this regulation.

**Sec. 2.** *“Audit period” means the period over which:*

*1. An insurer will review; or*

*2. The administrator will review or direct an insurer to review,*

*the records of each employer that is insured by the insurer to verify that payrolls were accurately reported.*

**Sec. 3.** *“Expected annual premium” means an estimate of the total amount of money to be paid by an employer to his insurer to provide, secure and maintain compensation as required by the terms of chapters 616A to 616D, inclusive, of NRS for a fiscal or calendar year.*

**Sec. 4.** *1. Except as otherwise provided in section 6 of this regulation, if the fraud control unit for industrial insurance established pursuant to NRS 228.420 notifies the administrator, pursuant to NRS 616D.120, that the unit will not prosecute an employer for*

*failing to provide and secure compensation as required by the terms of chapters 616A to 616D, inclusive, of NRS or any regulation adopted pursuant thereto, the administrator or his designated agent will:*

*(a) For a failure to provide and secure compensation for a period of 30 days or less, impose an administrative fine in an amount that equals 10 percent of the expected annual premium of the employer or \$500, whichever is greater.*

*(b) For a failure to provide and secure compensation for a period of more than 30 days, impose an administrative fine in an amount that equals 20 percent of the expected annual premium of the employer or \$1,000, whichever is greater.*

*2. In no case will the administrator or his designated agent impose an administrative fine pursuant to this section that is greater than \$10,000.*

**Sec. 5.** *1. Except as otherwise provided in section 6 of this regulation, if the fraud control unit for industrial insurance established pursuant to NRS 228.420 notifies the administrator, pursuant to NRS 616D.120, that the unit will not prosecute an employer for failing to maintain compensation as required by the terms of chapters 616A to 616D, inclusive, of NRS or any regulation adopted pursuant thereto, the administrator or his designated agent will:*

*(a) If the employer failed to maintain compensation for a period of 30 days or less:*

*(1) For the first violation, impose an administrative fine in an amount that equals 10 percent of the expected annual premium of the employer or \$250, whichever is greater.*

*(2) For the second violation, impose an administrative fine in an amount that equals 25 percent of the expected annual premium of the employer or \$1,000, whichever is greater.*

(3) *For the third violation, impose an administrative fine in an amount that equals 50 percent of the expected annual premium of the employer or \$5,000, whichever is greater.*

(4) *For the fourth or subsequent violation, impose an administrative fine of \$10,000.*

(b) *If the employer failed to maintain compensation for a period of more than 30 days:*

(1) *For the first violation, impose an administrative fine in an amount that equals 20 percent of the expected annual premium of the employer or \$500, whichever is greater.*

(2) *For the second violation, impose an administrative fine in an amount that equals 50 percent of the expected annual premium of the employer or \$2,000, whichever is greater.*

(3) *For the third or subsequent violation, impose an administrative fine of \$10,000.*

2. *In no case will the administrator or his designated agent impose an administrative fine pursuant to this section that is greater than \$10,000.*

**Sec. 6.** 1. *If the fraud control unit for industrial insurance established pursuant to NRS 228.420 notifies the administrator, pursuant to NRS 616D.120, that the unit will not prosecute an employer for failing to provide and secure or to maintain compensation as required by the terms of chapters 616A to 616D, inclusive, of NRS or any regulation adopted pursuant thereto and such failure results in an uninsured claim that is assigned to the uninsured employers' claim fund pursuant to NRS 616C.220, the administrator or his designated agent will, for each violation, impose an administrative fine in an amount that equals 25 percent of the expected annual premium of the employer or \$1,000, whichever is greater.*

2. *In no case will the administrator or his designated agent impose an administrative fine pursuant to this section that is greater than \$10,000.*

*Sec. 7. 1. If the fraud control unit for industrial insurance established pursuant to NRS 228.420 notifies the administrator, pursuant to NRS 616D.120, that the unit will not prosecute an employer for knowingly making a false statement or knowingly failing to report a material fact concerning the amount of payroll upon which a premium is based in violation of NRS 616D.220 or any regulation adopted pursuant thereto, the administrator or his designated agent will:*

*(a) For the first violation that results in an unreported or underreported payroll, impose an administrative fine of 10 percent of the expected annual premium of the employer or \$250, whichever is greater.*

*(b) For the second violation that results in an unreported or underreported payroll, impose an administrative fine of 25 percent of the expected annual premium of the employer or \$1,000, whichever is greater.*

*(c) For the third violation that results in an unreported or underreported payroll, impose an administrative fine of 50 percent of the expected annual premium of the employer or \$5,000, whichever is greater.*

*(d) For the fourth or subsequent violation that results in an unreported or underreported payroll, impose an administrative fine of \$10,000.*

*2. For the purpose of imposing administrative fines pursuant to this section, the administrator will not deem a second, third, fourth or subsequent violation to have occurred unless it occurs in an audit period that is subsequent to the audit period in which the previous violation occurred.*

3. *In no case will the administrator or his designated agent impose an administrative fine pursuant to this section that is greater than \$10,000.*

**Sec. 8.** *1. If the fraud control unit for industrial insurance established pursuant to NRS 228.420 notifies the administrator, pursuant to NRS 616D.120, that the unit will not prosecute an employer for knowingly misrepresenting the classification or duties of an employee in violation of NRS 616D.220 or any regulation adopted pursuant thereto, the administrator or his designated agent will:*

*(a) For the first violation, impose an administrative fine of 10 percent of the expected annual premium of the employer or \$250, whichever is greater.*

*(b) For the second violation, impose an administrative fine of 25 percent of the expected annual premium of the employer or \$1,000, whichever is greater.*

*(c) For the third violation, impose an administrative fine of 50 percent of the expected annual premium of the employer or \$5,000, whichever is greater.*

*(d) For the fourth or subsequent violation, impose an administrative fine of \$10,000.*

2. *For the purpose of imposing administrative fines pursuant to this section, the administrator will not deem a second, third, fourth or subsequent violation to have occurred unless it occurs in an audit period that is subsequent to the audit period in which the previous violation occurred.*

3. *In no case will the administrator or his designated agent impose an administrative fine pursuant to this section that is greater than \$10,000.*

**Sec. 9.** 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, *and sections 2 and 3 of this regulation,*

have the meanings ascribed to them in those sections.