

**STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INDUSTRIAL RELATIONS**

LCB File No. R168-97

IN THE MATTER OF THE ADOPTION OF
REGULATIONS PERTAINING TO EMPLOYERS
THAT FAIL TO PROVIDE, SECURE OR
MAINTAIN MANDATORY WORKERS'
COMPENSATION COVERAGE, OR MISREPRESENTS
EMPLOYEE PAYROLL OR CLASSIFICATIONS

DIR No. 98-8
LCB File No. R168-97

PROPOSED REGULATIONS

Regarding the adoption of the regulations pertaining to employers that fail to provide, secure or maintain mandatory workers' compensation coverage, or misrepresents employee payroll or classifications.

AUTHORITY: NRS 616A.400, 616A.465, 616C.220, 616D.120, 616D.200, 616D.220

Section 1. Chapters 616A to 617, inclusive of the Nevada Administrative Code (NAC) are amended by adding thereto the provisions as set forth in sections 2 through 6 of this regulation.

Sec. 2. *1. If the fraud control unit for industrial insurance does not prosecute the violation pursuant to Sections 10 and 11 of Senate Bill No. 105 passed by the 1997 Nevada Legislature [the Legislative Counsel Bureau will replace this with the Nevada Revised Statute citation after the legislative changes have been codified], the administrator or his designated agent shall impose the following administrative fines if an employer fails to provide and secure mandatory compensation pursuant to, but not limited to, the provisions of NRS 616B.612, 616B.633, 616D.200 or any regulation adopted pursuant thereto:*

(a) For the first violation, the greater of 10 percent of the expected annual premium, or a fine of at least \$500.

(b) If an employer fails to provide and secure the initial mandatory compensation for a period of greater than thirty (30) days, the fine in subsection 1 (a) shall be doubled.

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

Sec. 3. *1. If the fraud control unit for industrial insurance does not prosecute the violation pursuant to Sections 10 and 11 of Senate Bill No. 105 passed by the 1997 Nevada Legislature [the Legislative Counsel Bureau will replace this with the Nevada Revised Statute citation after the legislative changes have been codified], the administrator or his designated agent shall impose the following administrative fines if an employer fails to maintain mandatory compensation pursuant to, but not limited to, NRS 616B.612, 616B.633, 616D.200 or any regulation adopted pursuant thereto:*

(a) For the first violation, the greater of 10 percent of expected annual premium, or a fine of at least \$250.

(b) For the second violation, the greater of 25 percent of expected annual premium, or a fine of at least \$1,000.

(c) For the third violation, the greater of 50 percent of expected annual premium, or a fine of at least \$5,000.

(d) For the fourth or subsequent violation, a fine of \$10,000.

(e) If an employer fails to provide and secure mandatory compensation for a period of greater than thirty (30) days, the fine in subsections 1 (a), (b), (c) or (d), whichever is applicable, shall be doubled.

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

Sec. 4. 1. If the fraud control unit for industrial insurance does not prosecute the violation pursuant to Sections 10 and 11 of Senate Bill No. 105 passed by the 1997 Nevada Legislature [the Legislative Counsel Bureau will replace this with the Nevada Revised Statute citation after the legislative changes have been codified], the administrator or his designated agent shall impose the following administrative fines if an employer fails to provide and maintain mandatory compensation, which resulted in an uninsured claim(s) that is assigned to the uninsured employers claim fund pursuant to, but not limited to, NRS 616C.220 or any regulation adopted pursuant thereto:

(a) For the first or subsequent violation, the greater of 25 percent of expected annual premium, or a fine of at least \$1,000.

(b) In no case shall the administrator or his designated agent impose an administrative fine pursuant to this section that is greater than \$10,000.

Sec. 5. 1. If the fraud control unit for industrial insurance does not prosecute the violation pursuant to Sections 10 and 11 of Senate Bill No. 105 passed by the 1997 Nevada Legislature [the Legislative Counsel Bureau will replace this with the Nevada Revised Statute citation after the legislative changes have been codified], the administrator or his designated agent shall impose the following administrative fines if an employer or his employee or agent knowingly fails to misreport a material fact or makes false statements concerning the payroll of an employee pursuant to, but not limited to, NRS 616D.120 (5) and 616D.220 or any regulation adopted pursuant thereto:

(a) For the first violation of unreported or underreported payroll, the greater of 10 percent of expected annual premium or a fine of at least \$250, per audit period.

(b) For the second violation of unreported or underreported payroll, the greater of 25 percent of expected annual premium or a fine of at least \$1,000, per audit period.

(c) For the third violation of unreported or underreported payroll, the greater of 50 percent of expected annual premium or a fine of at least \$5,000, per audit period.

(d) For the fourth or subsequent violation, a fine of \$10,000.

2. In no case shall 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 does not prosecute the violation pursuant to Sections 10 and 11 of Senate Bill No. 105 passed by the 1997 Nevada Legislature [the Legislative

Counsel Bureau will replace this with the Nevada Revised Statute citation after the legislative changes have been codified], the administrator or his designated agent shall impose the following administrative fines if an employer knowingly misrepresents the classification(s) or duties of their employees pursuant to, but not limited to, NRS 616D.220, or any regulation adopted pursuant thereto:

(a) For the first violation, the greater of 10 percent of the expected annual premium, or a fine of at least \$250.

(b) For the second violation, the greater of 25 percent of the expected annual premium, or a fine of at least \$1,000.

(c) For the third violation, the greater of 50 percent of the expected annual premium, or a fine of at least \$5,000.

(d) For the fourth or subsequent violation, a fine of \$10,000.

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