

LCB File No. R096-99

**PROPOSED REGULATION OF THE DIVISION OF INDUSTRIAL  
RELATIONS OF THE DEPARTMENT OF BUSINESS AND INDUSTRY**

In the Matter of the Adoption and,  
Amendments of Regulations Pertaining to:

DIR No: 99-3T (Temporary)

the Assessment of Workers' Compensation  
Insurers under Chapter 616B of the  
Nevada Administrative Code.

LCB NO: R096-99

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Statutory Authority: NRS 616A.400, NRS 616A.425, Senate Bill 37 889.

ASSESSMENT REGULATIONS

**Sec. 1.** NAC 616B.686 is hereby amended to read as follows:

**“Annual expenditures for claims” defined.**

**1. For assessments of claims for fiscal years prior to July 1, 1999,** “annual expenditures for claims” means the total amount of money actually paid for compensation in a fiscal year by or on behalf of an insurer pursuant to chapters 616A to 617, inclusive, of NRS reduced by any amount received from subrogation and reimbursement from the subsequent injury fund of the insurer.

**2. For assessments of claims for fiscal year July 1, 1999 and subsequent fiscal years,** “annual expenditures for claims” means the total amount of money actually paid for compensation in a fiscal year for injuries occurring on or after July 1, 1999, by an insurer or its claims administrator pursuant to chapters 616A to 617, inclusive, of NRS reduced by any amount received from subrogation and reimbursement from the subsequent injury fund of the insurer.

**Sec. 2.** NAC 616B.692 is hereby amended to read as follows:

**“Expected annual expenditures for claims” defined.** “Expected annual expenditures for claims” means an estimate of the ~~sum~~ **total** amount of money to be paid for compensation in a fiscal year **for injuries occurring on or after July 1, 1999** by ~~or on behalf of~~ an insurer **or its claims administrator** pursuant to chapters 616A to 617, inclusive, of NRS.

**Sec. 3.** NAC 616B.695 is hereby amended to read as follows:

**“Insurer” defined.** “Insurer” includes any **private carrier, self-insured employer, association of self-insured employers, the state industrial insurance system, or an** employer who provides accident benefits for injured employees pursuant to NRS 616C.265.

**Sec. 4.** NAC 616B.713 is hereby amended to read as follows:

**616B.713 Sources for determining annual expenditures for claims.**

1. ~~The system~~ **Each insurer** shall provide to the division a statement showing by ~~month~~ the amount of annual **expenditures of claims as defined NAC 616B.707 for the time period designated by the division** for each self-insured employer or member of an association incurred before becoming certified for a program of self-insurance.

2. ~~The system shall provide to the division a statement of the amounts of expenditures for claims incurred after certification for each self-insured employer or association.~~

3. ~~Each insurer shall submit to the division a statement showing by month his annual expenditures for claims.~~ The statement must be verified and signed by a responsible person employed by the insurer or his authorized agent.

4. Amounts reported to the division pursuant to subsections 1, ~~2 and 3~~ will be used as **the** sources for determining annual expenditures for claims.

**Sec. 5.** NAC 616B.722 is hereby amended to read as follows:

**Calculation of estimated annual assessment.**

1. The amount of the estimated annual assessment made against each insurer to be used to defray:

(a) The administrative costs of the **office of the administrator, office of legal counsel**, administrative services unit and the industrial insurance regulation section will be calculated as follows:

(1) For assessments made for a fiscal year beginning on July 1 of an even-numbered year, the amount of the estimated assessment will be calculated by multiplying the insurer's percentage of expenditures by the sum of the amount approved in the state budget for those administrative costs and for increases in salary for the employees of those offices.

(2) For assessments made for a fiscal year beginning on July 1 of an odd-numbered year, the amount of the estimated assessment will be calculated by multiplying the insurer's percentage of expenditures by the sum of the amount proposed in the state budget for those administrative costs and for increases in salary for the employees of those offices.

(b) The administrative costs of the offices of the hearings division of the department of administration and the Nevada attorney for injured workers for the time spent concerning claims for workers' compensation will be calculated as follows:

(1) For assessments made for a fiscal year beginning on July 1 of an even-numbered year, the amount of the estimated assessment will be calculated by multiplying the insurer's percentage of expenditures by the sum of the amount approved in the state budget for these administrative costs and for increases in salary for the employees of those of those offices.

(2) For assessments made for a fiscal year beginning on July 1 of an odd-numbered year, the amount of the estimated assessment will be calculated by multiplying the insurer's percentage of expenditures by the sum of the amount proposed in the state budget for those administrative costs and for increases in salary for the employees of those offices.

(c) The administrative costs of the occupational safety and health enforcement section and the safety consultation and training section will be calculated as follows:

(1) For assessments made for a fiscal year beginning on July 1 of an even-

numbered year, the amount of the estimated assessment will be calculated by multiplying the insurer's percentage of expenditures by the sum of the amount approved in the state budget for those offices and for increases in salary for the employees of those of those offices.

(2) For assessments made for a fiscal year beginning on July 1 of an odd-numbered year, the amount of the estimated assessment will be calculated by multiplying the insurer's percentage of expenditures by the sum of the amount proposed in the state budget for those offices and for increases in salary for the employees of those offices.

(d) The administrative costs of the mine safety and training section will be calculated as follows:

(1) For assessments made for a fiscal year beginning on July 1 of an even-numbered year, the amount of the estimated assessment will be calculated by multiplying the insurer's percentage of expenditures by the sum of the amount approved in the state budget for the mine safety and training section and for increases in salary for the employees of the mine safety and training section.

(2) For assessments made for a fiscal year beginning on July 1 of an odd-numbered year, the amount of the estimated assessment will be calculated by multiplying the insurer's percentage of expenditures by the sum of the amount proposed in the state budget for the mine safety and training section and for increases in salary for the employees of the mine safety and training section.

(e) The costs of the commissioner for administering the program of self-insurance will be calculated as follows:

(1) For assessments made for a fiscal year beginning on July 1 of an even-numbered year, the amount of the estimated assessment will be calculated by multiplying each self-insured employer's **and each association of self-insured employer's** percentage of expenditures by the sum of the amount approved in the state budget for those costs and for increases in salary for employees engaged in administering the program.

(2) For assessments made for a fiscal year beginning on July 1 of an odd-numbered year, the amount of the estimated assessment will be calculated by multiplying each self-insured employer's **and each association of self-insured employer's** percentage of expenditures by the sum of the amount proposed in the state budget for those costs and for increases in salary for the employees engaged in administering the program.

(f) ***The assessment attributable the workers' compensation activity for the office for consumer health assistance will be calculated as follows:***

***(1) For assessments made for a fiscal year beginning on July 1 of an even-numbered year, the amount of the estimated assessment will be calculated by multiplying the state industrial insurance system's percentage and each private carrier's percentage of expenditures by the sum of the amount approved in the state budget for those costs and for increases in salary for employees engaged in administering the program.***

***(2) For assessments made for a fiscal year beginning on July 1 of an odd-numbered year, the amount of the estimated assessment will be***

*calculated by multiplying the state industrial insurance system's percentage and each private carrier's percentage of expenditures by the sum of the amount proposed in the state budget for those costs and for increases in salary for the employees engaged in administering the program.*

~~(f)~~(g) The administrative costs of the administration of claims against uninsured employers arising from compliance with NRS 616C.220 will be calculated by multiplying the insurer's percentage of expenditures by the amount derived by multiplying:

(1) The expected annual disbursements to be made from the uninsured employers' claim fund; and

(2) The ~~rate charged by the system~~ *charge for the administration of claims.*

~~(g)~~ (h) The administrative costs of having premium rates of the system reviewed by the commissioner is the annual amount charged by the commissioner, and the system shall pay those costs. *will be calculated as follows:*

*(1) For assessments made for a fiscal year beginning on July 1, of an even-numbered year, the amount of the estimated assessment will be calculated by multiplying each insurer's percentage of expenditures by the sum of the amount approved in the state budget for those costs and for increases in salary for employees engaged in administering the program.*

*(2) For assessments made for a fiscal year beginning on July 1, of an odd-numbered year, the amount of the estimated assessment will be calculated by multiplying each insurer's percentage of expenditures by the sum of the amount proposed in the state budget for those costs and for increases in salary for employees engaged in administering the program.*

~~(h)~~ (i) The amount of disbursements from the uninsured employers' claim fund will be calculated by multiplying the insurer's percentage of expenditures by the sum of expected annual disbursements to be made from the funds.

~~(i)~~ (j) The amount of disbursements from a subsequent injury fund will be calculated by multiplying the insurer's percentage of expenditures by the sum of expected annual disbursements to be made from the fund.

2. For the purposes of this section, "percentage of expenditures" means the proportion of an insurer's expected annual expenditures for claims relative to the amount of the expected annual expenditures for claims of all insurers responsible for the cost shown in a particular category of the state budget.

**Sec. 6.** NAC 616B.725 is hereby amended to read as follows:

**Pro rata assessment.** The estimated annual assessment to be made against an ~~self-insured employer or association that does not participate in a program of self-insurance during~~ *insurer for* a portion of a fiscal year may be calculated by the division ~~in the proportion that the number of months in the fiscal year the insurer will be self-insured bears to the total number of months in that fiscal year.~~ A statement of such an assessment may be issued to the insurer by the division. *The division may adjust an estimated assessment of an insurer.*

**Sec. 7.** NAC 616B.734 is hereby amended to read as follows:

**Calculation of final assessment; issuance of statement of assessment.**

1. The division will determine, on the basis of reports issued by the state controller

for the previous fiscal year relating to closing budgets and final trial balances, the amount of money disbursed from and deposited in:

- (a) The fund for workers' compensation and safety;
- (b) The uninsured employers' claim fund; and
- (c) The subsequent injury funds for self-insured employers, associations, and private carriers.

2. The Division will calculate, in the same manner as for estimated annual assessments, the final annual assessment for each insurer for the previous fiscal year and will use:

- (a) ~~The insurer's statements relating to annual expenditures for claims for the previous fiscal year submitted pursuant to NAC 616B.713~~ **and** ;
- (b) ~~Amounts reported for the previous fiscal year by the system pursuant to NAC 616B.713 for expenditures for claims incurred by a self-insured employer before the employer was certified for a program of self-insurance; and~~
- (c) ~~Amounts reported for the previous fiscal year by the system pursuant to NAC 616B.713 for expenditures for claims incurred by an association before the association was certified for a program of self-insurance; and~~
- (d) ~~the~~ **the** determinations made pursuant to subsection 1.

The division will issue to the insurer a statement of the final assessment.

**Sec. 8.** NAC 616B.740 is hereby amended to read as follows:

**616B.740 Penalty for late payment.** The **division may assess a** penalty for the late payment, **without good cause**, of an assessment for a **the workers' compensation and safety fund, the** subsequent injury funds or the uninsured employers' claim fund, ~~without good cause, is not less than \$50 nor more than \$500~~ **as provided by NRS 616D.120.**