



Circular

MARCH 14, 2012

NV-2012-01

ITEM FILING APPROVAL

Nevada—Approval of Item 01-NV-2011—Nevada Employee Leasing Arrangements

ACTION NEEDED

Please review the proposed changes outlined in this circular for impact on your company's systems and procedures.

Company Response

A participating company must decide whether to adhere to the filings made on its behalf by NCCI, or make a deviation filing.

Company Action Table

If	Then
Company decides to use NCCI's rules and other supplementary information	Company does not file anything
Company decides not to use rules and other supplementary information	Company must notify the Department specifying the basis for not adopting

The material contained herein is based on NCCI's latest research but is subject to periodic change. This information is provided as a guide to voluntary market carriers and is not intended as an interpretation of state law. Refer to state law for current and detailed information because there may be additional laws that may impact your response to an NCCI item filing. While all due effort will be made to keep the material up to date, NCCI assumes no responsibility for the use of this material.

BACKGROUND

Circular NV-2011-05, dated August 22, 2011, announced the filing of Item 01-NV-2011—Nevada Employee Leasing Arrangements.

This circular announces the **approval with changes** of Item 01-NV-2011—Nevada Employee Leasing Arrangements, to be effective **June 1, 2012**, applicable to new and renewal voluntary and assigned risk policies. Please refer to the attachment for the approved version of Item 01-NV-2011.

IMPACT

It is expected that this item will have a negligible premium impact.

NCCI ACTION

NCCI will update the *Status of Item Filings* circular with the approval of Item 01-NV-2011 in Nevada. Updated pages will be mailed shortly to subscribers of NCCI's *Basic Manual*, *Experience Rating Plan Manual*, *Forms Manual*, and *Statistical Plan*.

PERSON TO CONTACT

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FILING MEMORANDUM

ITEM 01-NV-2011—NEVADA EMPLOYEE LEASING ARRANGEMENTS

(Effective 12:01 a.m. on June 1, 2012, applicable to new and renewal voluntary and assigned risk policies.)

PURPOSE

This item amends the rules for employee leasing arrangements in Nevada as a result of the approval of Senate Bill 361 (2009).

BACKGROUND

An employee leasing arrangement exists when an entity (employee leasing company) enters into an agreement with a third party (client company) to provide professional employer services. Employee leasing arrangements are usually long-term or permanent and should not be confused with temporary help arrangements, which provide services on a short-term or temporary basis. The rules introduced in this item are not applicable to temporary employer service arrangements.

Senate Bill 361 amended NRS 616B to provide that an employee leasing company may satisfy its obligation to obtain workers compensation coverage for the employees that it leases to client companies by:

1. Confirming that the client company has obtained its own workers compensation coverage for its leased employees, or
2. Obtaining a policy directly from an insurer on a master policy basis, or
3. Obtaining a policy directly from an insurer on a multiple coordinated policies basis

The new statute also requires that payroll and claims data must be reported for each client to the advisory organization in a manner that identifies both the client company and the employee leasing company.

The exclusive remedy provided by NRS 616A.020 applies to the employee leasing company, the client company, and to all employees of the client company, whether the employee leasing company or the client company provides the coverage for workers compensation. As such, specified parts (defined by endorsement) of a policy providing coverage for leased workers will apply to both the client company and the employee leasing company.

As a result of the amendments to NRS 616B, NCCI has been directed by the Nevada Division of Insurance to:

- Amend the NCCI manual rules regarding coverage for employee leasing policies in the voluntary and residual markets in Nevada
- Amend the NCCI manual rules regarding the reporting of data for employee leasing policies in the voluntary and residual markets in Nevada
- Amend the NCCI manual rules regarding the calculation and application of experience rating modifications for employee leasing arrangements in the voluntary and residual markets in Nevada
- Amend the NCCI endorsements applicable to employee leasing policies in the voluntary and residual markets in Nevada

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ITEM 01-NV-2011—NEVADA EMPLOYEE LEASING ARRANGEMENTS

PROPOSAL

In accordance with the amendments to NRS 616B, this item amends the NCCI manual rules and endorsements for providing workers compensation coverage to employee leasing arrangements in Nevada as follows:

Master Policy—Voluntary Market Only

The following applies to coverage written under a master policy basis:

- A single policy is written to cover some or all of the employees of the employee leasing company who are leased to one or more client companies. The policy is written with the employee leasing company as the primary insured and the client companies as additional insureds.
- Separate policies must be obtained by client companies for any direct employees not included in the employee leasing arrangement.
- The carrier will report separate payroll and claims data for each client company and, in addition, report combined payroll and claims data for the master policy, to the rating organization to permit the calculation of an experience rating modification factor for the master policy and for each client company upon request.
- Upon termination of the employee leasing arrangement, the client company's experience rating modification applies to the client company's future policies.

Multiple Coordinated Policies (MCP) — Voluntary and Residual Markets

The following applies to coverage written under a multiple coordinated policy basis:

- The employee leasing company has its own policy covering only its direct employees, if any
- The employee leasing company controls payments and communication related to the MCP
- Each client company has its own policy covering only its leased employees
- Endorsements are used to coordinate coverage between an employee leasing company and its clients
- Each client company must obtain a separate policy for any direct employees not included in the employee leasing arrangement
- If the client company qualifies for experience rating, then the client company's experience rating modification is calculated using only the client company's experience for its leased and direct employees, if any, and that experience rating modification is applied to the client company's policy
- Upon termination of the employee leasing arrangement, the client company's experience rating modification applies to the client company's future policies

IMPACT

It is expected that this item will have a negligible premium impact. The adoption of these rules will facilitate the issuance of workers compensation insurance policies, help maintain the integrity of NCCI's experience rating plan, and meet the applicable requirements regarding proof of coverage in accordance with NRS 616B.692.

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FILING MEMORANDUM

ITEM 01-NV-2011—NEVADA EMPLOYEE LEASING ARRANGEMENTS

IMPLEMENTATION

The following exhibits outline the changes required to NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance*:

- **Exhibit 1** is the Nevada state rule exception to Rule 3-A-5-a
- **Exhibit 2** is the amended Nevada state special Rule 3-D
- **Exhibit 3** is the Nevada state rule exception to Rule 3-D for assigned risk policies only

The following exhibits outline the changes required to NCCI's *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance*:

- **Exhibit 4** is the Nevada state rule exception to Rule 5-A-2
- **Exhibit 5** is the new NV-361 form

The following exhibits outline the changes required to NCCI's *Forms Manual of Workers Compensation and Employers Liability Insurance*:

- **Exhibit 6** is the amended Nevada state-specific employee leasing MCP endorsement WC 27 03 01 A
- **Exhibit 7** is the Nevada state-specific employee leasing client exclusion endorsement WC 27 03 02 A
- **Exhibit 8** is the Nevada state-specific employee leasing exclusion endorsement WC 27 03 03 A
- **Exhibit 9** is the newly created Nevada state-specific employee leasing master policy endorsement WC 27 03 04

Exhibit 10 is the Nevada state rule exception to Part 4, Item E-3-d in NCCI's *Statistical Plan for Workers Compensation and Employers Liability Insurance*.

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ITEM 01-NV-2011—NEVADA EMPLOYEE LEASING ARRANGEMENTS

**EXHIBIT 1
BASIC MANUAL—2001 EDITION
NEVADA STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

5. Combination of Legal Entities, Locations and Operations

a. Legal Entities

Add the following to Rule 3-A-5-a:

An employee leasing company and a client company that have entered into an employee leasing arrangement in accordance with Nevada Revised Statutes may be insured on a master policy if stipulated in a written agreement between both parties and permitted in accordance with Rule 3-D.

This rule exception is not applicable to assigned risk policies.

ITEM 01-NV-2011—NEVADA EMPLOYEE LEASING ARRANGEMENTS

**EXHIBIT 2
BASIC MANUAL—2001 EDITION
NEVADA STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS**

D. EMPLOYEE LEASING ARRANGEMENTS

For additional rules applicable to assigned risk policies only, refer to the Nevada State Rule Exceptions—Applicable to Assigned Risk Policies Only.

1. Definitions**a. Employee Leasing Arrangement**

~~means a verbal or written contractual arrangement whereby one business or other entity leases any or all of its workers from another business. Employee leasing arrangements include, but are not limited to:~~ A written agreement under which an employee leasing company places any of the regular, full-time employees of a client company on its payroll, and, for a fee, leases them to the client company on a regular basis without any limitation on the duration of their employment; or under which the company leases to a client company five or more part-time or full-time employees or at least 10% of the total number of the client's employees within a classification of risk.

~~(1) Full-service employee leasing arrangements~~

~~(2) Long-term temporary arrangements~~

~~(3) Any other arrangement which involves the allocation of employment responsibilities among two or more entities~~

For purposes of this rule, employee leasing arrangement does not include ~~temporary employment service arrangements, or any oral arrangements or agreements of any type to provide temporary help service.~~

b. Temporary Employment ~~Help~~ Service Arrangement

~~means a service~~ An arrangement whereby an organization hires its own employees and assigns them to clients for a finite time period to support or supplement the client's workforce in special work situations such as employee absences, temporary skill shortages and seasonal workloads. ~~such workers are provided to work for a client on a temporary basis. A temporary basis is considered to exist when there is a written contract or agreement that states the finite period of time the service will be provided and/or the service provided under one or more of the following work situations, including but not limited to:~~

~~(1) Replace an absent worker who will return, such as during an authorized leave of absence, vacation, jury duty, or illness~~

~~(2) Fill a short-term or temporary professional skill shortage~~

~~(3) Staff a seasonal workload~~

~~(4) Staff a special assignment or project where the worker will be terminated or assigned to another temporary project upon completion~~

~~(5) Satisfy the requirements of the employer's overall employment program, such as a probationary period before new workers are granted permanent employee status~~

c. Client Company

~~means~~ A company that ~~which~~ leases employees, for a fee, from an employee leasing company pursuant to a written or oral agreement.

d. Employee Leasing Company or Professional Employer Organization (PEO)

~~means~~ A company that ~~which~~ provides workers for a fee to a client company, pursuant to a written or oral agreement, through an employee leasing arrangement.

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EXHIBIT 2 (CONT'D)
BASIC MANUAL—2001 EDITION
NEVADA STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS

- ~~(1) Places any of the regular, full-time employees of a client company on its payroll and, for a fee, leases them to the client company on a regular basis without any limitation on the duration of their employment; or~~
- ~~(2) Leases to a client company:~~
- ~~(a) Five or more part-time or full-time employees; or~~
- ~~(b) Ten percent or more of the total number of employees within a classification code applicable to the client company.~~

Without limitation, an employee leasing company may also be referred to as a professional employer organization, lessor, or other similarly administered entity. If an entity provides workers, by contract or for a fee, to a client and any such workers are not provided on a temporary basis, that entity will be considered an employee leasing company.

e. Leased Worker (Leased Employee)

~~means~~ A person performing services for a client company under an employee leasing arrangement. For purposes of this rule, the term "leased worker" does not include a person working on a temporary basis. If a person has been previously employed by the client company prior to working for an employee leasing company, it ~~should be~~ is presumed that the person is a leased worker and not a temporary worker.

f. Direct Worker (Direct Employee)

An employee, executive officer, LLC member, partner, or owner of a client company or employee leasing company that is not a leased worker obtained through an employee leasing arrangement. For purposes of this rule, the employer of the direct worker(s) is responsible for securing workers compensation insurance for the direct worker(s), unless otherwise determined by state law or regulation.

g. Master Policy Basis

A single standard workers compensation and employers liability policy written in the name of the employee leasing company with one or more client companies of the employee leasing company named as additional insureds on the policy.

h. Multiple Coordinated Policies (MCP) Basis

A policy that covers all of the employees leased by the employee leasing company to a client company such that:

- (1) The policy covers the liability of both the employee leasing company and the client company for payments required by Chapters 616A to 616D, inclusive, or Chapter 617 of Nevada Revised Statutes (NRS).
- (2) A separate policy is issued to or on behalf of each client company
- (3) The employee leasing company controls payments and communications related to the policy

2. Law on Employee Leasing Company and Client Company

- a. An employee leasing company that ~~which~~ complies with the provisions of NRS 616B.670 to 616B.697, inclusive, and is registered with the Division of Industrial Relations, must be deemed to be the employer of the employees it leases to a client company. The provisions of this rule apply only for the purposes of Chapters 612 and 616A to 617, inclusive, of NRS.
- b. An employee leasing company must be deemed to be ~~the~~ an employer of its leased employees for the purposes of offering, sponsoring and maintaining any benefit plans. The provisions of this

ITEM 01-NV-2011—NEVADA EMPLOYEE LEASING ARRANGEMENTS

EXHIBIT 2 (CONT'D)
BASIC MANUAL—2001 EDITION
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rule do not affect the employer-employee relationship that exists between a leased employee and a client company.

- c. An employee leasing company must not offer, sponsor or maintain for its leased employees any self-funded industrial insurance program. An employee leasing company must not act as a self-insured employer pursuant to Chapters 616A to 616D, inclusive, or Chapter 617 of NRS or pursuant to Title 57 of NRS.
- d. If an employee leasing company fails to:
- (1) Pay any contributions, premiums, forfeits, or interest due; or
 - (2) Submit any reports or other information required, pursuant to this chapter or Chapter 612, 616A, 616C, 616D or 617 of NRS, then

The client company is jointly and severally liable for the contributions, premiums, forfeits, or interest attributable to the wages of the employees leased to it by the employee leasing company.

3. Coverage

- a. ~~Coverage must be provided by a standard workers compensation insurance policy.~~
- b. ~~The services of leased workers provided to a client company by an employee leasing company must be written under a separate workers compensation insurance policy. The experience reported in conjunction with the separate policy must be used to calculate the experience modification of the client company.~~
- c. ~~The separate workers compensation insurance policy must contain the name of the employee leasing company as the named insured with reference to the name of the client company. For example, the named insured should read, "ABC Employee Leasing Company, for leased workers to XYZ Client." The separate policy must be endorsed with the client's name and address.~~
- d. ~~Non leased workers of a client company must not be included on the policy required by (b) and (c) above.~~
- e. ~~A separate workers compensation policy must also be issued to cover the non leased employees (internal employees) of the employee leasing company.~~
- f. ~~If a client company leases employees from more than one employee leasing company, there must be a separate policy for the leased employees of each employee leasing company.~~
- g. ~~Appropriate endorsements must be used to restrict coverage to specific employees and to coordinate coverage between client and employee leasing company.~~
- h. ~~If a risk operates an employee leasing company and a temporary employment service, a separate policy of workers compensation insurance is required and must be maintained for the employee leasing company.~~

Statutory workers compensation coverage for all of the employee leasing company's leased workers to client companies may be secured in one of the following manners:

- a. Client company obtains its own policy from an insurer, which covers all employees of the client company, including leased employees. The policy may name the employee leasing company as an additional insured.
- b. In the voluntary market, an employee leasing company obtains a policy on a multiple coordinated policies basis or a master policy basis.
- c. In the residual market, an employee leasing company must obtain a policy on a multiple coordinated policies basis. For additional rules applicable to assigned risk policies only, refer to the Nevada State Rule Exceptions—Applicable to Assigned Risk Policies Only.

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EXHIBIT 2 (CONT'D)
BASIC MANUAL—2001 EDITION
NEVADA STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS

If an employer operates an employee leasing company and a separate temporary employment service arrangement, then separate workers compensation insurance policies are required and must be maintained for each type of business in the state. The employer must also maintain separate payroll records for the temporary employment service and the employee leasing company.

The workers compensation insurance afforded to the client company under this employee leasing arrangement covers workers leased from the employee leasing company. It does not satisfy the client company's duty to secure its obligations under the workers compensation law for its nonleased workers.

4. Premium for Leased Workers

~~Premium must be charged on the policy covering leased workers as indicated below. The employee leasing company must furnish satisfactory evidence to the client company of the workers compensation insurance in force covering the leased workers.~~

- ~~a. The employee leasing company must provide a complete payroll record of the leased workers. Premium on such payroll must be based on the classification and rates which would have applied if the leased workers had been direct employees of the client company.~~
- ~~b. If the payroll records of the leased workers are not provided, 100% of the full employee leasing arrangement price must be established as the payroll of the leased workers. The premium must be charged on that amount as payroll.~~

~~Exception to 3-D-4 b:~~

~~If investigation on a specific employee leasing arrangement contract discloses a definite amount of the contract price represents payroll, such amount if deemed reasonable must be the payroll for the premium computation.~~

- ~~c. The experience modification, classification, rates and rules applicable to the client entity must be applied to the premium developed for the workers leased to the client company.~~
- ~~d. If a risk operates an employee leasing company and a temporary employment service in Nevada, separate payroll records are required and must be maintained for the employee leasing company and the temporary employment service. The records must be maintained in Nevada.~~
- a. The insurer of the employee leasing company must take reasonable steps to ensure that the correct payroll is determined on the policy written under a master policy basis, or an MCP basis, and collect the appropriate premium. This includes:

- (1) Requiring the employee leasing company to provide a complete payroll record of the leased employees working for the client company. Premium on such payroll must be based on the classifications and rates that would have applied if its leased employees had been direct employees of the client company. If the payroll records of the leased employees working for the client company from the employee leasing company are not available, the number of leased employees must be provided. The payroll per employee will then be estimated at the annual limitation on payroll in accordance with NRS 616B.222.

Exception to Rule 3-D-4-a(1):

If an investigation on a specific employee leasing arrangement contract discloses that a definite amount of the contract price represents payroll, such amount must be the payroll for the premium calculation, subject to the annual limitation on payroll in accordance with NRS 616B.222.

- (2) Requiring the employee leasing company to provide a complete description of its operations.

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**EXHIBIT 2 (CONT'D)
BASIC MANUAL—2001 EDITION
NEVADA STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS**

- (3) Auditing the employee leasing company's operations.
- (4) Using other reasonable measures to determine the appropriate premium, including inspecting the premises and records of a client company.
- b. Employees of an employee leasing company who are leased to one or more client companies may be considered as a group for the purposes of any eligibility for dividends, premium discounts, rating arrangements or options, or obtaining policies with large deductibles. This Rule 3-D-4-b is not applicable to assigned risk policies.

~~5. Termination of an Employee Leasing Arrangement With Client Company Administration—Master Policy Basis~~

~~Within 30 days of termination date, an employee leasing company must notify the Division of Industrial Relations of any employee leasing arrangement terminated with a client company.~~

a. Policy Issuance

- (1) A policy issued to cover the leased employees of an employee leasing arrangement on a master policy basis must be issued in the name and Federal Employer Identification Number (FEIN) of the employee leasing company as the primary insured in accordance with this rule and all other rules governing the issuance of a standard workers compensation insurance policy.
- (2) Each client company must be named as an additional insured on the master policy, with its FEIN and job location included.
- (3) The master policy may also cover any direct employees of the employee leasing company that are not leased to any client company. A separate workers compensation insurance policy must be obtained by the client company for any direct employees of the client company not included in the employee leasing arrangement.
- (4) For Rules 3-D-5-a(1) through (3), refer to NCCI's *Statistical Plan for Workers Compensation and Employers Liability Insurance* for reporting instructions.

b. Policy Cancellation

If the insurer of the master policy cancels the master policy, the insurer must send notice of such cancellation to both the client company and the employee leasing company.

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**EXHIBIT 2 (CONT'D)
BASIC MANUAL—2001 EDITION
NEVADA STATE RULE EXCEPTIONS
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c. Master Policy Basis Endorsements

The following endorsements apply:

Type of Policy	Endorsement	Purpose
Employee Leasing Company Policy (direct or nonleased workers)	Nevada Employee Leasing Exclusion Endorsement (WC 27 03 03 A)	Excludes coverage for workers leased to specified client companies from the employee leasing company policy that covers its direct workers.
Employee Leasing Company Master Policy (leased and direct workers, if any)	Nevada Employee Leasing Master Policy Basis Endorsement (WC 27 03 04)	Provides coverage for workers leased from the employee leasing company to the client company named on the Information Page of the policy. Extends coverage to the client company.
Client Policy (direct or nonleased workers)	Nevada Employee Leasing Client Exclusion Endorsement (WC 27 03 02 A)	Excludes coverage for the client's leased workers from the employee leasing company named on the endorsement.

6. Endorsements Administration—Multiple Coordinated Policies (MCP) Basis

For additional rules applicable to assigned risk policies, refer to the Nevada State Rule Exceptions—Applicable to Assigned Risk Policies Only.

~~a. Employee Leasing Company Policy Issued for Leased Workers of a Specific Client~~ Policy Issuance and Cancellation

~~Attach to each employee leasing company policy issued for leased workers of a specific client, the Nevada Employee Leasing Endorsement to limit coverage to the leased workers of the specified client.~~

(1) Each client company will have a standard policy covering all of its leased employees from the same employee leasing company. If the client company has any direct, nonleased employees, a separate workers compensation insurance policy must be obtained by the client company for these employees.

(a) In accordance with this rule and all other rules governing the issuance of a standard policy, each separate policy covering a client company's leased workers will be issued in the name and FEIN of the client company as the primary insured. The employee leasing company also must be named as an additional insured on the client company's policy.

(b) If a client company has leased employees from more than one employee leasing company, the leased employees of each employee leasing company must be covered on separate policies.

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**EXHIBIT 2 (CONT'D)
BASIC MANUAL—2001 EDITION
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- (c) If there is a conflict between these rules for employee leasing arrangements and rules governing the issuance of a standard policy, these rules apply.
- (d) If the insurer of the client company cancels the client company's policy, the insurer must send notice of such cancellation to both the client company and the employee leasing company.
- (2) The employee leasing company must have its own standard policy covering any direct employees of the employee leasing company.
 - (a) The employee leasing company policy covering its direct (nonleased) employees under an MCP basis will be issued in the name and FEIN of the employee leasing company in accordance with this rule and all other rules governing the issuance of a standard policy.
 - (b) All policies for client companies covering leased employees of the same employee leasing company must be written by the same insurer in the state.
 - (c) If there is a conflict between these rules and rules governing the issuance of a standard policy, these rules apply.
- (3) Appropriate endorsements will be used to restrict the coverage to the employee leasing company's leased and direct (nonleased) employees. The endorsements will manage coverage between all client companies and the employee leasing company. Refer to Rule 3-D-6-b below for information on the applicable endorsements.

~~b. Employee Leasing Company Policy Issued for Internal Employees~~

~~Attach the Nevada Employee Leasing Company Exclusion Endorsement to the employee leasing company's policy to exclude coverage for leased workers.~~

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**EXHIBIT 2 (CONT'D)
BASIC MANUAL—2001 EDITION
NEVADA STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS**

b. Multiple Coordinated Policies Basis Endorsements

The following endorsements apply:

<u>Type of Policy</u>	<u>Endorsement</u>	<u>Purpose</u>
<u>Employee Leasing Company Policy (direct or nonleased workers)</u>	<u>Nevada Employee Leasing Exclusion Endorsement (WC 27 03 03 A)</u>	<u>Excludes coverage for workers leased to specified client companies from the employee leasing company policy that covers its direct workers.</u>
<u>Client Policy (leased workers)</u>	<u>Nevada Employee Leasing Multiple Coordinated Policy Basis Endorsement (WC 27 03 01 A)</u>	<u>Provides coverage for workers leased from the employee leasing company to the client company named on the policy. Extends coverage to the employee leasing company named on the endorsement.</u>
<u>Client Policy (direct or nonleased workers)</u>	<u>Nevada Employee Leasing Client Exclusion Endorsement (WC 27 03 02 A)</u>	<u>Excludes coverage for the client's leased workers from the employee leasing company named on the endorsement.</u>

~~c. Client Company Policy for Non Leased Workers~~

~~Attach to each policy issued for a client for non leased workers the Nevada Employee Leasing-Client Exclusion Endorsement to exclude leased workers.~~

7. Client Company Additions to, and Terminations From, an Employee Leasing Arrangement

- a. Client companies may be added to or terminated from an employee leasing policy at any time during the policy period, subject to NRS 616B.033 and 687B.325. It is the responsibility of the employee leasing company to report to the insurer that they have executed or terminated a written agreement required by NRS 616B.688 with a client company to provide workers compensation for the employees that the employee leasing company leases to the client company no later than thirty (30) days after the execution of the written agreement, or no later than thirty (30) days prior to the termination of the written agreement.
- b. Advance notice submitted by the insurer to the employee leasing company and to the client company is required for midterm cancellations and nonrenewals in accordance with statutory requirements.
- c. If the client company has secured insurance coverage with another insurer or has entered into another employee leasing arrangement that would result in duplicate coverage, the cancellation must be made effective as of the effective date of the other insurance policy or the effective date of the other employee leasing arrangement.

ITEM 01-NV-2011—NEVADA EMPLOYEE LEASING ARRANGEMENTS

EXHIBIT 3
BASIC MANUAL—2001 EDITION
NEVADA STATE RULE EXCEPTIONS—APPLICABLE TO ASSIGNED RISK POLICIES ONLY
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS

D. EMPLOYEE LEASING ARRANGEMENTS**3. Coverage**

Add the following to Nevada State Rule Exception 3-D-3-c:

- (1) Only one employee leasing company and its client companies can be written on a single MCP arrangement, even if combinable with other employee leasing companies in accordance with NCCI's *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance*.

5. Administration—Master Policy Basis

Rule 3-D-5 does not apply to assigned risk policies in Nevada.

6. Administration—Multiple Coordinated Policies (MCP) Basis

Add the following to Nevada State Rule Exception 3-D-6:

c. Eligibility

- (1) An employee leasing company must meet and maintain each of the following requirements at the time of application to qualify for securing coverage for their direct employees and clients on an MCP basis:
- (a) It is in good faith entitled to insurance required under the applicable state and federal workers compensation laws and has been unable to secure such insurance in a regular manner in accordance with Rule 4-A-3.
 - (b) The officers, partners, LLC members, owners, directors, or other parties with a common management or ownership interest in the employee leasing company do not have any outstanding workers compensation insurance premium obligation or other monetary policy obligation (e.g., deductible program) on any previous workers compensation insurance that is not subject to a bona fide premium dispute as defined in Rule 4-A-2-g.
 - (c) Provide all information required under each policy's terms and conditions in accordance with this rule and with Rule 4-A-3-e.
Each employee leasing company must comply with the assigned carrier's requests for pertinent information, including, without limitations, a copy of a signed contract with each client, each client's name, federal employer identification number, classification codes, payrolls, loss data, and states with exposure, and must submit timely to audits of its operations. Failure to comply with the assigned carrier's requests, after a reasonable opportunity to cure any deficiency, will be grounds for cancellation of the standard policy.
 - (d) Comply with all state laws or regulations applicable to employee leasing company arrangements, including, without limitations, registration/licensing with the appropriate regulatory authority where applicable.
- (2) In order for the employee leasing company to secure coverage for the workers leased to a client, the client must be in good faith eligible for workers compensation insurance in accordance with Rule 4-A-3.
- (3) If an employee leasing company is determined to be ineligible for coverage by the Plan Administrator, the entire MCP (employee leasing company and each client) is ineligible for coverage. The employee leasing company will not be able to secure coverage for its direct and leased workers under the Workers Compensation Insurance Plan (WCIP) until the Plan

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EXHIBIT 3 (CONT'D)
BASIC MANUAL—2001 EDITION
NEVADA STATE RULE EXCEPTIONS—APPLICABLE TO ASSIGNED RISK POLICIES ONLY
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS

Administrator has determined the employee leasing company to be eligible for coverage or has evidence that a bona fide premium dispute exists as defined in Rule 4-A-2-g.

- (4) If a client is determined to be ineligible for coverage by the Plan Administrator, that client will not be able to obtain coverage under the MCP or for a new policy outside of an employee leasing arrangement, until the Plan Administrator has deemed the client to be eligible for coverage or has evidence that a bona fide premium dispute exists as defined in Rule 4-A-2-g.

d. Client Company Additions to the MCP

- (1) New clients may be added to the MCP at any time during the policy period if the client is in good faith eligible for workers compensation insurance in accordance with Rule 4-A-3. New clients must complete and submit the appropriate applications and Professional Employer Organization (PEO) Client Supplemental Application to the Plan Administrator.
- (2) Multiple clients that are added to the MCP midterm can be combined for deposit premium determination, if the request for coverage is submitted to the Plan Administrator at the same time.
- (3) A client policy that is added to the MCP will be required to have the same expiration date of the MCP.

e. Deposit Premium

- (1) The combined premium of policies under an MCP issued for a single employee leasing company may be used for the purpose of computing deposit premiums, but not for the application of rating programs, including, but not limited to, rating programs such as premium discount, experience rating modification, and loss sensitive rating plan (LSRP).
- (2) To determine the deposit premium, the total estimated annual premium of the clients should be calculated individually, including all rating programs, and then combined with the premium of the employee leasing company's policy for its direct workers.
- (3) A deposit premium is payable at the time of application and/or at renewal by the employee leasing company, unless otherwise directed by contract.
- (4) The deposit premium due is based on the deposit premium rules for the governing state (state with the highest payroll) on the application.
- (5) Refer to Rule 4-C for deposit requirements for policies written under a Loss Sensitive Rating Plan (LSRP).

f. Billing

- (1) The assigned carrier will arrange to have all policy notices sent to the employee leasing company and to have a single itemized master invoice sent to the employee leasing company for all policies covering the clients of the employee leasing company.
- (2) If the employee leasing company fails to pay the master invoice, the second notice of premium due will be an itemized bill for each client. The assigned carrier will send the second notice of premium due to the employee leasing company and each client (including notice of cancellation and nonrenewal, if applicable).
- (3) Failure of the client to pay its invoice will result in the cancellation of its policy.

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**EXHIBIT 3 (CONT'D)
BASIC MANUAL—2001 EDITION
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RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS**

g. Application of Rating Elements

All rating elements apply individually to each client's standard policy and employee leasing company's standard policy issued under an MCP basis. Such elements include, but are not limited to:

- Expense constant
- Experience rating modification
- Assigned Risk Adjustment Program (ARAP)
- Loss Sensitive Rating Plan (LSRP)
- Catastrophe provisions

h. Cancellation

- (1) Employee Leasing Company Cancellation Table 1 and Client Cancellation Table 2 provide scenarios for the cancellation treatment of an employee leasing company policy or client policy under an MCP in accordance with NCCI's *Basic Manual* Rule 3-A-3.

Employee Leasing Company Cancellation Table 1

If . . .	And . . .	Then, the employee leasing company policy cancellation will be on a . . .
The employee leasing company leaves the residual market	Has secured coverage in the voluntary market	Pro rata basis
An employee leasing company ceases to exist	Is part of an MCP arrangement	Pro rata basis
An employee leasing company is cancelled due to ineligibility under the WCIP	Is part of an MCP arrangement	Pro rata basis
An employee leasing company fails to pay the master invoice	The assigned carrier provides second notice of premium due to the employee leasing company and each client (including notice of cancellation and nonrenewal, if applicable)	Pro rata basis
An employee leasing company fails to pay the second notice of premium due	The second notice of premium due was also sent to the client, which has failed to pay the notice of premium	Pro rata basis

Client Cancellation Table 2

If . . .	And . . .	Then . . .
The client leaves the residual market	Has secured coverage in the voluntary market	The client policy cancellation will be on a pro rata basis
An employer in the residual market requests cancellation	Becomes a client under an MCP secured in the residual market	The employer policy cancellation will be on a short-rate basis

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**EXHIBIT 3 (CONT'D)
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NEVADA STATE RULE EXCEPTIONS—APPLICABLE TO ASSIGNED RISK POLICIES ONLY
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
Client Cancellation Table 2 (Cont'd)**

<u>If . . .</u>	<u>And . . .</u>	<u>Then . . .</u>
An employee leasing company ceases to exist	A client is part of that employee leasing company's MCP arrangement	<ul style="list-style-type: none"> The client policy will be maintained to policy expiration and nonrenewed as part of the MCP. The assigned carrier must provide a notice to the client regarding the status of its coverage. The client must reestablish eligibility in the WCIP to secure coverage in a new MCP arrangement or for a new policy outside of an employee leasing arrangement.
An employee leasing company is cancelled due to ineligibility under the WCIP	A client is part of that employee leasing company's MCP arrangement	<ul style="list-style-type: none"> The client policy cancellation will be on a pro rata basis The client must reestablish eligibility in the WCIP to secure coverage in a new MCP arrangement or for a new policy outside of an employee leasing company arrangement
A client is cancelled due to ineligibility under the WCIP	Is part of an MCP arrangement	<ul style="list-style-type: none"> The client policy cancellation will be on a pro rata basis The client must reestablish eligibility in the WCIP to secure coverage under the MCP arrangement or for a policy outside of an employee leasing company arrangement.
An employee leasing company fails to pay the master invoice	The assigned carrier provides second notice of premium due to each client and employee leasing company (including notice of cancellation and nonrenewal, if applicable)	The client policy cancellation will be on a pro rata basis
An employee leasing company fails to pay the second notice of premium due	The second notice of premium due was also sent to the client, which has failed to pay the notice of premium	The client policy cancellation will be on a pro rata basis

i. Treatment of Executive Officers, Sole Proprietors, Partners, and LLC Members

- (1) Executive officers, sole proprietors, partners, and LLC members of a client who are leased workers from a employee leasing company under an employee leasing arrangement will be:
- (a) Treated as leased workers of the client for the purposes of classification assignment and premium determination.

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EXHIBIT 3 (CONT'D)
BASIC MANUAL—2001 EDITION
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- (b) Charged for payroll under the client policy as an employee and not subject to executive officer, sole proprietor, partner, or LLC member payroll limitations in accordance with Rule 2-E.
- (2) Executive officers, sole proprietors, partners, and LLC members of a client who are not leased workers from an employee leasing company under an employee leasing arrangement will be:
 - (a) Treated as nonleased workers of the client for the purposes of classification assignment and premium determination.
 - (b) Charged for payroll under a separate policy that provides coverage for the client's direct workers as permitted under state regulation or law, and subject to the executive officer, sole proprietor, partner, or LLC member payroll limitations in accordance with Rule 2-E, unless the applicable exclusion/inclusion documentation is provided.
- j. Audits**
 - (1) The assigned carrier must conduct a preliminary physical and final physical audit on all new business policies issued under an MCP basis (employee leasing company and client), regardless of premium size, in accordance with the time frame established in NCCI's **Assigned Carrier Performance Standards**.
 - (2) The assigned carrier may conduct periodic audits thereafter to determine whether all classifications, rates, rating programs, experience rating modifications, and estimated payrolls used are appropriate.
 - (3) A final physical audit must be conducted on all renewal policies issued under an MCP basis (employee leasing company and client), regardless of premium size, in accordance with the time frame established in NCCI's **Assigned Carrier Performance Standards**.
- k. Renewals**
 - (1) Renewal notices for MCPs must be mailed to the employee leasing company and a copy sent to the individual clients.
 - (2) The assigned carrier should obtain updated copies of originally submitted documentation, such as supplemental applications, when needed.
 - (3) Refer to Rule 4-A-4 and NCCI's **Assigned Carrier Performance Standards** for the rules regarding carrier responsibilities for renewals.
- l. Multistate Operations**
 - (1) A multistate application must be submitted to the governing state.
 - (2) An employee leasing company or client that has a multistate operation that would normally be combinable on one application will have to complete multiple applications if the states requiring coverage have not approved this rule.
 - (3) The Plan Administrator will make assignments for multiple applications to the same assigned carrier, where practicable, even if the multiple states do not have the same state employee leasing arrangement rules. However, specific state rules will apply to the applicable state on the policy.
 - (4) Refer to Rule 4-A-8 for the rules governing multistate applications.

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Note: The Plan Administrator and/or regulatory authority may determine that an employee leasing company's circumstances and/or client's circumstances may warrant assignment exceptions in accordance with this rule.

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**EXHIBIT 4
EXPERIENCE RATING PLAN MANUAL—2003 EDITION
NEVADA STATE RULE EXCEPTIONS
RULE 5—SPECIAL RATING CONDITIONS**

A. EMPLOYEE LEASING/PROFESSIONAL EMPLOYER ORGANIZATIONS

2. Calculation and Application of Experience Rating Modification

~~Change Rule 5-A-2 as follows:~~

~~When an experience rated client enters into an employee leasing or professional employer organization (PEO) arrangement, the experience rating modification of the client will apply to the coverage for the PEO's liability to provide workers compensation benefits for the workers leased to the client.~~

~~The experience reported in connection with the coverage for the labor contractor/PEO's liability to provide workers compensation benefits for workers leased to the client must be used in the future ratings of the client entering into the employee leasing arrangement. Such experience must *not* be used in the future ratings of the PEO.~~

~~**Note:** Insurance carriers must maintain detailed written records documenting the classifications, payroll, losses, and any applicable experience rating modifications of each individual client of a labor contractor/PEO. Carriers must provide such records on request to the client, rating organization, or subsequent carrier. A reasonable effort, including a special audit if necessary, must be made to obtain and verify the proper experience.~~

a. While a Client Is Involved in an Employee Leasing Arrangement

~~Change Rule 5-A-2-a does not apply in Nevada as follows:~~

Experience rating modifications apply to employee leasing companies and client companies while in an employee leasing arrangement. Employee Leasing Table 1 provides the rules for both master policy and multiple coordinated policy (MCP) scenarios. Refer to NCCI's *User's Guide* for examples.

Employee Leasing Table 1

<u>The arrangement is covered under a . . .</u>	<u>Client Company</u>	<u>Employee Leasing Company</u>
<u>Master policy basis</u>	<ol style="list-style-type: none"> 1. For master policies covering the client's leased employees, the employee leasing company's experience rating modifications apply. 2. For policies covering the client company's nonleased employees, separate experience rating modifications apply, subject to premium eligibility requirements. These modifications will include all of the client company's experience, if any, prior to the leasing arrangement. 	<ol style="list-style-type: none"> 1. The employee leasing company's experience rating modifications apply to the master policies as well as any other policy of the employee leasing company. 2. If the employee leasing company does not qualify for experience rating, a unity (1.00) factor applies to: <ul style="list-style-type: none"> • The master policy and any other of the employee leasing company's policies • Subsequent policies, until the employee

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EXHIBIT 4 (CONT'D)
EXPERIENCE RATING PLAN MANUAL—2003 EDITION
NEVADA STATE RULE EXCEPTIONS
RULE 5—SPECIAL RATING CONDITIONS
Employee Leasing Table 1 (Cont'd)

<u>The arrangement is covered under a . . .</u>	<u>Client Company</u>	<u>Employee Leasing Company</u>
	<p>3. <u>Upon request, the rating organization will calculate the client company's experience rating modification (if eligible) using the data for that client company as required to be reported in accordance with Rule 5-A-2-c. This modification will include experience for the client company's leased and nonleased (if any) employees during the experience period.</u></p> <p>4. <u>If the client company does not qualify for experience rating based on its prior experience, a unity (1.00) factor applies to:</u></p> <ul style="list-style-type: none"> • <u>The policy covering the client company's nonleased employees</u> • <u>Subsequent policies, until the client company is eligible for an experience rating modification</u> 	<p><u>leasing company is eligible for an experience rating modification</u></p>
<p><u>Multiple coordinated policies (MCP) basis</u></p>	<p>1. <u>The client company's experience rating modifications apply to:</u></p> <ul style="list-style-type: none"> • <u>The client company's policy under the MCP</u> • <u>Any other policies covering the client company's nonleased employees</u> <p><u>These modifications will include the client company's experience prior to the leasing arrangement, if any.</u></p> <p>2. <u>Subsequent experience rating modifications will include the client company's experience for leased and nonleased employees developed during the leasing</u></p>	<p>1. <u>The employee leasing company's experience rating modifications apply to the policies covering the employee leasing company's direct employees.</u></p> <p>2. <u>If an employee leasing company does not qualify for experience rating, a unity (1.00) factor applies to:</u></p> <ul style="list-style-type: none"> • <u>The policy covering the employee leasing company's direct employees</u> • <u>Subsequent policies, until the employee leasing company is eligible for an</u>

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**EXHIBIT 4 (CONT'D)
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NEVADA STATE RULE EXCEPTIONS
RULE 5—SPECIAL RATING CONDITIONS
Employee Leasing Table 1 (Cont'd)**

<u>The arrangement is covered under a . . .</u>	<u>Client Company</u>	<u>Employee Leasing Company</u>
	<p>arrangement, and apply as detailed in 1. above.</p> <p>3. If the client company does not qualify for experience rating, a unity (1.00) factor applies to:</p> <ul style="list-style-type: none"> • <u>The client company's policy under the MCP</u> • <u>Any other policies covering the client company's nonleased employees</u> • <u>Subsequent policies, until the client company is eligible for an experience rating modification</u> 	<p><u>experience rating modification</u></p>

b. Upon Termination of a Client Company's Employee Leasing Arrangement

Change Rule 5-A-2-b does not apply in Nevada as follows:

When a client company terminates an employee leasing arrangement, experience rating modifications are impacted. The following provides the rules for master policy and multiple coordinated policy (MCP) scenarios.

(1) Master Policy

Employee Leasing Table 2

<u>The arrangement was covered under a . . .</u>	<u>Client Company</u>	<u>Employee Leasing Company</u>
<p><u>Master policy basis</u></p>	<p>1. <u>Upon notification of the termination, the rating organization will calculate the client company's experience rating modification upon request using the data for that client company as required to be reported in accordance with Rule 5-A-2-c. This modification will include experience for the client company's</u></p>	<p><u>All available experience used to calculate an experience rating modification factor for a former client company accruing during the term of the leasing arrangement will remain in the employee leasing company's experience rating modification factor and will continue to be used in the future experience ratings of the employee leasing company until its rating period no longer includes the</u></p>

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**EXHIBIT 4 (CONT'D)
EXPERIENCE RATING PLAN MANUAL—2003 EDITION
NEVADA STATE RULE EXCEPTIONS
RULE 5—SPECIAL RATING CONDITIONS
Employee Leasing Table 2 (Cont'd)**

<u>The arrangement was covered under a . . .</u>	<u>Client Company</u>	<u>Employee Leasing Company</u>
	<p>leased and nonleased (if any) employees during the experience period.</p> <p>2. If the client company isn't eligible for experience rating based on the client company's experience for leased and nonleased employees during the experience period, a unity (1.00) factor will apply to the client company's policy until the client is eligible for an experience rating modification.</p>	<p>experience of the former client company.</p>

(2) Multiple Coordinated Policy (MCP)

No special treatment is necessary to develop an experience rating modification for the client company when it leaves an employee leasing arrangement covered on a multiple coordinated policy basis. This is because the data is submitted routinely for each client according to the **Statistical Plan**, and experience rating modifications are calculated and applied as detailed in Rule 5-A-2-a.

c. Master Policy—Reporting of Separate Client Company Experience

Add the following to Rule 5-A-2:

- (1) Nevada Revised Statutes require that the insurer report payroll and claims data for each client company to the rating organization in a manner that identifies both the client company and the employee leasing company. In addition, that experience will be available to subsequent insurers upon request. To satisfy these statutory requirements, the following procedure applies:
 - (a) The experience of the client company will be developed and reported to the rating organization by the employee leasing company's insurer on an NV-361 form for use in developing an experience rating modification for the client company upon request.
 - (b) The rating organization will determine whether the client company is eligible for experience rating based on the minimum premium eligibility requirements utilizing all available reported payroll and loss experience. This experience would include, if applicable, experience incurred for leased employees under the employee leasing arrangement and any experience developed prior to, during, and/or subsequent to the employee leasing arrangement.
 - (c) If eligible for experience rating, the client company's rating effective date would be based on the current coverage for the client company's own workers according to Rule 2-B-2. If the client company has no current coverage, the client company's rating effective date would be based on the employee leasing company's current rating effective date.

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**EXHIBIT 4 (CONT'D)
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RULE 5—SPECIAL RATING CONDITIONS**

- (d) If not eligible, an experience rating modification will not apply to the client company.
- (e) All available experience used to calculate an experience rating modification factor for a client company accruing during the term of the employee leasing arrangement will remain in the employee leasing company's experience rating modification factor and will continue to be used in the future experience ratings of the employee leasing company until its rating period no longer includes the experience of the former client company.
- (2) Reporting requirements for the submission of the NV-361 form include:
 - (a) Concurrent with the reporting of the 1st unit statistical report for the master policy, an NV-361 form is required for each client company covered under the master policy.
 - (b) No grouping of claims allowed on the NV-361 form.
 - (c) Losses reported on the NV-361 form for each client company must be valued in accordance with the **Statistical Plan**.
 - (d) Replacement NV-361 forms would be necessary under the following circumstances:
 - 1) Changes to originally reported client payroll.
 - 2) A new loss arises after the initial reporting of the NV-361 form.
 - 3) A claim originally reported assigned to one client, must be changed and assigned to a different client.
 - (e) If the NV-361 form is used as a replacement, the form indicator must be R.

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**EXHIBIT 5
EXPERIENCE RATING PLAN MANUAL—2003 EDITION
NEVADA STATE RULE EXCEPTIONS
APPENDIX**

NV-361 FORM

**WORKERS COMPENSATION EXPERIENCE RATING
FOR CLIENT COMPANIES OF EMPLOYEE LEASING ARRANGEMENTS**

Provide the date of submission in Item 1 below along with indication if this form is an Original (O) or Replacement (R) of a previously submitted form. Provide the name and Risk ID of the Employee Leasing Company in Item 2 below. Provide the name, address and FEIN # of the client company in Item 3 below.
Item 1: Submission Date: _____ Original/Replacement: _____

Item 2: Employee Leasing Company Risk Name: _____
Employee Leasing Company Risk ID: _____

Item 3: Client Risk Name: _____ Client Risk ID: _____

Client Address: _____

Client City/State: _____ Client FEIN #: _____

Item 4: Policy Information
FOR THE PERIOD DURING WHICH THE CLIENT COMPANY’S REPORTED DATA WAS DEVELOPED:
Information for the policy written for the Employee Leasing Company named in Item 2 above.

1. Client Company Effective Date: _____
2. Client Company Expiration Date: _____
3. Policy No.: _____
4. Carrier Code: _____
5. Carrier Name: _____
6. Exposure State: _____
7. Master Policy Effective Date: _____

(1) Class Code	(2) Payroll	(3) Rate	(4) Premium	(5) Claim No.	(6) Accident Date	(7) Claim Class Code

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**EXHIBIT 5 (CONT'D)
EXPERIENCE RATING PLAN MANUAL—2003 EDITION
NEVADA STATE RULE EXCEPTIONS
APPENDIX**

NV-361 FORM

**WORKERS COMPENSATION EXPERIENCE RATING
FOR CLIENT COMPANIES OF EMPLOYEE LEASING ARRANGEMENTS**

INSTRUCTIONS FOR SUBMITTING EXPERIENCE RATING DATA

The Experience Rating will be completed in accordance with the NCCI Experience Rating Plan. Payroll and Premium must be rounded to the nearest whole dollar. Please complete a separate form for each state, each policy year.

- Column 1 Fill in the appropriate workers compensation classification code(s).
- Column 2 Fill in the payroll associated with the classification code in Column 1 for reported policy year. Payroll must be reported rounded to the nearest whole dollar.
- Column 3 Fill in the rate associated with the classification code in Column 1 for the reported policy year.
- Column 4 Fill in the premium generated for class code and exposure. Premium is calculated by dividing payroll by 100 and multiplying by the rate. Premium must be reported rounded to the nearest whole dollar.
- Column 5 Fill in the unique claim number of each loss. Claims may not be grouped for reporting purposes. Fill in the entire claim number (up to 16 characters) as reported in accordance with the *Statistical Plan*. If no losses are attributable to the particular client, leave this field blank.
- Column 6 Fill in the date of the accident. Date should be reported as MM/DD/YYYY.
- Column 7 Fill in the class code corresponding to the claim number.

We hereby certify that the information given in this report is correct to the best of our knowledge and belief.

Insurance Carrier	Signature	Title	Date
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Name of person completing the form: _____

Telephone No.: _____

ITEM 01-NV-2011—NEVADA EMPLOYEE LEASING ARRANGEMENTS**EXHIBIT 6
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE****NEVADA EMPLOYEE LEASING MULTIPLE COORDINATED POLICIES BASIS ENDORSEMENT (WC 27 03 01 A)**

This endorsement provides coverage for workers leased from an employee leasing company to the client company named on the policy. It also extends coverage to the employee leasing company shown in the Schedule below.

This endorsement applies only if attached to a policy written on a multiple coordinated policy basis, issued in your name as the primary insured, and~~This policy applies only with respect to leased workers provided by you lease under an employee leasing arrangement from to the employee leasing client company shown in the Schedule below under an employee leasing arrangement.~~ This policy does not provide coverage for any other workers, leased or nonleased that you lease to other clients or for your employees that you do not lease to any client.

Certain words and phrases in this endorsement are defined as follows:

"Employee leasing company" means a company that~~which~~ provides workers for a fee to a client company, pursuant to a written or oral agreement, through an employee leasing arrangement.;

- ~~1. Places any of the regular, full-time employees of a client company on its payroll and, for a fee, leases them to the client company on a regular basis without any limitation on the duration of their employment; or~~
- ~~2. Leases to a client company five or more part-time or full-time employees, or ten percent or more of the total number of employees within a classification code applicable to the client company.~~

"Client company" shall~~mean~~ a company that leases employees, for a fee, from an employee leasing company pursuant to a written or oral agreement.

"Employee leasing arrangement" means a written or oral agreement under which an employee leasing company places any of the regular, full-time employees of a client company on its payroll, and, for a fee, leases them to the client company on a regular basis without any limitation on the duration of their employment; or under which the company leases to a client company five or more part-time or full-time employees or at least 10% of the total number of the client's employees within a classification of risk~~contractual arrangement including long-term temporary arrangements, whereby a lessor obligates itself to perform specified employer responsibilities as to leased employees including the securing of workers compensation insurance. Employee leasing arrangements do not include arrangements to provide temporary employment help service arrangements, or any oral arrangements or agreements of any type.~~

~~"Temporary help service" means a service whereby an entity hires its own employees and assigns them to a client for a limited time to support or supplement the client's workforce in special situations such as employee absences, temporary skill shortages and seasonal workloads.~~"Multiple Coordinated Policies (MCP) Basis" means a policy that covers all of the employees leased by the employee leasing company to a client company such that:

1. The policy covers the liability of both the employee leasing company and the client company for payments required by Chapters 616A to 616D, inclusive, or Chapter 617 of Nevada Revised Statutes
2. A separate policy for the leased workers is issued in the name of each client company
3. The employee leasing company controls payments and communications related to the policy

ITEM 01-NV-2011—NEVADA EMPLOYEE LEASING ARRANGEMENTS

**EXHIBIT 6 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

Part One (Workers Compensation Insurance) and Part Two (Employers Liability Insurance) will apply ~~as though to the employee leasing company that is named as an additional insured on this policy~~ as though to the employee leasing company that is named as an additional insured on this policy ~~client is an insured~~. Under Part One, we will reimburse the employee leasing company ~~client~~ for the benefits required by the workers compensation law if we are not permitted to pay the benefits directly to the persons entitled to them.

The workers compensation insurance afforded to the client company under this employee leasing arrangement covers workers leased from the employee leasing company. It does ~~by this endorsement is not intended to satisfy the client company's duty to secure its obligations under the workers compensation law for its nonleased workers. We will not file evidence of this insurance on behalf of the client with any government agency.~~

It is the responsibility of the employee leasing company to:

1. Report to us that you have executed a written agreement required by NRS 616B.688 with the employee leasing company to provide coverage for workers compensation for the employees that the employee leasing company leases to you no later than thirty (30) days after the execution of the written agreement.
2. Report to us the termination of the written agreement required by NRS 616B.688 with the employee leasing company to provide coverage for workers compensation for the employees that the employee leasing company leases to you no later than thirty (30) days prior to the termination of the written agreement.

Failure to comply with the reporting requirements described in this endorsement may result in a violation of NRS 687B.325 and mid-term cancellation of your policy, and any such cancellation will be applicable to both you and the employee leasing company that is shown in the Schedule below and named as an additional insured on your policy.

If ~~the this~~ policy is cancelled, we will send notice of such cancellation to you and to the employee leasing company ~~client~~.

~~We will not ask any other insurer of the client to share with us a loss covered by this endorsement.~~

Premium will be charged for workers you lease ~~from to the client~~ employee leasing company named in the Schedule below. You must obtain from the employee leasing company ~~maintain~~ and furnish to us a complete payroll record of workers you lease ~~from to the client~~ employee leasing company listed in the Schedule below, separate from the payroll record of workers you lease to other clients, to satisfy your obligations under Part Five (Premium), C.2. The experience modification, anniversary rating date, classifications, and rates applicable to the client company will apply to this policy.

Part Four (Your Duties If Injury Occurs) applies to you and ~~to the client~~ employee leasing company. The ~~client~~ employee leasing company will recognize our right to defend under Parts One and Two and our right to inspect under Part Six (Conditions).

Schedule

Name Link Code	Client <u>Employee Leasing Company</u>	Address	FEIN
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ITEM 01-NV-2011—NEVADA EMPLOYEE LEASING ARRANGEMENTS

**EXHIBIT 7
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

**NEVADA LEASED EMPLOYEE LEASING CLIENT EXCLUSION ENDORSEMENT FOR POLICY
COVERING NONLEASED AND/OR DIRECT EMPLOYEES OF A CLIENT COMPANY (WC 27 03 02 A)**

This endorsement excludes coverage for the client company's leased workers from an employee leasing company shown in the Schedule below.

As used in this endorsement, "employee leasing" ~~shall mean~~ an arrangement whereby an entity utilizes the services of a third party to provide its workers for a fee or other compensation. The third party providing employee leasing services ~~is shall be~~ referred to as an "employee leasing company." The entity receiving services ~~is shall be~~ referred to as a "client company."

This endorsement applies only with respect to leased workers provided to you by employee leasing companies under employee leasing arrangements. This policy does not provide coverage for workers you lease from the employee leasing companies listed in the Schedule below.

Schedule

**Employee Leasing
Company**

Address

ITEM 01-NV-2011—NEVADA EMPLOYEE LEASING ARRANGEMENTS

**EXHIBIT 8
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

**NEVADA ~~LEASED~~ EMPLOYEE ~~LEASING~~ EXCLUSION ENDORSEMENT FOR POLICY COVERING
NONLEASED AND/OR DIRECT EMPLOYEES OF AN EMPLOYEE LEASING COMPANY (WC 27 03 03 A)**

This endorsement excludes coverage for workers leased to client companies, shown in the Schedule below, from the employee leasing company policy that covers its direct workers.

As used in this endorsement, “employee leasing” ~~shall mean~~ an arrangement whereby an entity utilizes the services of a third party to provide its workers for a fee or other compensation. The third party providing employee leasing services ~~is~~ shall be referred to as an “employee leasing company.” The entity receiving services ~~is~~ shall be referred to as a “client company.”

This endorsement applies only with respect to workers provided by you to client companies under employee leasing arrangements to engage in work for client companies. This policy does not provide coverage for workers you lease to clients listed in the Schedule below.

Schedule

Client Company

Address

ITEM 01-NV-2011—NEVADA EMPLOYEE LEASING ARRANGEMENTS

EXHIBIT 9
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
NEVADA EMPLOYEE LEASING MASTER POLICY BASIS ENDORSEMENT (WC 27 03 04)

This endorsement provides coverage for workers leased from an employee leasing company to the client company named on the Information Page of the policy. It also extends coverage to the client company.

This endorsement applies only if attached to a policy written on a master policy basis, issued in your name as the primary insured, and only with respect to leased workers provided by you under an employee leasing arrangement to a client company named as an additional insured on this policy.

Certain words and phrases in this endorsement are defined as follows:

Client Company means a company that leases employees, for a fee, from an employee leasing company pursuant to a written agreement.

Employee Leasing Company means a company that provides workers for a fee to a client company, pursuant to a written agreement, through an employee leasing arrangement.

Employee Leasing Arrangement means a written agreement under which an employee leasing company places any of the regular, full-time employees of a client company on its payroll, and, for a fee, leases them to the client company on a regular basis without any limitation on the duration of their employment; or under which the company leases to a client company five or more part-time or full-time employees or at least 10% of the total number of the client's employees within a classification of risk. Employee leasing arrangements do not include temporary employment service arrangements, or any oral arrangements or agreements of any type.

Master Policy Basis means a single standard workers compensation and employers liability policy written in the name of the employee leasing company with one or more client companies of the employee leasing company shown as additional named insureds on the policy.

Part One (Workers Compensation Insurance) and Part Two (Employers Liability Insurance) will apply to only the leased workers of the client company that is named as an additional insured on this policy. Under Part One, we will reimburse you for the benefits required by the workers compensation law if we are not permitted to pay the benefits directly to the persons entitled to them.

The insurance afforded by this endorsement is not intended to satisfy the client company's duty to secure its obligations under the workers compensation law for its nonleased workers.

It is the responsibility of the employee leasing company to:

1. Report to us that you have executed a written agreement required by NRS 616B.688 with the client company to provide coverage for workers compensation for the employees that you lease to the client company no later than thirty (30) days after the execution of the written agreement.
2. Report to us the termination of the written agreement required by NRS 616B.688 with the client company to provide coverage for workers compensation for the employees that you lease to the client company no later than thirty (30) days prior to the termination of the written agreement.

Failure to comply with the reporting requirements described in this endorsement may result in a violation of NRS 687B.325 and mid-term cancellation of your policy, and any such cancellation will be applicable to both you and each client company that is named as an additional insured on your policy.

ITEM 01-NV-2011—NEVADA EMPLOYEE LEASING ARRANGEMENTS

**EXHIBIT 9 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

If this policy is cancelled, we will send notice of such cancellation to you and each client company named as an additional insured on this policy.

Premium will be charged for workers you lease to a client company shown as the client company named insured on this policy. To satisfy your obligations under Part Five (Premium), C.2, you must maintain and furnish to us a complete payroll record by client company of these leased workers.

Part Four (Your Duties If Injury Occurs) applies to you and to the client company. The client company will recognize our right to defend under Parts One and Two and our right to inspect under Part Six (Conditions).

ITEM 01-NV-2011—NEVADA EMPLOYEE LEASING ARRANGEMENTS

**EXHIBIT 10
STATISTICAL PLAN—2008 EDITION
NEVADA STATE RULE EXCEPTIONS
PART 4—LOSS AND EXPENSE INFORMATION**

E. CLAIM COMPONENTS

3. Optional Claim Components

d. Claim Grouping

Change Part 4, Item E-3-d as follows:

For employee leasing policies effective October 1, 2011 and subsequent, all claims must be reported individually and cannot be grouped. This rule applies regardless of whether the policy was issued to the employee leasing company or client company.