



Summary of the Proposed Nevada Workers Compensation Loss Cost and Assigned Risk Rate Filing Effective March 1, 2026

The National Council on Compensation Insurance (NCCI)¹ is pleased to provide this summary of the accompanying proposed workers compensation insurance loss cost² and assigned risk rate³ filing that was filed under separate cover on October 20, 2025, with the Nevada Division of Insurance for its review and approval.

The filing proposes a +21.9% increase to the current loss costs for the voluntary market and a +21.9% increase to the assigned risk market rates, effective March 1, 2026.

Nevada Overview

This proposed filing is based on premium and loss experience as of year-end 2024 from Policy Years 2021, 2022, and 2023. The Nevada premium and loss experience data reported to NCCI for this experience period has deteriorated significantly compared with the data underlying the filing effective March 1, 2025. There are several contributing factors related to this deterioration reflected in the proposed increase.

Large Loss Activity

While experience from Policy Year 2022 was reflected in the filing effective March 1, 2025, the amount of weight given to it was reduced due to an unusual elevation of large loss activity from the Construction sector. More recent data shows that large loss activity remained somewhat elevated into policy year 2023. To reflect this continued elevation, the current filing applies equal weight to all three policy years. As a result, the large loss experience from policy year 2022 is more fully realized in the proposed filing.

Claim Frequency and Severity

The number and severity of claims in the experience data underlying this filing have noticeably increased, and this increase is anticipated to continue into the filing effective period. Lost-time claim frequency in Nevada is no longer following its long-standing downward trend, but has instead leveled out in recent years. This is driven in part by the sustained increase in claim activity among Leisure and Hospitality workers, a significant segment of Nevada's workforce. Substantial wage growth across the state's labor market, particularly within this sector, has resulted in increased benefit costs. These systemic changes have led to revised trend assumptions, resulting in further worsening of Nevada's projected experience.

¹ NCCI is a licensed rate service organization authorized to make recommended loss cost and assigned risk rate filings on behalf of workers compensation insurance companies in Nevada. NCCI's filings are objectively prepared, utilizing widely accepted actuarial ratemaking methodologies.

² "Loss cost" refers to the portion of workers compensation rates that are filed by the rate service organization and are allocated to pay losses but not carrier expenses. Some states include certain carrier expenses and assessments in the definition of "advisory loss costs." Carriers can use the approved loss costs as the basis for their rates, typically adjusting them for expenses with a loss cost multiplier.

³ The assigned risk rate is filed for use on policies written through the Assigned Risk Plan, a program established by state insurance regulatory authorities that sets the rules and procedures for providing insurance coverage to parties that are unable to obtain coverage in the voluntary market. For the assigned risk market, NCCI files a full rate that includes the Servicing Carriers' expenses.

Payroll Limitation

In Nevada, annual payroll is capped at \$36,000 for the purpose of calculating workers compensation premium. This limitation means that payrolls used to derive premiums are capped for the vast majority of employees, and wage increases, which put upward pressure on calculation of benefit payments, are not fully captured in premium. This places upward pressure on loss ratios, which in turn places upward pressure on the associated loss costs and rates, especially during recent times when wages have increased significantly.

(Note that the enactment of Nevada Senate Bill 317 will result in an increase to the payroll cap used in the premium calculation. However, this provision does not take effect until October 1, 2026 and therefore has no impact the proposed filing.)

Comparative Insights

The Calendar Year 2024 combined ratio for workers compensation was under 100% at 86%, a measure of underwriting profitability for the overall system across all states. However, in Nevada, combined ratios across the most recent years have climbed to nearly 120%.

The number of claims occurring, as measured by frequency, and the cost of claims, as measured by severity, continue to be key metrics for the health of the workers compensation system. The frequency of workers compensation lost-time claims continues its long-term decline across the majority of NCCI states. This is in stark contrast to the flattening pattern recently observed in Nevada.

At present, Nevada is the only NCCI state with a payroll limitation for calculation of premiums. As wage inflation increases, the existence of the payroll limitation has resulted in a deterioration of the Nevada loss costs each year. This situation does not occur in other NCCI states, but it is anticipated to continue in Nevada as long as a payroll cap is in place.

Decimal Extension of Loss Costs, Rates, and Expected Loss Rates

In this year's filing, NCCI proposes the application of an additional digit to allow for more precise adjustments to loss costs, rates, and Expected Loss Rates (ELRs). Decimal extension will be particularly beneficial for classification codes with lower loss costs because it will minimize rounding limitations that are currently more likely to impact these class codes. Currently, the smallest change in one of these values has to be at least 0.01, but after decimal extension, changes can be as small as 0.001. The methodology for determining the filed loss costs, and ELRs is unchanged. The proposed decimal extension is premium-neutral on both a statewide and industry group basis.

For more information on decimal extension, visit https://www.ncci.com/Articles/Pages/II_Decimal-Extension-Loss-Costs-Rates-Expected-Loss-Rates.aspx.

Conclusion

The workers compensation system remains healthy as a whole, but the unique circumstances in Nevada have combined to necessitate significant adjustment to the current loss costs as filed with the Nevada Division of Insurance for its review and approval. These circumstances include elevated large loss activity, flattening



claim frequency, increased claim severity and a payroll limitation that puts significant upward pressure on loss ratios during times of elevated wage inflation.