Summary of the Proposed Nevada Workers Compensation Loss Cost and Assigned Risk Rate Filing Effective March 1, 2027

The National Council on Compensation Insurance (NCCI)[1] is pleased to provide this summary of the proposed workers compensation insurance loss cost[2] and assigned risk rate[3] filing, which was submitted to the Nevada Division of Insurance for its review and approval under separate cover on August 19, 2026.

The filing proposes a +8.6% increase to the current loss costs for the voluntary market and a +8.1% increase to the assigned risk market rates, effective March 1, 2027.

Nevada Overview

This current proposed filing is based on premium and loss experience from Policy Years 2023 and 2024, evaluated as of year-end 2025. The Nevada premium and loss experience data used for this filing has deteriorated compared with the data underlying the filing effective March 1, 2026. Some of the same factors contributing to the increase in the prior filing are still present in this filing proposed to be effective March 1, 2027.

Both increased large loss activity and higher-than-expected costs as claims have matured put upward pressure on reported losses. Compared to historical years, there is a higher percentage of open claims with the potential for higher projected claim costs within the experience period years.

Lost-time claim frequency decreased in the most recent year after a period of flattening coming out of the COVID-19 pandemic. However, the average indemnity cost per claim continues to rise, driven by recent wage growth in Nevada. The average medical cost per claim also experienced upward pressure due to higher medical inflation. Overall, the trends in claim frequency and severity indicate increasing workers compensation costs in Nevada.

This filing builds upon the approved filing effective October 1, 2026, which adjusted loss costs and assigned risk rates to account for the changes to the payroll cap set forth in Senate Bill (SB) 317. The selected trend factors underlying this filing adjust historical experience in Policy Years 2023 and 2024 to the conditions expected in the proposed effective period in 2027 and 2028. Since this span includes time both before and after the implementation of SB 317, some impact from this legislative change is expected. The Nevada payroll exposure is expected to grow, in part due to the most recent publication of the maximum average monthly wage, bringing the payroll cap effective January 1, 2027 to $102,452.16.

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[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, using 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.

The latest updates to the medical fee schedule and actuarial annuity table are reflected in the filing. It also includes increases to the voluntary loss adjustment expenses and updates to the assigned risk expenses.

Countrywide Overview for NCCI States

The Calendar Year 2025 combined ratio (a measure of overall underwriting profitability) for workers compensation was 91%, a change from 86% for Calendar Year 2024. The change is primarily due to an increase in the loss and underwriting expense ratios. However, in Nevada, combined ratios across the most recent years have climbed above 120%.

In 2025, voluntary market net written premium decreased by 1.5% from 2024. Residual market premium in states where NCCI serves as Plan Administrator also continued to decline—a trend that has persisted since 2014.

Claim frequency and severity reflect both the incidence of workplace injuries and the cost of those injuries when they occur. Lost-time claim frequency (claims with days away from work) continues its long-term decline across all NCCI states, decreasing by 2% from 2024 to 2025, after accounting for changes in pay levels. This decline is more moderate than the long-term average and the experience in recent years.

Lost-time medical claim severity in 2025 grew by 4%. Increased utilization of medical services remains the primary driver, though results vary by state based on the mix of services used and applicable medical fee schedules. Lost-time indemnity claim severity in 2025 is also estimated to be 4% higher than in 2024 because indemnity benefits largely reflect wage growth.

Conclusion

Overall, the countrywide workers compensation system remained healthy in 2025, while the unique circumstances in Nevada are putting upward pressure on loss costs and rates. Countrywide, long-term declines in lost-time claim frequency continued to help offset upward pressure on system costs from higher medical and indemnity claim severity. While Nevada had a period of stagnating frequency, the most recent year suggests a reversion to the long-term decline could be in store for the state's future. As more payroll is captured in Nevada's exposure base reflected in the new, higher payroll cap according to SB 317, changes in costs are expected to align more closely with changes in wage inflation, similar to other NCCI states.