

October 22, 2020

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance

NCCI Item B-1443 – Revisions to NCCI Manual Rules Related to the COVID-19 (Coronavirus) Pandemic – Removal of Expiration Date

The North Carolina Rate Bureau staff has filed and the North Carolina Department of Insurance has approved to revise the rules of the state-specific North Carolina Basic Manual for Workers Compensation and Employers Liability (NC Basic Manual) and North Carolina Workers Compensation Statistical Plan Manual (Stat Plan) to address the unique workers compensation conditions created by the COVID-19 pandemic.

Most of the rules of NCCI Item B-1441 – Revisions to NCCI Manual Rules Related to the COVID-19 (Coronavirus) Pandemic were approved to be applicable to all new and renewal voluntary and assigned risk policies with an effective date on or after March 1, 2020 until December 31, 2020*. NCCI Item B-1443 removes the expiration from these rules to be determined at a later date as circumstances warrant and in consultation with state regulatory authorities. Once an expiration date for rule revisions related to the COVID-19 (Coronavirus) pandemic is determined, a future filing will be made.

A complete copy of NCCI's Item Filing B-1443, NCRB Filing Memorandum and exhibits outlining all NC Basic Manual and Stat Plan changes are included for your review.

If you have any questions concerning this matter, please contact the NCRB Information Center at 919-582-1056 or via email at support@ncrb.org.

*Date may be amended to an earlier or later date as circumstances warrant in consultation with state regulatory authorities.

Sincerely,

Joanna Biliouris

Chief Operating Officer

JB:ko
Attachments
C-20-31

**North Carolina Rate Bureau
Filing Memorandum**

NCCI Item B-1443 – Revisions to Basic Manual Rules Related to the COVID-19 (Coronavirus) Pandemic – Removal of Expiration Date

PURPOSE

The purpose of this filing is to remove the December 31, 2020 expiration date from rules that were established as a result of the COVID-19 (Coronavirus) pandemic.

This item revises rules in the:

- ***North Carolina Basic Manual for Workers Compensation and Employers Liability Insurance (NCBM)***
- ***North Carolina Workers Compensation Statistical Plan Manual (Stat Plan)***

Exhibits showing revisions to the NCBM follow this filing memorandum. (See NCRB Exhibits 1-7)

BACKGROUND

The World Health Organization categorized the COVID-19 outbreak as a pandemic when the rates of infection continued to rise in many locations around the world and across the United States.

The President of the United States declared the COVID-19 outbreak a national emergency beginning March 1, 2020. The COVID-19 (Coronavirus) pandemic created unique workers compensation conditions that NCCI addressed in Item B-1441 – Revision to NCCI Basic Manual Rules Related to the COVID-19 (Coronavirus) Pandemic. The effective date of these rule revisions coincides with the President's declaration date. Most of these rule revisions were established to expire on December 31, 2020.

Since there are still many unresolved questions about the spread of Coronavirus and no firm date of availability of a Coronavirus vaccine, NCCI has determined that an expiration date for rule revisions related to the COVID-19 (Coronavirus) pandemic cannot be determined at this time. Once an expiration date for the COVID-19 (Coronavirus) pandemic rules is determined as circumstances warrant and in consultation with regulatory authorities, a future filing will be made to establish the expiration date of these rules.

NCCI Item B-1443 is a product of NCCI's ongoing process in which they review and propose modifications. While NCCI's analysis is national in scope, NCCI also recognizes the occasional need for state-specific revisions to reflect geographical differences. With some exceptions for state-specific deviations, North Carolina adheres to the NCCI national system. North Carolina Rate Bureau (Bureau) staff has reviewed NCCI Item B-1443 and given consideration to rule revisions as proposed by NCCI. Based on their review and research, staff recommends that the Bureau seek approval for all NCCI proposed revisions to national rules be applicable to North Carolina.

The NCCI Item B-1443 includes exhibits that identify rule revisions. Bureau staff has created exhibits showing how these changes impact the NCBM and Stat Plan.

Changes to the rules for North Carolina, along with any deviations from what has been proposed in NCCI Item B-1443 are noted and explained in the summary that follows.

PROPOSAL

This item proposes to remove the expiration date from:

1. ***Basic Manual*** Rules 2-B-2-n, 2-F-1 and 2-F-3
2. ***Statistical Plan*** Parts 3-F-1, 3-F-4-c, 4-H-5 and 6-E-3

The Bureau proposes the adoption of changes applicable to North Carolina being proposed by way of NCCI B-1443 as outlined in NCRB Exhibits 1-7.

**North Carolina Rate Bureau
Filing Memorandum**

NCCI Item B-1443 – Revisions to Basic Manual Rules Related to the COVID-19 (Coronavirus) Pandemic – Removal of Expiration Date

IMPACT

This item will support the uniform and equitable treatment of employers within each industry during the COVID-19 pandemic. It is recognized that some exposures will remain in Code 0012 – Paid Furloughed Employees and some exposures will shift from various classification codes to Code 0012, depending on various factors such as the nature of the employer's business, resulting in a decrease in premium. It is also recognized that staff reductions during the COVID-19 (Coronavirus) pandemic could result in a decrease in premium.

IMPLEMENTATION

Rule revisions for North Carolina state-specific rules and National rule revisions proposed by way of NCCI Item B-1443 are applicable to new, renewal, and outstanding voluntary and assigned risk policies effective on or after March 1, 2020 until determined at a later date as circumstances warrant and in consultation with state regulatory authorities.

FILING MEMORANDUM

ITEM B-1443—REVISIONS TO NCCI MANUAL RULES RELATED TO THE COVID-19 (CORONAVIRUS) PANDEMIC—REMOVAL OF EXPIRATION DATE

PURPOSE

This item removes the December 31, 2020 expiration date for rules that were established or revised as a result of the COVID-19 (coronavirus) pandemic.

The following NCCI manuals are impacted by these rule changes:

- **Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)**
- **Statistical Plan for Workers Compensation and Employers Liability Insurance (Statistical Plan)**

BACKGROUND

Rules Related to the COVID-19 (Coronavirus) Pandemic

The World Health Organization categorized the COVID-19 outbreak as a pandemic when the rates of infection continued to rise in many locations around the world and across the United States.

The COVID-19 pandemic created unique workers compensation conditions that were addressed in Item B-1441—Revisions to NCCI Manual Rules Related to the COVID-19 (Coronavirus) Pandemic. Item B-1441 became effective for new, renewal, and outstanding policies effective on and after March 1, 2020. Most of the rules established or revised in this filing state that they expire on December 31, 2020, because it was anticipated that the rules established or revised as a result of the COVID-19 (coronavirus) pandemic would no longer be required after December 31, 2020.

Considering there are still so many unresolved questions about the spread of coronavirus and no firm date of the availability of a coronavirus vaccine, NCCI has determined that an expiration date for rule revisions related to the COVID-19 (coronavirus) pandemic cannot be determined at this time. Once an expiration date for the COVID-19 (coronavirus) pandemic rules is determined as circumstances warrant and in consultation with state regulatory authorities, a future filing will be made to establish the expiration date of the rules.

Basic Manual State Exceptions for Rule 2-B-1-e for Arkansas, Illinois, Indiana, New Mexico, Oklahoma, Tennessee, and Utah

There are several state exceptions to **Basic Manual** Rule 2-B-1-e that refer to **Basic Manual** Rule 2-B-2-n (Rule 2-B-2-o in New Mexico). Since Item B-1441 established a new national Rule 2-B-2-n, the **Basic Manual** Rule 2-B-1-e state exceptions must be revised to reference Rule 2-B-2-o (Rule 2-B-2-p in New Mexico).

PROPOSAL

This item proposes revising the following rules to remove the expiration date:

1. **Basic Manual** Rules 2-B-2-n, 2-F-1, and 2-F-3
2. **Statistical Plan** Parts 3-F-2-d, 3-F-3-c, 4-E-1-f(2)(d), and 6-E-3

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FILING MEMORANDUM

ITEM B-1443—REVISIONS TO NCCI MANUAL RULES RELATED TO THE COVID-19
 (CORONAVIRUS) PANDEMIC—REMOVAL OF EXPIRATION DATE

IMPACT

As a result of this item, exposure currently in Code 0012—Paid Furloughed Employees could remain in Code 0012 and additional employers could see a shift of exposure from various classification codes to Code 0012. The magnitude of this shift and the amount of current exposure that could remain in Code 0012 is unknown at this time because it will depend on various factors such as the nature of an individual employer's business and carrier reporting to Code 0012. To this extent, the premiums of individual employers could be lower than anticipated due to staff reductions during the COVID-19 (coronavirus) pandemic and/or decrease because of the shift of payments to paid furloughed employees assigned to Code 0012.

EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY

Exhibit	Exhibit Comments	Implementation Summary
National Exhibits		
1	<ul style="list-style-type: none"> • Details the revisions to Rule 2-B-2-n in NCCI's <i>Basic Manual</i> • Applies in all states except Oregon; refer to state exhibit for Oregon 	<ul style="list-style-type: none"> • In all applicable states except Hawaii, this item is to become effective for new, renewal, and outstanding policies effective on and after 12:01 a.m. on November 1, 2020 • In Hawaii, the effective date is determined upon regulatory approval of the individual carrier's election to adopt this change
2	<ul style="list-style-type: none"> • Details the revisions to Rule 2-F-1 in NCCI's <i>Basic Manual</i> • Applies in all states except Oregon; refer to state exhibit for Oregon 	
3	<ul style="list-style-type: none"> • Details the revisions to Rule 2-F-3 in NCCI's <i>Basic Manual</i> • Applies in all states except Oregon 	
4	<ul style="list-style-type: none"> • Details the revisions to Part 3-F-2-d in NCCI's <i>Statistical Plan</i> • Applies in all states except Oregon 	
5	<ul style="list-style-type: none"> • Details the revisions to Part 3-F-3-c in NCCI's <i>Statistical Plan</i> • Applies in all states except Oregon 	
6	<ul style="list-style-type: none"> • Details the revisions to Part 4-E-1-f(2)(d) in NCCI's <i>Statistical Plan</i> • Applies in all states except Oregon 	

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FILING MEMORANDUM

ITEM B-1443—REVISIONS TO NCCI MANUAL RULES RELATED TO THE COVID-19
 (CORONAVIRUS) PANDEMIC—REMOVAL OF EXPIRATION DATE

Exhibit	Exhibit Comments	Implementation Summary
7	<ul style="list-style-type: none"> Details the revisions to Statistical Code 0012 in Part 6-E-3 in NCCI's Statistical Plan Applies in all states except Oregon 	

Exhibit	Exhibit Comments	Implementation Summary
State Exhibits		
8	Details the revision to Arkansas's exception to Basic Manual Rule 2-B-1-e.	To become effective for new, renewal, and outstanding policies effective on and after 12:01 a.m. on November 1, 2020.
8	Details the revision to Illinois's exception to Basic Manual Rule 2-B-1-e.	
8	Details the revision to Indiana's exception to Basic Manual Rule 2-B-1-e.	
8	Details the revision to New Mexico's exception to Basic Manual Rule 2-B-1-e.	
8	Details the revision to Oklahoma's exception to Basic Manual Rule 2-B-1-e.	
8	Details the revisions to Oregon's exception to Basic Manual Rule 2-B-2.	
9	Details the revisions to Oregon's exception to Basic Manual Rule 2-F-1.	
8	Details the revision to Tennessee's exception to Basic Manual Rule 2-B-1-e.	
8	Details the revision to Utah's exception to Basic Manual Rule 2-B-1-e.	

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**ITEM B-1443—REVISIONS TO NCCI MANUAL RULES RELATED TO THE COVID-19
(CORONAVIRUS) PANDEMIC—REMOVAL OF EXPIRATION DATE**

**EXHIBIT 1
BASIC MANUAL—2001 EDITION
RULE 2—PREMIUM BASIS AND PAYROLL ALLOCATION
B. PAYROLL**

(Applies in: AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, TX, UT, VA, VT, WV)

2. Excludes:

- a. Tips or other gratuities received by employees.
- b. Payments by an employer to group insurance or group pension plans for employees, other than those covered by Rule 2-B-1-f and Rule 2-B-1-m.
- c. Payments by an employer into third-party trusts for the Davis-Bacon Act or a similar prevailing wage law provided the pension trust is qualified under IRC Sections 401(a) and 501(a).
- d. The value of special rewards for individual invention or discovery.
- e. Dismissal or severance payments except for time worked or vacation accrued.
- f. Payments for active military duty.
- g. Employee discounts on goods purchased from the employee's employer.
- h. Expense reimbursements to employees if the employer's records confirm that the expense was incurred as a valid business expense.

Reimbursed expenses and flat expense allowances paid to employees may be excluded from the audit only if all three of the following conditions are met:

- (1) The expenses or allowances are incurred for the business of the employer
- (2) The amount of each employee's expense or allowance is shown separately in the records of the employer
- (3) The amount of the expense or allowance approximates the actual expense incurred by the employee in the conduct of their work

*Refer to NCCI's **User's Guide** for an example.*

Note: If an employer did not maintain verifiable receipts for incurred expenses for an employee that was away from home overnight on the business of an employer a maximum expense allowance is permitted to be excluded. *Refer to Rule 2-B-1-p Exception for the maximum employee expense allowance.*

Allowable travel expenses permitted by any contract with a federal, state, or local government entity, including, but not limited to, a city, borough, or village, are excluded from payroll. In lieu of verifiable receipts for incurred expenses, the employer must produce a copy of the contract provision permitting the travel expenses at audit. The allowable travel expenses must be in addition to the current wage of the employee.

- i. Meal money for late work.
- j. Work uniform allowances.
- k. Sick pay paid to an employee by a third party such as an employer's group insurance carrier that is paying disability income benefits to a disabled employee.
- l. Employer-provided perks such as:
 - Use of company-provided automobiles
 - Airplane flights
 - Incentive vacations (e.g., contest winners)
 - Discounts on property or services
 - Club memberships

ITEM B-1443—REVISIONS TO NCCI MANUAL RULES RELATED TO THE COVID-19
(CORONAVIRUS) PANDEMIC—REMOVAL OF EXPIRATION DATE

EXHIBIT 1 (CONT'D)
BASIC MANUAL—2001 EDITION
RULE 2—PREMIUM BASIS AND PAYROLL ALLOCATION
B. PAYROLL

(Applies in: AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, TX, UT, VA, VT, WV)

- Tickets to entertainment events
 - Educational assistance
 - Relocation and moving expenses
- m. Employer contributions to employee benefit plans such as:
- Employee savings plans
 - Retirement plans
 - Cafeteria plans (IRC 125)
 - Health savings accounts
 - Flexible spending accounts

These include contributions made by the employer, at the employer's expense, which are determined by the amount contributed by the employee.

- n. Payments made by an employer or any public governmental entity to paid furloughed employees as a result of federal, state, and/or local emergency orders, laws or regulations, issued due to the COVID-19 (coronavirus) pandemic which impact an employer's staffing or business operations. However, any appropriated funds or loans received by an employer as authorized by any law or regulation, or public governmental entity, that are used by an employer specifically to retain or hire working employees are not excluded.

Refer to Rule 2-F-3 for the definitions of paid furloughed employees and payments to paid furloughed employees.

This Rule 2-B-2-n is effective March 1, 2020. This rule will continue to remain in effect and will not expire until determined at a later date as circumstances warrant and in consultation with state regulatory authorities. A future filing will be made to establish an expiration date to this rule as determined and approved by the regulator. The expiration date of this rule will be December 31, 2020, which may be amended to an earlier or later date as circumstances warrant in consultation with state regulatory authorities. This rule will be removed from the **Basic Manual** automatically, upon the applicable expiration date.

**ITEM B-1443—REVISIONS TO NCCI MANUAL RULES RELATED TO THE COVID-19
(CORONAVIRUS) PANDEMIC—REMOVAL OF EXPIRATION DATE**

**EXHIBIT 2
BASIC MANUAL—2001 EDITION
RULE 2—PREMIUM BASIS AND PAYROLL ALLOCATION
F. WAGES FOR TIME NOT WORKED****(Applies in: AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, TX, UT, VA, VT, WV)****1. Idle Time**

Idle time is downtime that occurs when employees are not working and the employer pays the employees for the time not worked.

All wages paid to the employee for idle time must be included in payroll. Wages paid during this time are assigned to the classification for work normally performed by the employee under the following circumstances:

- Suspension or delay of work due to weather conditions
- Delays while waiting for materials
- Delays while waiting for another party to complete certain work
- Delays arising from breakdown in equipment
- “Stand-by” time where employees such as operators of cranes, hoists or other equipment are on the job, but their active services are not required continuously
- Special union requirements or agreements between employer and employees calling for pay for idle time under specific circumstances
- Inability of non-striking employees to perform normal duties due to other employees who are on strike. If non-striking employees perform absolutely no work for their employer and are not present at their employer’s premises or job sites during a strike period, their payroll must be assigned to Code 8810—Clerical Office Employees, provided adequate records are maintained by the employer.
- All other causes of a similar nature

For purposes of this Rule 2-F-1, idle time does not include “paid furloughed employees” or “payments to paid furloughed employees” as provided in **Basic Manual** Rule 2-F-3. ~~This paragraph will continue to remain in effect and will not expire until determined at a later date as circumstances warrant and in consultation with state regulatory authorities. A future filing will be made to establish an expiration date to this paragraph as determined and approved by the regulator. The expiration date of this paragraph will be December 31, 2020, which may be amended to an earlier or later date as circumstances warrant in consultation with state regulatory authorities. This paragraph in this Rule 2-F-1 will be removed from the **Basic Manual** automatically, upon the applicable expiration date.~~

*Refer to **User’s Guide** for an example.*

Refer to Rule 2-F-2 for the treatment of idle time by construction, erection or stevedoring risks.

ITEM B-1443—REVISIONS TO NCCI MANUAL RULES RELATED TO THE COVID-19
(CORONAVIRUS) PANDEMIC—REMOVAL OF EXPIRATION DATE

EXHIBIT 3
BASIC MANUAL—2001 EDITION
RULE 2—PREMIUM BASIS AND PAYROLL ALLOCATION
F. WAGES FOR TIME NOT WORKED

(Applies in: AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, TX, UT, VA, VT, WV)

3. **Payments to Paid Furloughed Employees During Federal, State, and/or Local Emergency Orders, Laws, or Regulations Issued Due to the COVID-19 (Coronavirus) Pandemic**

For purposes of this Rule 2-F-3, "paid furloughed employees" and "payments to paid furloughed employees" are defined within this rule. "Paid furloughed employees" means employees who continue to receive payments during a temporary layoff or an involuntary leave and are not performing any work duties for an employer.

"Payments to paid furloughed employees" means payments made by an employer or any public governmental entity to paid furloughed employees as a result of federal, state, and/or local emergency orders, laws or regulations, issued due to the COVID-19 (coronavirus) pandemic which impact an employer's staffing or business operations. Such payments do not include any appropriated funds or loans received by an employer as authorized by any law or regulation, or public governmental entity, that are used by an employer specifically to retain or hire working employees.

Payments to paid furloughed employees must be assigned to Code 0012, in accordance with the **Statistical Plan**. Payments to paid furloughed employees made in accordance with this Rule 2-F-3 are excluded from the premium and experience rating calculations only if the employer keeps separate, accurate, and verifiable records. If separate, accurate, and verifiable records are not maintained, payroll is assigned to the classification for work normally performed by the employee prior to any emergency orders, laws, or regulations issued due to the COVID-19 (coronavirus) pandemic.

If an employee is requested to perform any duties for an employer, the employee is not deemed a paid furloughed employee for any period of time they are performing duties for the employer. If the employee is not deemed a paid furloughed employee, payroll must be assigned to the classification applicable to the work being performed in accordance with **Basic Manual** Rule 1-A.

This Rule 2-F-3 is effective March 1, 2020. ~~This rule will continue to remain in effect and will not expire until determined at a later date as circumstances warrant and in consultation with state regulatory authorities. A future filing will be made to establish an expiration date to this rule as determined and approved by the regulator. The expiration date of this rule will be December 31, 2020, which may be amended to an earlier or later date as circumstances warrant in consultation with state regulatory authorities. This rule will be removed from the **Basic Manual** automatically, upon the applicable expiration date.~~

**ITEM B-1443—REVISIONS TO NCCI MANUAL RULES RELATED TO THE COVID-19
(CORONAVIRUS) PANDEMIC—REMOVAL OF EXPIRATION DATE**

**EXHIBIT 4
STATISTICAL PLAN—2008 EDITION
PART 3—EXPOSURE INFORMATION
F. EXPOSURE AMOUNT
2. Nonpayroll Exposure**

(Applies in: AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, TX, UT, VA, VT, WV)

d. Paid Furloughed Employees

Paid furloughed employees means employees who continue to receive payments during a temporary layoff or an involuntary leave and are not performing any work duties for an employer. Effective March 1, 2020, payments by an employer or any public governmental entity to paid furloughed employees as a result of federal, state, and/or local emergency orders, laws or regulations, issued due to the COVID-19 (coronavirus) pandemic which impact an employer's staffing or business operations must be reported to Statistical Code 0012—Paid Furloughed Employees. Such payments do not include any appropriated funds or loans received by an employer as authorized by any law or regulation, or public governmental entity, that are used by an employer specifically to retain or hire working employees.

This code will continue to remain in effect and will not expire until determined at a later date as circumstances warrant and in consultation with state regulatory authorities. A future filing will be made to establish an expiration date to this code as determined and approved by the regulator. The expiration date of this code will be December 31, 2020, which may be amended to an earlier or later date as circumstances warrant in consultation with state regulatory authorities.

Code 0012 may be used as a Statistical Code to report the payments only; or it may be used as a Classification Code to report the payments with a zero rate and zero premium.

Payments reported to Code 0012 are excluded from premium and experience rating calculations only if the employer keeps separate, accurate, and verifiable records.

**ITEM B-1443—REVISIONS TO NCCI MANUAL RULES RELATED TO THE COVID-19
(CORONAVIRUS) PANDEMIC—REMOVAL OF EXPIRATION DATE**

**EXHIBIT 5
STATISTICAL PLAN—2008 EDITION
PART 3—EXPOSURE INFORMATION
F. EXPOSURE AMOUNT**

3. Final or Estimated Premium

(Applies in: AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, TX, UT, VA, VT, WV)

c. COVID-19

If final premium based on audited exposure cannot be reported due to federal, state, and/or local emergency orders, laws, or regulations issued due to the COVID-19 (coronavirus) pandemic which impact an employer's staffing or business operations, report the applicable exposure and premium in the class code(s) and the Estimated Audit Code as an "N."

~~This rule is effective March 1, 2020. This rule will continue to remain in effect and will not expire until determined at a later date as circumstances warrant and in consultation with state regulatory authorities. A future filing will be made to establish an expiration date to this rule as determined and approved by the regulator. The expiration date of this rule will be December 31, 2020, which may be amended to an earlier or later date as circumstances warrant in consultation with state regulatory authorities.~~

**ITEM B-1443—REVISIONS TO NCCI MANUAL RULES RELATED TO THE COVID-19
(CORONAVIRUS) PANDEMIC—REMOVAL OF EXPIRATION DATE**

**EXHIBIT 6
STATISTICAL PLAN—2008 EDITION
PART 4—LOSS AND EXPENSE INFORMATION
E. CLAIM COMPONENTS**

1. Required Claim Components

f. Classification Code

(2) Additional Classification Code Loss Reporting

**(Applies in: AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS,
MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, TX, UT, VA, VT, WV)**

(d) Paid Furloughed Employees

For any claims attributable to an employee occurring prior to or after a temporary layoff or an involuntary leave, report losses to the classification for work normally performed by the employee that corresponds to the employee's payroll. No claim can be reported to Code 0012—Paid Furloughed Employees.

This rule is effective March 1, 2020. This rule will continue to remain in effect and will not expire until determined at a later date as circumstances warrant and in consultation with state regulatory authorities. A future filing will be made to establish an expiration date to this rule as determined and approved by the regulator. The expiration date of this rule will be December 31, 2020, which may be amended to an earlier or later date as circumstances warrant in consultation with state regulatory authorities.

ITEM B-1443—REVISIONS TO NCCI MANUAL RULES RELATED TO THE COVID-19
(CORONAVIRUS) PANDEMIC—REMOVAL OF EXPIRATION DATE

EXHIBIT 7
STATISTICAL PLAN—2008 EDITION
PART 6—CODING VALUES

(Applies in: AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, TX, UT, VA, VT, WV)

E. STATISTICAL CODES

3. Premium Amount *Not Part* of Standard Premium

Phraseology	Stat Code	Premium Credit (-) or Debit (+)	Applicable States	Effective Date	Discontinued Date	Notes (If Applicable)
Paid Furloughed Employees	0012	N/A	AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, TX, UT, VA, VT, WV	03/01/2020	12/31/2020*	Refer to Part 3-F-2—Nonpayroll Exposure for details on Paid Furloughed Employees. Code 0012 may be used as a Statistical Code to report the payments only; or it may be used as a Classification Code to report the payments with a zero rate and zero premium. <u>This code will continue to remain in effect and will not expire until determined at a later date as circumstances warrant and in consultation with state regulatory authorities. A future filing will be made to establish an expiration date to this code as determined and approved by the regulator. *Code 0012 will expire on December 31, 2020, which may be amended to an earlier or later date as circumstances warrant in consultation</u>

ITEM B-1443—REVISIONS TO NCCI MANUAL RULES RELATED TO THE COVID-19
(CORONAVIRUS) PANDEMIC—REMOVAL OF EXPIRATION DATE

EXHIBIT 7 (CONT'D)
STATISTICAL PLAN—2008 EDITION
PART 6—CODING VALUES

(Applies in: AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS,
MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, TX, UT, VA, VT, WV)

Phraseology	Stat Code	Premium Credit (-) or Debit (+)	Applicable States	Effective Date	Discontinued Date	Notes (If Applicable)
						with state regulatory authorities.

Rule Revisions Related to COVID-19 (Coronavirus) Pandemic – North Carolina Basic Manual
Part I – Rules
Rule 2-B-2-n
Effective March 1, 2020

Rule 2 – PREMIUM AND PAYROLL

B. Payroll

2. Excludes

- a. Tips or other gratuities received by employees.
- b. Group insurance or group pension payments made by an employer for employees, other than those covered by [Rule 2-B-1-f](#) and [Rule 2-B-1-m](#).
- c. Payments by an employer into third-party trusts for the Davis-Bacon Act or similar prevailing wage laws, provided the pension trust is qualified under the Internal Revenue Code, Sections 401(a) and 501(a).
- d. The value of special rewards for individual invention or discovery.
- e. Payments for dismissal or severance except for time worked or vacation accrued.
- f. Payments for active military duty.
- g. Employee discounts on goods purchased from the employee's employer.
- h. Expense reimbursements to employees if the employer's records confirm that the expense was incurred as a valid business expense.

Flat expense allowances and reimbursed expenses paid to employees may be excluded from the audit if all three of the following conditions are met:

- 1) The expenses or allowances are incurred for the business of the employer
- 2) The amount of each employee's expense or allowance is shown separately in the records of the employer.
- 3) The amount of the expense or allowance approximates the actual expense incurred by the employee in the conduct of their work.

NOTE: If an employer did not maintain verifiable receipts for incurred expenses for an employee that was away from home overnight on the business of an employer a maximum expense allowance is permitted to be excluded. Refer to [Rule 2-B-1-p](#) exception for the maximum employee expense allowance.

Allowable travel expenses permitted by any contract with a federal, state, or local government entity, including, but not limited to, a city, borough, or village, are excluded from payroll. In lieu of

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verifiable receipts for incurred expenses, the employer must produce a copy of the contract provision permitting the travel expenses at audit. The allowable travel expenses must be in addition to the current wage of the employee.

Example of payroll exclusions:

Consider an employer that allows a \$0.55 per mile reimbursement for an employee that uses a personal vehicle for company business. The employer considers the \$0.55 per mile reimbursement a fair estimate of actual incurred expenses. The employee drives 100 miles in a personal vehicle for the company. The \$55.00 reimbursement (100 miles x \$0.55) is a fair estimate and is excluded from payroll.

- i. Meal money for late work
- j. Work uniform allowance
- k. Disability income benefits paid to an employee by a third party such as an insured's group insurance carrier
- l. Employer-provided perks including, but not limited to:
 - 1) Use of company car
 - 2) Airplane flights
 - 3) Incentive vacations (e.g., contest winners)
 - 4) Discounts on property or services
 - 5) Club memberships
 - 6) Tickets to entertainment events
 - 7) Educational assistance
 - 8) Relocation and moving expenses
- m. Employer contributions to employee benefit plans such as:
 - 1) Employee savings plans
 - 2) Retirement plans
 - 3) Cafeteria plans (Internal Revenue Code 125)
 - 4) Health savings accounts
 - 5) Flexible spending accountsThese include any contributions made by the employer, at the employer's expense, which are based upon the amount contributed by the employee.
- n. Payments made by an employer or any public governmental entity to paid furloughed employees as a result of federal, state, and/or local emergency orders, laws or regulations, issued due to the COVID-19 (coronavirus) pandemic which impact an employer's staffing or business operations.

However, any appropriated funds or loans received by an employer as authorized by any law or

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regulation, or public governmental entity, that are used by an employer specifically to retain or hire working employees are not excluded.

Refer to Rule 2-F-3 for the definitions of paid furloughed employees and payments to paid furloughed employees.

This Rule 2-B-2-n is effective March 1, 2020. This rule will continue to remain in effect and will not expire until determined at a later date as circumstances warrant and in consultation with state regulatory authorities. A future filing will be made to establish an expiration date to this rule as determined and approved by the regulator. The expiration date of this rule will be December 31, 2020, which may be amended to an earlier or later date as circumstances warrant in consultation with state regulatory authorities. This rule will be removed from the **Basic Manual** automatically, upon the applicable expiration date.

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Rule 2 – PREMIUM AND PAYROLL

F. Wages for Time Not Worked

1. Idle Time

Idle time is downtime that occurs when employees are not working and the employer pays the employees for the time not worked.

All wages paid to the employee for idle time must be included in payroll. Wages paid during this time are assigned to the classification for work normally performed by the employee under the following circumstances:

- Delay or suspension of work due to weather conditions
- Delays while waiting for materials
- Delays while waiting for another party to complete its portion of the work
- Delays arising from breakdown in equipment
- “Stand by” time where employees such as operators of cranes, hoists, or other equipment are on the job but their active services are not continuously required
- Union requirements or special agreements between employer and employees calling for pay for idle time under specific circumstances
- Inability of non-striking employees to perform normal duties due to other employees who are on strike. If non-striking employees perform absolutely no work for their employer and are not present at their employer’s premises or job sites during a strike period, their payroll must be assigned to Code 8810 – Clerical Office Employees, provided adequate records are maintained by the employer.
- All other causes of a similar nature

For purposes of this Rule 2-F-1, idle time does not include “paid furloughed employees” or “payments to paid furloughed employees” as provided in **Basic Manual** Rule 2-F-3. This paragraph will continue to remain in effect and will not expire until determined at a later date as circumstances warrant and in consultation with state regulatory authorities. A future filing will be made to establish an expiration date to this paragraph as determined and approved by the regulator. The expiration date of this paragraph will be December 31, 2020, which may be amended to an earlier or later date as circumstances warrant in consultation with state regulatory authorities. This paragraph in this Rule 2-F-1 will be removed from the **Basic Manual** automatically, upon the applicable expiration date.

NOTE: For idle time by construction, erection, or stevedoring risks refer to [Rule 2-F-2](#).

Example of wages paid for time not worked:

An insured’s employees regularly work 8 hours per day, 5 days a week. In a given week, there were two work stoppages for a total of 3 hours, because of delays in delivering of materials to the site. The employees were paid their regular rate of pay while idle for the 3 hours. The payroll is

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assigned to the classification for the work normally performed and is included in the policy's payroll audit.

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Rule 2 – PREMIUM AND PAYROLL
F. Wages for Time Not Worked

3. Payments to Paid Furloughed Employees During Federal, State, and/or Local Emergency Orders, Laws, or Regulations Issued Due to the COVID-19 (Coronavirus) Pandemic

For purposes of this Rule 2-F-3, "paid furloughed employees" and "payments to paid furloughed employees" are defined within this rule. "Paid furloughed employees" means employees who continue to receive payments during a temporary layoff or an involuntary leave and are not performing any work duties for an employer.

"Payments to paid furloughed employees" means payments made by an employer or any public governmental entity to paid furloughed employees as a result of federal, state, and/or local emergency orders, laws or regulations, issued due to the COVID-19 (coronavirus) pandemic which impact an employer's staffing or business operations. Such payments do not include any appropriated funds or loans received by an employer as authorized by any law or regulation, or public governmental entity, that are used by an employer specifically to retain or hire working employees.

Payments to paid furloughed employees must be assigned to Code 0012, in accordance with the **Statistical Plan**. Payments to paid furloughed employees made in accordance with this Rule 2-F-3 are excluded from the premium and experience rating calculations only if the employer keeps separate, accurate, and verifiable records. If separate, accurate, and verifiable records are not maintained, payroll is assigned to the classification for work normally performed by the employee prior to any emergency orders, laws, or regulations issued due to the COVID-19 (coronavirus) pandemic.

If an employee is requested to perform any duties for an employer, the employee is not deemed a paid furloughed employee for any period of time they are performing duties for the employer. If the employee is not deemed a paid furloughed employee, payroll must be assigned to the classification applicable to the work being performed in accordance with **Basic Manual** Rule 1-A.

This Rule 2-F-3 is effective March 1, 2020. ~~This rule will continue to remain in effect and will not expire until determined at a later date as circumstances warrant and in consultation with state regulatory authorities. A future filing will be made to establish an expiration date to this rule as determined and approved by the regulator. The expiration date of this rule will be December 31, 2020, which may be amended to an earlier or later date as circumstances warrant in consultation with state regulatory authorities. This rule will be removed from the **Basic Manual** automatically, upon the applicable expiration date.~~

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Part 3-F-4-c
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Rule F – Exposure Amount
4. Non-Payroll Exposure

c. Paid Furloughed Employees

Paid furloughed employees means employees who continue to receive payments during a temporary layoff or an involuntary leave and are not performing any work duties for an employer. Effective March 1, 2020, payments by an employer or any public governmental entity to paid furloughed employees as a result of federal, state, and/or local emergency orders, laws or regulations, issued due to the COVID-19 (coronavirus) pandemic which impact an employer's staffing or business operations must be reported to Statistical Code 0012—Paid Furloughed Employees. Such payments do not include any appropriated funds or loans received by an employer as authorized by any law or regulation, or public governmental entity, that are used by an employer specifically to retain or hire working employees.

~~This code will continue to remain in effect and will not expire until determined at a later date as circumstances warrant and in consultation with state regulatory authorities. A future filing will be made to establish an expiration date to this code as determined and approved by the regulator. The expiration date of this code will be December 31, 2020, which may be amended to an earlier or later date as circumstances warrant in consultation with state regulatory authorities.~~

Code 0012 may be used as a Statistical Code to report the payments only; or it may be used as a Classification Code to report the payments with a zero rate and zero premium.

Payments reported to Code 0012 are excluded from premium and experience rating calculations only if the employer keeps separate, accurate, and verifiable records.

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Part 3 – Exposure Information
Part 3-F-1
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Rule F – Exposure Amount

1. Payroll Exposure

Exposures are required for all classification codes. The exposure reported shall be the audited exposure corresponding to the charged premium amount.

a. Audited or Estimated Exposure

If the final audit has been completed by the USR valuation date, the Estimated Audit Code field should contain the value "N" when the unit is submitted to the Bureau.

If the final audit has not been completed by the USR valuation date, the Estimated Audit Code field should contain the value "Y" when the unit is submitted to the Bureau. Without further request from the Bureau, a correction to the USR must be submitted updating the value to "N" as soon as audited payrolls are available.

b. Audit Noncompliance Charge

If the final audit has not been completed by the USR valuation date due to the insured being uncooperative with the audit; the Estimated Audit Code filed must contain the value "U" when the unit is submitted to the Bureau. Statistical Code 9757 - Audit Noncompliance Charge may be reported when conditions have been met to apply the audit noncompliance charge as outlined in the Basic Manual. Without further request from the Bureau, the USR must be replaced by a correction report as soon as audited payrolls are available.

Note:

When the exposure reported on the 1st report includes Statistical Code 9757 - Audit Noncompliance Charge, the Estimated Audit Code must be reported as "U".

If, at any time, a final audit is successfully completed, a correction must be submitted to remove statistical code 9757 and update the value of the Estimated Audit Code to "N".

c. COVID-19

If final premium based on audited exposure cannot be reported due to federal, state, and/or local emergency orders, laws, or regulations issued due to the COVID-19 (coronavirus) pandemic which impact an employer's staffing or business operations, report the applicable exposure and premium in the class code(s) and the Estimated Audit Code as an "N."

This rule is effective March 1, 2020. This rule will continue to remain in effect and will not expire until determined at a later date as circumstances warrant and in consultation with state regulatory authorities. A future filing will be made to establish an expiration date to this rule as determined and approved by the regulator. The expiration date of this rule will be December 31, 2020,

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~~which may be amended to an earlier or later date as circumstances warrant in consultation with state regulatory authorities.~~

**Rule Revisions Related to COVID-19 (Coronavirus) Pandemic – North Carolina Statistical Plan
Part 4 – Losses and Expense Information
Part 4-H-5
Effective March 1, 2020**

H. Claim Components

5. Classification Code

Submit the classification code corresponding to the injured employee's payroll determined in accordance with the rules of the *Basic Manual for Workers Compensation and Employers Liability Insurance*.

No claim may be assigned to any classification unless exposure has also been reported for that classification. Report the classification code under which the injured employee's payroll is assigned, even if, at the time of injury, the employee may have been involved in an activity that would be classified differently.

Note:

Paid Furloughed Employees

For any claims attributable to an employee occurring prior to or after a temporary layoff or an involuntary leave, report losses to the classification for work normally performed by the employee that corresponds to the employee's payroll. No claim can be reported to Code 0012—Paid Furloughed Employees.

This rule is effective March 1, 2020. This rule will continue to remain in effect and will not expire until determined at a later date as circumstances warrant and in consultation with state regulatory authorities. A future filing will be made to establish an expiration date to this rule as determined and approved by the regulator. The expiration date of this rule will be December 31, 2020, which may be amended to an earlier or later date as circumstances warrant in consultation with state regulatory authorities.

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Part 6 – Coding Values
Part 6-I-3
Effective March 1, 2020

I. Statistical Codes

3. Premium Amount Not Subject to Standard Premium (Non-Standard)

g. Paid Furloughed Employees

Statistical Code	Description	Effective Date	Discontinued Date	Notes
0012	Paid Furloughed Employees	03/01/2020	12/31/2020*	<p>Refer to Part 3-F-2— Nonpayroll Exposure for details on Paid Furloughed Employees. Code 0012 may be used as a Statistical Code to report the payments only; or it may be used as a Classification Code to report the payments with a zero rate and zero premium.</p> <p><u>This code will continue to remain in effect and will not expire until determined at a later date as circumstances warrant and in consultation with state regulatory authorities. A future filing will be made to establish an expiration date to this code as determined and approved by the regulator. *Code 0012 will expire on December 31, 2020, which may be amended to an earlier or later date as circumstances warrant in consultation with state regulatory authorities.</u></p>