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Governor

BOYD K. RUTHERFORD  
Lt. Governor



**Maryland**

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Deputy Commissioner

**BULLETIN No. 20-21**

**DATE:** April 24, 2020

**TO:** All Property & Casualty Insurance Companies and Producers and the Chesapeake Employers Insurance Company

**RE:** COVID-19 / Workers' Compensation Insurance

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On March 5, 2020, Governor Lawrence J. Hogan, Jr. declared a State of Emergency for the entire State as a result of the COVID-19 virus. As a result of this event, Maryland's business community, including small, medium and large employers, are facing unprecedented operational and financial challenges. The Maryland Insurance Administration ("Insurance Administration") has reviewed and approved two (2) recent filings from our authorized workers' compensation rating organization, the National Council on Compensation Insurance ("NCCI"). Please take note of the following important information:

**NCCI-132328770**

In recognition that claims will be filed by employees asserting that they were exposed to and contracted COVID-19 in the workplace, NCCI and other workers' compensation ("W/C") rating organizations will need to track such claims. Accordingly, NCCI filed and the Insurance Administration approved, updates to NCCI's Statistical Plan for Workers' Compensation and Employers Liability Insurance ("Statistical Plan") creating uniform codes for the tracking of COVID-19 injuries, losses and expenses. The use of these codes by all W/C rating organizations will promote consistency of data analysis moving forward in the industry. The effective date for the use of these codes is December 1, 2019.

Please note that the creation of these new codes does not mean that any or all claims for COVID-19 related injury are compensable. Each state has its own laws, regulations and case law history that determine the compensability of any individual claim. Additionally, the Insurance Administration does not determine compensability for W/C claims, which falls under the regulatory purview of the Maryland Workers' Compensation Commission.

## **NCCI-132346721**

In recognition that W/C policies are priced based on the employer's estimated and audited actual payroll amounts, the Insurance Administration issued Bulletin #20-20 on April 13, 2020 encouraging insurers to adjust premiums mid-term as needed to reflect reductions in payroll and provide attendant premium relief. The Insurance Administration also interacted with NCCI regarding the need to exclude payroll from premium calculations for employees that are being paid by an employer but are not working at all due to the COVID-19 crisis. As a result, NCCI filed and the Insurance Administration has approved changes to the Statistical Plan and the Basic Manual for Workers' Compensation and Employers Liability Insurance ("Basic Manual").

These temporary rule changes allow for the exclusion of payroll for workers' who are **not performing any employment functions** but are still being paid by the employer. The rules specify that the employer must be able to document this payroll segment in order to exclude such payroll amounts. The Basic Manual and Statistical Plan updates provide definitions of terms, reporting rules and all relevant information needed to calculate premium based on payroll circumstances specific to COVID-19. The effective date for these rule changes is March 1, 2020, with a current expiration of December 31, 2020. The expiration date may be revised in either direction as developments warrant.

NCCI member insurance companies should review the complete filings noted above in SERFF. A public access link to SERFF is also available on the Insurance Administration's website ([www.insurance.maryland.gov](http://www.insurance.maryland.gov)) under Quick Links (click on "Public Documents" then "Rates and Forms Filings"). Questions from NCCI member companies regarding the application of COVID-19 related changes to the Statistical Plan or Basic Manual should be directed to the member company's NCCI contact.

As always, the Insurance Administration appreciates the cooperation of our licensees in these challenging times. Please contact the Associate Commissioner for Property & Casualty, Robert Baron (Robert.Baron@Maryland.gov / 410.468.2353) with any questions concerning this Bulletin.

***Special Note: The Maryland Insurance Administration remains fully operational during the COVID-19 emergency. If you would like to file an insurance complaint, please use our online portal:***

***<https://enterprise.insurance.maryland.gov/consumer/ConsumerPortalWelcomePage.aspx>***

### ***About the Maryland Insurance Administration***

The Maryland Insurance Administration is an independent State agency charged with regulating Maryland's \$28.5 billion insurance industry. For more information about the Insurance Administration, please visit [www.insurance.maryland.gov](http://www.insurance.maryland.gov) or follow us on Facebook at [www.facebook.com/MDInsuranceAdmin](https://www.facebook.com/MDInsuranceAdmin), Twitter at [@MD\\_Insurance](https://twitter.com/MD_Insurance), LinkedIn at

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