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Nevada Workers' Compensation Decreases by 3.9 Percent Amid Neighboring States' Increases

(Carson City, Nev. – Feb. 10, 2011) – As western region workers' compensation insurance continues to climb, Nevada is moving in the opposite direction by lowering rates, a move that could attract new businesses and expand existing industries in the Silver State.

Nevada Division of Insurance commissioner Brett Barratt recently approved a filing for an average decrease of 3.9 percent for Nevada workers' compensation voluntary insurance loss costs and an average decrease of 2.2 percent for workers' compensation insurance assigned risk rates.

"Nevada has one of the best workers' compensation systems, and the rates are among the lowest in the West," Nevada Lt. Gov. Brian Krolicki said. "These low rates are yet another solid example of the ease and cost-effectiveness of doing business in Nevada."

One company to take advantage of Nevada's offerings is Kimmie Candy Company. Former California business owner, Joe Dutra, president of Kimmie Candy Company, relocated his business to Nevada in 2004.

"What justified Kimmie Candy's move from the Golden State to the Silver State was the cost of doing business," Dutra said. "As a manufacturer, we need to be located in a state that is conducive to business and offers lower taxes and lower workers' compensation rates. Our workers' comp manufacturing rate in California was in the mid teens and in Nevada it's in the lower single digits, which made a big difference in growing and expanding our workforce. In 2010, we grew 47 percent and our workforce grew with us. We see our costs as manageable in Nevada, and the quality of life can't be beat."

When comparing Nevada's costs and rates to those in other states, the Nevada exposure base, payroll, is capped at \$36,000 per employee per policy year. In other states, the full payroll is generally used to compute the premium. Additionally, Nevada's workers' compensation

system was privatized in 1999, allowing rates to be determined in a competitive market. That competition drives down the cost for businesses.

Workers' compensation rates are not only high in the state of California. Washington state has also seen rates rise by an average of 12 percent for this year. The rate increase would have been even more if the State hadn't tapped into \$117 million from its trust fund to pay down workers' compensation bills.

"The recent reduction in workers' compensation insurance will be a welcome relief to businesses across the West looking to relocate or expand during these economically challenging times," Krolicki said. "Nevada's favorable tax structure, low workers' compensation rates, and favorable regulatory environment make doing business in the Silver State even more attractive."

About the Nevada Commission on Economic Development

The Nevada Commission on Economic Development promotes a robust, diversified and prosperous economy based on innovation, human ingenuity and sustainability. This is achieved through programs including national and international Business Development, Community Development Block Grants, Procurement Outreach and the Nevada Film Office. NCED has offices at 808 W. Nye Lane in Carson City and at 555 E. Washington Ave., Suite 5400 in Las Vegas. More information can be accessed at www.diversifynevada.com or by calling 800-336-1600.

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