

Premium Adjustments for Policyholders

This Q&A explains how to report the types of payroll changes that qualify for premium adjustments. You may report these changes in two ways—on your Premium Report or your end-of-year Premium Audit. If you have questions, please call our Premium Audit Department at 505-345-7260 or email the department at audit@newmexicomutual.com for assistance.

Q What types of changes qualify for a premium adjustment?

A If payroll is tracked separately, premiums can be adjusted during the “stay-at-home” period when:

- you have had to lay off employees.
- you have employees who are receiving their wages but doing no work.
- you have employees who are staying at home and performing only clerical duties.

Q How long will the premium adjustments remain in effect?

A The adjustments will remain in effect for as long as the “stay-at-home” order is in force.

Q How do I request premium adjustments on my Payroll Report?

A **If you file paper reports:** Manually enter your payroll changes on the report. For workers staying at home and not working, enter class code 0012 **OR** the applicable description, “worker is doing no work.” In most cases, for workers staying at home and performing only clerical work, you can enter class code 8871 **OR** the description “home doing only clerical work.” Then enter the payroll amount for those workers. Not all policies qualify for class code 8871. To verify if your policy qualifies, please contact our Premium Audit Department at 505.345.7260 or audit@newmexicomutual.com.

If you file online reports: Contact your agent to request that your policy be endorsed with the correct class code(s)—0012 and/or 8871. You will be able to enter changes on the report once these endorsements have been entered. The instructions for making payroll changes are identical to those listed above for paper reports.

Q How do I request premium adjustments on my Final Premium Audit?

A This option is available for those who perform self-audits and whose policy year includes all or part of the stay-at-home period.

If you file on paper: Manually enter your payroll changes on the report. For workers staying at home and doing no work, enter the description “worker is doing no work.”



For workers staying at home and performing only clerical work, enter the description “home doing only clerical work.” Then enter the payroll amount for those workers. **Class codes are not required.**

If you file online: Enter your payroll changes on the report. As with paper audits, enter the description “worker is doing no work” for workers staying at home and doing no work. Enter “home doing only clerical work” for workers staying at home and performing only clerical work. Then enter the payroll amount for those workers. **Class codes are not required.**

Here’s the key: Whether you file on paper or online, employees whose classifications have changed should be listed twice on the self-audit form: once with the wages paid for performing their normal duties, and once more for wages paid during the reclassification period.

On physical audits, the auditor will make the appropriate adjustments.

Q Are there additional record-keeping requirements for policyholders who request these adjustments?

A Yes. You will need to keep accurate records justifying each class code change, including the applicable time periods. This involves tracking payroll separately for the time employees spend at home performing no work or performing only clerical work. If you fail to track separately, all payroll will be assigned to the classifications for the employees’ normal job duties.

Q I’ve had to lay employees off. Do I need to wait until the policy year ends to make premium adjustments for these employees?

A No. To support businesses in this situation, we are allowing midstream adjustments to be made as soon as layoffs occur. This procedural change will remain in force for the duration of the stay-at-home period. Contact your agent so they can relay the changes to our underwriting team.

Q I am paying wages to employees who are staying at home and doing no work. Will the payroll of these employees be used in the adjusted calculation of premium?

A No, it will not, however you will need to keep accurate records for the applicable time period.



Q Are there class code changes for employees who are performing their normal job functions at home?

A No. These employees' classifications should remain the same.

Q My clerical employees are currently assigned to a number of different classification codes. Should these employees' codes be adjusted?

A It depends on the code as well as the employee's regular job duties. Please contact our Premium Audit Department at 505-345-7260 or audit@newmexicomutual.com for assistance.

Q What happens once the Governor lifts the stay-at-home order?

A You will need to change your employees back to their original classifications as soon as they return to their normal job duties or the Governor lifts the order, whichever comes first. All wages from that point forward should be reported under the appropriate class codes in accordance with NCCI rules.

Q How do I report any payroll for the Families First Coronavirus Response Act?

A Payments made under this act will be excluded from your premium calculation. Please contact our Premium Audit Department at 505-345-7260 or audit@newmexicomutual.com for assistance.

Q I have questions. What should I do?

A You can contact our Premium Audit Department at any time during normal business hours. Please call 505-345-7260 or email the department at audit@newmexicomutual.com for assistance.