

**PAYROLL CONSIDERATIONS RELATED TO WORKERS COMPENSATION INSURANCE AND  
DOCUMENTATION BEST PRACTICES**

Dear Valued Safeguard Client,

A recurring question that we've been receiving from our customers is how to treat payroll for employers who are continuing to keep their employees, without performing their normal and customary duties.

The short answer is that no one knows yet, but it will be dictated by each state/NCCI eventually. As you will see in the guidance below, the PCRB is still working on a directive. Please consider the following feedback:

The NCCI and other state workers compensation regulatory bureaus, and state governments are still working to develop payroll handling and reporting guidance as it applies to the COVID-19 crisis. As we navigate the pandemic and its potential impact to the exposure basis on both in-force and future Workers' Compensation Policies, we felt it important to develop general guidance for Insureds with respect to keeping payroll records:

Payroll to employees for time not worked related to the COVID-19 crisis should be separately identified in the Insured's records. This exposure should be captured in a unique payroll category. We suggest segregating the payroll into a COVID category, like how you might code OCIP or overtime. It is imperative that it be separate so that an auditor can identify it at the appropriate time and treat it as directed by the regulators and states.

The Insured should maintain payroll records for employees that continue to work but have taken on different duties in a manner that the payroll is identified, and split based on the applicable workers compensation class code.

Ultimately, we advise keeping clear and concise documentation of what payroll applies to their normal work and which payroll is being given via the Payment Protection Plan.

We will continue to keep abreast of latest developments around the industry as well as provide additional resources you can use to keep your business functioning efficiently, effectively and keeping in compliance with changing rules and regulations. Please visit our resource library at [safeguardgroup.com/coronavirus](https://safeguardgroup.com/coronavirus) for new updates added today.

Very Best Regards,



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