

SENATE BILL NO. 133—COMMITTEE ON COMMERCE AND LABOR

(ON BEHALF OF LEGISLATIVE COMMITTEE ON
WORKERS' COMPENSATION)

FEBRUARY 5, 1999

Referred to Committee on Commerce and Labor

SUMMARY—Establishes provisions governing consolidated insurance programs. (BDR 53-384)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~for omitted material~~ is material to be omitted.

AN ACT relating to industrial insurance; authorizing certain private companies, public entities and utilities to establish and administer a consolidated insurance program to obtain industrial insurance coverage for a construction project; providing certain limitations regarding the scope of a consolidated insurance program; ***authorizing a contractor or subcontractor who is engaged in the construction of a project that is covered by a consolidated insurance program to elect to obtain his own industrial insurance coverage for his employees who work at the site of the construction project in certain circumstances***; authorizing the state industrial insurance system or certain private carriers to provide industrial insurance coverage for a consolidated insurance program; requiring that a consolidated insurance program must provide for the safety and administration of claims of employees of contractors and subcontractors who are engaged in a construction project; setting forth the provisions that must be included within a contract to provide industrial insurance coverage for a consolidated insurance program; allocating responsibility for the payment of claims for industrial insurance that are covered by a consolidated insurance program; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE
AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 **Section 1.** Chapter 616A of NRS is hereby amended by adding thereto
- 2 the provisions set forth as sections 2, 3 and 4 of this act.
- 3 **Sec. 2.** ***“Consolidated insurance program” means a program of***
- 4 ***insurance that provides, for a specified period:***

- 1 **1. Industrial insurance coverage;**
- 2 **2. A comprehensive program of safety; and**
- 3 **3. For the administration of claims for industrial insurance,**
- 4 **for each employee of a contractor or subcontractor who is engaged in a**
- 5 **construction project when such an employee works at the site of the**
- 6 **construction project.**

7 **Sec. 3. "Contractor-controlled insurance program" means a**

8 **consolidated insurance program that is established and administered by**

9 **the principal contractor of the construction project.**

10 **Sec. 4. "Owner-controlled insurance program" means a**

11 **consolidated insurance program that is established and administered by**

12 **the owner of the construction project.**

13 **Sec. 5.** NRS 616A.020 is hereby amended to read as follows:

14 616A.020 1. The rights and remedies provided in chapters 616A to

15 616D, inclusive, of NRS for an employee on account of an injury by

16 accident sustained arising out of and in the course of the employment shall

17 be exclusive, except as otherwise provided in those chapters, of all other

18 rights and remedies of the employee, his personal or legal representatives,

19 dependents or next of kin, at common law or otherwise, on account of such

20 injury.

21 2. The terms, conditions and provisions of chapters 616A to 616D,

22 inclusive, of NRS for the payment of compensation and the amount thereof

23 for injuries sustained or death resulting from such injuries shall be

24 conclusive, compulsory and obligatory upon both employers and

25 employees coming within the provisions of those chapters.

26 3. The exclusive remedy provided by this section to a principal

27 contractor extends, with respect to any injury by accident sustained by an

28 employee of any contractor in the performance of the contract, to every

29 architect, land surveyor or engineer who performs services for:

- 30 (a) The contractor;
- 31 (b) The owner of the property; or
- 32 (c) Any such beneficially interested persons.

33 4. **The exclusive remedy provided by this section applies to the owner**

34 **of a construction project who provides industrial insurance coverage for**

35 **the project by establishing and administering a consolidated insurance**

36 **program pursuant to section 8 of this act to the extent that the program**

37 **covers the employees of the contractors and subcontractors who are**

38 **engaged in the construction of the project.**

39 5. If an employee receives any compensation or accident benefits under

40 chapters 616A to 616D, inclusive, of NRS, the acceptance of such

41 compensation or benefits shall be in lieu of any other compensation, award

42 or recovery against his employer under the laws of any other state or

43 jurisdiction and such employee is barred from commencing any action or

1 proceeding for the enforcement or collection of any benefits or award under
2 the laws of any other state or jurisdiction.

3 **Sec. 6.** NRS 616A.025 is hereby amended to read as follows:

4 616A.025 As used in chapters 616A to 616D, inclusive, of NRS,
5 unless the context otherwise requires, the words and terms defined in NRS
6 616A.030 to 616A.360, inclusive, *and sections 2, 3 and 4 of this act*, have
7 the meanings ascribed to them in those sections.

8 **Sec. 6.5.** NRS 616A.230 is hereby amended to read as follows:

9 616A.230 “Employer” means:

10 1. The state, and each county, city, school district, and all public and
11 quasi-public corporations therein without regard to the number of persons
12 employed.

13 2. Every person, firm, voluntary association, and private corporation,
14 including any public service corporation, which has in service any person
15 under a contract of hire.

16 3. The legal representative of any deceased employer.

17 4. The Nevada rural housing authority.

18 *5. Except as otherwise provided in section 9 of this act, an owner or*
19 *principal contractor who establishes and administers a consolidated*
20 *insurance program pursuant to section 8 of this act, with respect to the*
21 *employees covered under that consolidated insurance program.*

22 **Sec. 7.** Chapter 616B of NRS is hereby amended by adding thereto the
23 provisions set forth as sections 8 to 21, inclusive, of this act.

24 **Sec. 8. 1.** *A private company, public entity or utility may:*

25 *(a) Establish and administer a consolidated insurance program to*
26 *provide industrial insurance coverage for employees of contractors and*
27 *subcontractors who are engaged in a construction project of which the*
28 *private company, public entity or utility is the owner or principal*
29 *contractor; and*

30 *(b) Except as otherwise provided in section 9 of this act, as a condition*
31 *precedent to the award of a contract to perform work on the construction*
32 *project, require that contractors and subcontractors who will be engaged*
33 *in the construction of the project participate in the consolidated*
34 *insurance program.*

35 **2.** *If a private company, public entity or utility:*

36 *(a) Establishes and administers a consolidated insurance program;*
37 *and*

38 *(b) Pursuant to the contract for the construction of the project, owes a*
39 *periodic payment to a contractor or subcontractor whose employees are*
40 *covered under the consolidated insurance program,*
41 *the private company, public entity or utility shall not withhold such a*
42 *periodic payment on the basis that the contractor or subcontractor has*

1 *not signed an employer's report of industrial injury or occupational*
2 *disease as required pursuant to NRS 616C.045.*

3 **Sec. 9.** 1. *A contractor or subcontractor, other than the principal*
4 *contractor, who is or will be engaged in the construction of a project that*
5 *is covered by a consolidated insurance program may elect to obtain his*
6 *own industrial insurance coverage for his employees who work at the site*
7 *of the construction project if the contractor or subcontractor can obtain a*
8 *lower rate for such coverage than the basic premium rate for the*
9 *consolidated insurance program that is established pursuant to NRS*
10 *686B.177.*

11 2. *If a contractor or subcontractor makes the election described in*
12 *subsection 1, the employees of the contractor or subcontractor shall not*
13 *be deemed to be employees of the owner or principal contractor of the*
14 *construction project pursuant to section 17 of this act.*

15 **Sec. 10.** *A consolidated insurance program must not cover more*
16 *than one construction project.*

17 **Sec. 11.** *A consolidated insurance program may cover more than*
18 *one construction project.*

19 **Sec. 12.** 1. *The system or a private carrier who is authorized to*
20 *transact industrial insurance in this state may contract with a private*
21 *company, public entity or utility to provide industrial insurance coverage*
22 *for a consolidated insurance program.*

23 2. *A private company, public entity or utility that enters into a*
24 *contract with the system or a private carrier for the provision of*
25 *industrial insurance coverage for a consolidated insurance program*
26 *shall file a copy of the contract with the commissioner at least 60 days*
27 *before the date on which the construction project is scheduled to begin.*

28 3. *The commissioner shall, within 60 days after receiving a copy of a*
29 *contract pursuant to subsection 2, review and approve or disapprove the*
30 *contract. If the commissioner does not disapprove the contract within 60*
31 *days after receiving it, the contract shall be deemed approved.*

32 **Sec. 13.** 1. *A consolidated insurance program that a private*
33 *company, public entity or utility is authorized to establish and administer*
34 *pursuant to section 8 of this act must, in the manner set forth in this*
35 *section, provide for the safety of an employee of a contractor or*
36 *subcontractor who is engaged in the construction project when such an*
37 *employee works at the site of the construction project.*

38 2. *The owner or principal contractor of the construction project shall*
39 *develop and carry out a safety program that includes, without limitation:*

40 (a) *The establishment of minimum standards of safety to be observed*
41 *during construction of the project;*

42 (b) *The holding of regular meetings to address and discuss issues*
43 *related to safety;*

1 (c) Training of contractors and subcontractors regarding issues and
2 procedures related to safety;

3 (d) Regular inspections of the site of the construction project to
4 identify potential safety hazards and ensure that minimum standards of
5 safety are being observed;

6 (e) The notification of contractors and subcontractors of special
7 hazards that exist at the site of the construction project, including advice
8 on ways in which the contractors and subcontractors can avoid those
9 hazards; and

10 (f) The prompt investigation of any injuries that take place at the site
11 of the construction project which result in death or serious bodily injury.

12 3. The owner or principal contractor of the construction project shall
13 hire or contract with two persons to serve as the primary and alternate
14 coordinators for safety for the construction project. The primary and
15 alternate coordinators for safety must:

16 (a) Possess credentials in the field of safety that the administrator
17 determines to be adequate to prepare a person to act as a coordinator for
18 safety for a construction project, including, without limitation,
19 credentials issued by the:

20 (1) Board of Certified Safety Professionals; or

21 (2) Insurance Institute of America; or

22 (b) Have at least 3 years of experience in overseeing matters of
23 occupational safety and health in the field of construction that the
24 administrator determines to be adequate to prepare a person to act as a
25 coordinator for safety for a construction project.

26 4. The primary and alternate coordinators for safety for the
27 construction project:

28 (a) Must not serve as coordinators for safety for another construction
29 project that is covered by a different consolidated insurance program;

30 (b) Shall oversee and enforce the safety program established pursuant
31 to subsection 2, including, without limitation, resolving problems related
32 to the operation of the safety program; and

33 (c) Shall ensure that the contractors, employers and subcontractors
34 who are engaged in the construction of the project coordinate their
35 efforts regarding issues of occupational safety and health to create and
36 maintain a safe and healthful workplace.

37 5. The alternate coordinator for safety shall report to the primary
38 coordinator for safety regarding activities that take place at the site of the
39 construction project when the primary coordinator is absent.

40 6. The owner or principal contractor of the construction project shall
41 ensure that the primary or alternate coordinator for safety for the
42 construction project is physically present at the site of the construction

1 *project whenever activity related to construction is taking place at the*
2 *site.*

3 **Sec. 14. 1.** *Except as otherwise provided in subsection 2 of section*
4 *16 of this act, a consolidated insurance program that a private company,*
5 *public entity or utility is authorized to establish and administer pursuant*
6 *to section 8 of this act must, in the manner set forth in this section,*
7 *provide for the administration of claims for industrial insurance for an*
8 *employee of a contractor or subcontractor who is engaged in the*
9 *construction project when such an employee works at the site of the*
10 *construction project.*

11 **2.** *The owner or principal contractor of the construction project shall*
12 *hire or contract with a person to serve as the administrator of claims for*
13 *industrial insurance for the construction project. Such a person must not*
14 *serve as an administrator of claims for industrial insurance for another*
15 *construction project that is covered by a different consolidated insurance*
16 *program.*

17 **3.** *The administrator of claims for industrial insurance for the*
18 *construction project who is hired or with whom the owner or principal*
19 *contractor contracts pursuant to subsection 2 shall:*

20 *(a) Assist an employee who is covered under the consolidated*
21 *insurance program or, in the event of the employee's death, one of his*
22 *dependents, in filing a written notice of injury or death as required*
23 *pursuant to NRS 616C.015 or a written notice of an occupational disease*
24 *as required pursuant to NRS 617.342;*

25 *(b) Sign and file on behalf of a contractor or subcontractor whose*
26 *employees are covered under the consolidated insurance program an*
27 *employer's report of industrial injury or occupational disease as required*
28 *pursuant to NRS 616C.045 or 617.354;*

29 *(c) Ensure that an employee who is covered under the consolidated*
30 *insurance program and who has been injured or who has incurred an*
31 *occupational disease while working on the construction project is*
32 *directed to a medical facility that will provide treatment to the employee*
33 *under the program;*

34 *(d) Handle all issues, to the extent reasonably practicable, relating to*
35 *claims for industrial insurance at the site of the construction project; and*

36 *(e) Hire or contract such assistant administrators as may be necessary*
37 *to carry out his responsibilities pursuant to this section.*

38 **4.** *The owner or principal contractor of the construction project shall*
39 *ensure that the administrator of claims for industrial insurance for the*
40 *construction project or an assistant administrator is physically present at*
41 *the site of the construction project whenever activity related to*
42 *construction is taking place at the site.*

43 **Sec. 15.** (Deleted by amendment.)

1 **Sec. 16. 1.** *A consolidated insurance program must not provide*
2 *industrial insurance coverage, a comprehensive program of safety or for*
3 *the administration of claims for industrial insurance for an employee of*
4 *a contractor or subcontractor who is engaged in the construction of the*
5 *project that is covered by the consolidated insurance program at any time*
6 *that such an employee does not work at the site of the construction*
7 *project.*

8 2. *A consolidated insurance program must not provide industrial*
9 *insurance coverage or for the administration of claims for industrial*
10 *insurance for an employee of a contractor or subcontractor if the*
11 *contractor or subcontractor has elected to obtain his own industrial*
12 *insurance coverage pursuant to section 9 of this act.*

13 3. *A contractor or subcontractor who is engaged in the construction*
14 *of a project that is covered by a consolidated insurance program and who*
15 *has not elected to obtain his own industrial insurance coverage pursuant*
16 *to section 9 of this act shall maintain separate industrial insurance*
17 *coverage for its employees who:*

18 (a) *Are not assigned to participate in the construction of the project;*
19 *or*

20 (b) *Are assigned to participate in the construction of the project but*
21 *who do not work at the site of the project.*

22 4. *The owner or principal contractor of a construction project shall,*
23 *unless the contractor or subcontractor has elected to obtain his own*
24 *industrial insurance coverage pursuant to section 9 of this act, reimburse*
25 *a contractor or subcontractor who bids successfully on the construction*
26 *project for the cost of providing separate industrial insurance coverage*
27 *for an employee if:*

28 (a) *The contractor or subcontractor set the amount of his bid in a*
29 *reasonable, good faith belief that the employee would work at the site of*
30 *the construction project and would therefore be covered by the*
31 *consolidated insurance program; and*

32 (b) *Because of changed circumstances not reasonably foreseeable at*
33 *the time the bid was submitted, the employee worked in whole or in part*
34 *at a location other than the site of the construction project, requiring the*
35 *contractor or subcontractor to obtain separate industrial insurance*
36 *coverage for that employee.*

37 **Sec. 17.** *Except as otherwise provided in section 9 of this act, if an*
38 *owner or principal contractor establishes and administers a consolidated*
39 *insurance program pursuant to section 8 of this act, each employee who*
40 *is covered under the consolidated insurance program shall be deemed to*
41 *be an employee of the owner or principal contractor for the purpose of*
42 *determining the loss experience of the owner or principal contractor.*

1 **Sec. 18.** *With respect to a construction project for which the owner*
2 *intends to establish and administer an owner-controlled insurance*
3 *program or the principal contractor intends to establish and administer a*
4 *contractor-controlled insurance program, the owner or principal*
5 *contractor, as appropriate, shall:*

6 1. *In the notice or advertisement for bids for the construction of the*
7 *project, state:*

8 (a) *That the employees of contractors and subcontractors who are*
9 *engaged in the construction of the project will be covered under a*
10 *consolidated insurance program when such employees work at the site of*
11 *the project; and*

12 (b) *Whether such a program will be an owner-controlled insurance*
13 *program or a contractor-controlled insurance program; and*

14 2. *Hold a pre-bid conference at which it provides to potential*
15 *contractors and subcontractors, without limitation, the following*
16 *information:*

17 (a) *A general explanation of the manner in which a consolidated*
18 *insurance program operates;*

19 (b) *An overview of the provisions of sections 8 to 21, inclusive, of this*
20 *act;*

21 (c) *A general description of the safety procedures that will be required*
22 *as part of the consolidated insurance program; and*

23 (d) *The procedures pursuant to which claims for industrial insurance*
24 *will be administered.*

25 **Sec. 19.** *The system or a private carrier who contracts to provide*
26 *industrial insurance coverage for a consolidated insurance program*
27 *pursuant to section 12 of this act is liable to pay each claim for industrial*
28 *insurance that is covered by the program, regardless of whether:*

29 1. *The claim is filed after the completion of the construction project;*
30 *or*

31 2. *Any party to the contract is not transacting business within this*
32 *state at the time the claim is filed.*

33 **Sec. 20.** *A contract for the provision of industrial insurance that is*
34 *authorized pursuant to section 12 of this act must include, without*
35 *limitation:*

36 1. *Provisions that require compliance with each of the requirements*
37 *relating to safety and the administration of claims for industrial*
38 *insurance at the site of the construction project that are set forth in*
39 *sections 13 and 14 of this act;*

40 2. *The names and qualifications of the persons appointed to oversee*
41 *issues of safety and the administration of claims for industrial insurance*
42 *at the site of the construction project pursuant to sections 13 and 14 of*
43 *this act;*

1 **3. The terms and conditions pursuant to which the contract provides**
2 **industrial insurance coverage. The terms and conditions must include,**
3 **without limitation:**

4 **(a) A definition of the site of the construction project that:**

5 **(1) Delineates clearly the area within which coverage is provided;**
6 **and**

7 **(2) Is reasonably contiguous to the actual physical site of the**
8 **construction project; and**

9 **(b) A description of the scope and details of the construction project**
10 **and the duration of industrial insurance coverage that is provided for the**
11 **project;**

12 **4. A list in which the owner, principal contractor, construction**
13 **manager, contractors and subcontractors of the construction project are**
14 **set forth as named insureds; and**

15 **5. A provision setting forth the penalties to which the owner,**
16 **principal contractor, construction manager, contractors and**
17 **subcontractors of the construction project may be subject if such persons**
18 **or entities fail to comply with the provisions relating to safety and the**
19 **administration of claims for industrial insurance that are required**
20 **pursuant to sections 13 and 14 of this act.**

21 **Sec. 21. The commissioner may adopt such regulations as the**
22 **commissioner determines are necessary to carry out the provisions of**
23 **sections 8 to 21, inclusive, of this act, to the extent that the authority**
24 **granted pursuant to this section does not duplicate authority granted to**
25 **the administrator.**

26 **Sec. 22. NRS 616B.612 is hereby amended to read as follows:**

27 616B.612 1. Every employer within the provisions of chapters 616A
28 to 616D, inclusive, of NRS, and those employers who accept the terms of
29 those chapters and are governed by their provisions, shall provide and
30 secure compensation according to the terms, conditions and provisions of
31 those chapters for any personal injuries by accident sustained by an
32 employee arising out of and in the course of the employment.

33 **2. A contractor or subcontractor shall be deemed to have provided**
34 **and secured compensation for his employees as required pursuant to**
35 **subsection 1 to the extent that those employees are covered by a**
36 **consolidated insurance program.**

37 **3. Travel for which an employee receives wages shall, for the purposes**
38 **of chapters 616A to 616D, inclusive, of NRS, be deemed in the course of**
39 **employment.**

40 ~~3.~~ **4. In such cases the employer or any insurer of the employer is**
41 **relieved from other liability for recovery of damages or other compensation**
42 **for those personal injuries unless otherwise provided by the terms of**
43 **chapters 616A to 616D, inclusive, of NRS.**

1 **Sec. 23.** NRS 616C.045 is hereby amended to read as follows:

2 616C.045 1. ~~{Within}~~ *Except as otherwise provided in section 14 of*
3 *this act, within* 6 working days after the receipt of a claim for
4 compensation from a physician or chiropractor, an employer shall complete
5 and file with his insurer or third-party administrator an employer's report of
6 industrial injury or occupational disease.

7 2. The report must:

8 (a) Be on a form prescribed by the administrator;

9 (b) Be signed by the employer or his designee;

10 (c) Contain specific answers to all questions required by the regulations
11 of the administrator; and

12 (d) Be accompanied by a statement of the wages of the employee if the
13 claim for compensation received from the treating physician or chiropractor
14 indicates that the injured employee is expected to be off work for 5 days or
15 more.

16 3. An employer who files the report required by subsection 1 by
17 electronic transmission shall, upon request, mail to the insurer or third-
18 party administrator the form that contains the original signature of the
19 employer or his designee. The form must be mailed within 7 days after
20 receiving such a request.

21 4. The administrator shall impose an administrative fine of not more
22 than \$1,000 on an employer for each violation of this section.

23 **Sec. 24.** NRS 617.354 is hereby amended to read as follows:

24 617.354 1. ~~{Within}~~ *Except as otherwise provided in section 14 of*
25 *this act, within* 6 working days after the receipt of a claim for
26 compensation from a physician or chiropractor, an employer shall complete
27 and file with his insurer or third-party administrator an employer's report of
28 industrial injury or occupational disease.

29 2. The report must:

30 (a) Be on a form prescribed by the administrator;

31 (b) Be signed by the employer or his designee;

32 (c) Contain specific answers to all questions required by the regulations
33 of the department; and

34 (d) Be accompanied by a statement of the wages of the employee if the
35 claim for compensation received from the treating physician or chiropractor
36 indicates that the employee is expected to be off work for 5 days or more.

37 3. An employer who files the report required by subsection 1 by
38 electronic transmission shall, upon request, mail to the insurer or third-
39 party administrator the form that contains the original signature of the
40 employer or his designee. The form must be mailed within 7 days after
41 receiving such a request.

42 4. The administrator shall impose an administrative fine of not more
43 than \$1,000 against an employer for each violation of this section.

1 **Sec. 25.** NRS 686A.200 is hereby amended to read as follows:

2 686A.200 1. ~~[No]~~ *Except as otherwise provided in section 8 of this*
3 *act, no* person shall require, directly or indirectly, or through any trustee,
4 director, officer, agent or employee or affiliate, as a condition, agreement
5 or understanding to selling or furnishing any other person any loan, or
6 extension thereof, credit, sale, goods, property, contract, lease or service,
7 that such other person shall place, continue (other than as to life insurance)
8 or renew any policy of insurance of any kind through any particular agent,
9 broker or insurer. No agent, broker or insurer shall knowingly participate in
10 any such prohibited plan or transaction. No person shall fix a price charged
11 for such thing or service, or discount from or rebate upon price, on the
12 condition, agreement or understanding that any insurance is to be obtained
13 through a particular agent, broker or insurer.

14 2. Subsection 1 does not prevent:

15 (a) The exercise by any such person upon a reasonable basis of any right
16 to approve or disapprove of the insurer and representative to underwrite the
17 insurance. Such basis shall relate only to the adequacy and terms of the
18 coverage with respect to the interest of the vendor, lender, lessor or
19 provider of service to be insured thereunder, the financial standards to be
20 met by the insurer, and the ability of the insurer or representative to service
21 the policy.

22 (b) The exercise by the vendor, lender, lessor or provider of service of
23 the right to furnish or renew the insurance, and to charge the account of the
24 other person with the costs thereof, if such other person fails to deliver such
25 insurance to the lender, vendor, lessor or provider of service, where
26 otherwise called for and in order, at least 15 days prior to expiration of the
27 existing policy.

28 **Sec. 26.** NRS 686A.220 is hereby amended to read as follows:

29 686A.220 1. ~~[No]~~ *Except as otherwise provided in section 8 of this*
30 *act, no* officer or employee of this state, or of any public agency, public
31 authority or public corporation (except a public corporation or public
32 authority created pursuant to agreement or compact with another state), and
33 no person acting or purporting to act on behalf of such officer or employee,
34 or public agency or public authority or public corporation, shall, with
35 respect to any public building or construction contract which is about to be
36 or which has been competitively bid, require the bidder to make application
37 or furnish financial data to, or to obtain or procure any of the surety bonds
38 or contracts of insurance specified in connection with such contracts or by
39 any law from, a particular insurer or agent or broker.

40 2. ~~[No]~~ *Except as otherwise provided in section 8 of this act, no* such
41 officer or employee or any person acting or purporting to act on behalf of
42 such officer or employee shall negotiate, make application for, obtain or
43 procure any of such surety bonds or contracts of insurance (except

1 contracts of insurance for builder's risk or owner's protective liability)
2 which can be obtained or procured by the bidder, contractor or
3 subcontractor.

4 3. This section does not, however, prevent the exercise by such officer
5 or employee on behalf of the state or such public agency, public authority
6 or public corporation of its right to approve the form, sufficiency or manner
7 of execution of the surety bonds or contracts of insurance furnished by the
8 insurer selected by the bidder to underwrite such bonds or contracts of
9 insurance.

10 4. Any provisions in any invitation for bids or in any of the contract
11 documents in conflict with this section are declared to be contrary to the
12 public policy of this state.

13 5. A violation of this section is subject to the penalties provided by
14 NRS 679A.180 (general penalty).

15 **Sec. 27.** 1. This section and sections 1 to 10, inclusive, and 12 to 26,
16 inclusive, of this act become effective on October 1, 1999.

17 2. Section 10 of this act expires by limitation on September 30, 2001.

18 3. Section 11 of this act becomes effective on October 1, 2001.