

SENATE BILL NO. 37—COMMITTEE ON COMMERCE AND LABOR

PREFILED JANUARY 26, 1999

(ON BEHALF OF LEGISLATIVE COMMITTEE ON WORKERS' COMPENSATION)

Referred to Committee on Commerce and Labor

SUMMARY—Makes various changes regarding industrial insurance. (BDR 53-382)

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

~

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

AN ACT relating to industrial insurance; allowing certain employees of the system to retain their rights to reemployment in the executive branch of state government under certain circumstances; authorizing the state industrial insurance system to enter into certain agreements with agents, brokers and insurers to provide and market packages of insurance that combine industrial insurance coverage provided by the system with other kinds of insurance provided by other insurers; authorizing the system to pay a commission to those agents, brokers and insurers; requiring the manager of the state industrial insurance system to report annually to the legislative committee on workers' compensation concerning the status of the account for the administration of extended claims; requiring the state industrial insurance system to provide certain information to the commissioner of insurance; requiring the state industrial insurance system to report to the commissioner of insurance concerning the financial condition of the account for the administration of extended claims; setting forth the circumstances in which the commissioner is authorized to make such information available publicly; exempting the employees of the state industrial insurance system from certain provisions governing employment in the executive branch of state government; 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 616B of NRS is hereby amended by adding thereto
2 the provisions set forth as sections 2 to 5, inclusive, of this act.
3 **Sec. 2. 1. *Except as otherwise provided in this section, all officers***
4 ***and employees of the system are exempt from the provisions of chapter***

1 284 of NRS and are entitled to such salaries, leaves of absences and other
2 terms and conditions of employment as the manager prescribes.

3 2. An employee hired by the system as a classified employee before
4 the effective date of this act retains his rights to reemployment.

5 3. If the manager lays off an employee described in subsection 2, the
6 manager shall:

7 (a) Give the employee at least 30 days' written notice before the
8 effective date of the layoff; and

9 (b) Provide the department of personnel with such information as is
10 necessary for the department to ensure the employee receives his rights to
11 reemployment.

12 4. As used in this section, "rights to reemployment" means all rights
13 to be reemployed by the executive branch of state government established
14 by the provisions of chapter 284 of NRS and the regulations adopted
15 pursuant thereto, including, without limitation, the right to be placed on
16 an appropriate reemployment list in the appropriate order.

17 Sec. 3. 1. The system may enter into an agreement with an agent,
18 broker or insurer for the provision and marketing of packages of
19 insurance coverage to employers that consist of:

20 (a) Industrial insurance which is provided by the system; and

21 (b) One or more kinds of insurance, other than industrial insurance,
22 which are not provided by the system.

23 2. The system shall not accept, assume or otherwise undertake any
24 manner of financial liability or responsibility with respect to insurance
25 that is provided by an insurer pursuant to paragraph (b) of subsection 1.

26 3. An agreement entered into pursuant to subsection 1 may provide
27 for the system to pay a commission to an agent, broker or insurer for
28 soliciting, negotiating, procuring, effecting or renewing a contract for a
29 package of insurance coverage that includes industrial insurance which
30 is provided by the system.

31 4. As used in this section:

32 (a) "Agent" has the meaning ascribed to it in NRS 683A.030.

33 (b) "Broker" has the meaning ascribed to it in NRS 683A.040.

34 (c) "Insurer" has the meaning ascribed to it in NRS 679A.100.

35 Sec. 4. 1. After the close of each fiscal year of the system, the
36 manager shall:

37 (a) Prepare a written report concerning the status for that fiscal year
38 of the account for the administration of extended claims created pursuant
39 to NRS 616B.087;

40 (b) Submit the report to the legislative committee on workers'
41 compensation; and

42 (c) Testify before the committee concerning the report.

1 **2. The report must be submitted within 4 months after the close of**
2 **each fiscal year of the system. The manager may testify before the**
3 **committee after the end of the 4-month period if the report was submitted**
4 **in a timely manner and no meeting of the committee is scheduled after**
5 **the date of submission of the report and before the end of the 4-month**
6 **period.**

7 **3. The report must include the:**

8 **(a) Financial statement of the system which must include:**

9 **(1) A balance sheet indicating the amount of assets and liabilities of**
10 **the account at the close of that fiscal year; and**

11 **(2) A statement of operations for the account indicating the:**

12 **(I) Amount of money paid on claims against the account and**
13 **other operating expenses in that fiscal year;**

14 **(II) Investment income and other income generated by the**
15 **account in that fiscal year; and**

16 **(III) Changes in the accumulated deficit or accumulated earnings**
17 **that occurred during that fiscal year; and**

18 **(b) Manager's opinion as to whether the amount of money allocated to**
19 **the account pursuant to NRS 616B.083 and 680B.060 will be adequate to**
20 **satisfy the obligations and liabilities of the state insurance fund for claims**
21 **for workers' compensation that are related to injuries which were**
22 **incurred before July 1, 1995.**

23 **Sec. 5. 1. Notwithstanding any other provision of law, the system**
24 **shall comply with those provisions of Title 57 of NRS that require a**
25 **private carrier to provide information to the commissioner, except those**
26 **provisions that the commissioner determines are not reasonably**
27 **applicable to the system. In complying with such provisions, the system**
28 **shall provide to the commissioner the same or substantially similar**
29 **information as that which a private carrier is required to provide to the**
30 **commissioner.**

31 **2. The commissioner shall make information received from the**
32 **system pursuant to this section available publicly only if the commissioner**
33 **makes the same or substantially similar information received from a**
34 **private carrier available publicly.**

35 **Sec. 6. NRS 616B.014 is hereby amended to read as follows:**

36 **616B.014 1. Except as otherwise provided in this section and in NRS**
37 **616B.006, 616B.012 and 616B.021, and section 5 of this act, the following**
38 **records of the system are confidential:**

39 **(a) Files of individual claimants and policyholders of the system.**

40 **(b) Any reports that contain information that would identify individual**
41 **claimants and policyholders of the system.**

42 **(c) Any proprietary information of the system.**

1 2. The system ~~may~~ **shall, upon request**, disclose such confidential
2 information:

3 (a) To the governor and any member of his staff authorized to receive
4 such information;

5 (b) To a member of the legislature and any member of his staff
6 authorized to receive such information;

7 (c) To the administrative director of an executive agency who is
8 otherwise authorized to receive such information pursuant to specific statute
9 or administrative regulation; or

10 (d) Pursuant to a lawful order issued by a court of competent jurisdiction.

11 3. ~~4.~~ **Except as otherwise provided in section 5 of this act, a** person
12 who obtains such confidential information pursuant to subsection 2 shall not
13 disclose:

14 (a) The identity of an individual claimant or policyholder of the system;
15 or

16 (b) Any proprietary information of the system,
17 except pursuant to a lawful order of a court of competent jurisdiction.

18 4. As used in this section, "proprietary information" means any
19 information which, if disclosed to the general public, may result in a
20 competitive disadvantage to the system, including, without limitation:

21 (a) Rules, criteria and standards for underwriting policies that are applied
22 by the system.

23 (b) Plans or other documents concerning the marketing or strategic
24 planning of the system.

25 (c) Data, studies and reports concerning the development of new
26 products or services.

27 (d) Data that identify the share of the market of the system within each
28 class of risk.

29 (e) Any worksheets relating to the financial condition of the system,
30 except ~~the~~ :

31 (1) A financial statement resulting from an audit of the system
32 conducted pursuant to NRS 616B.056 ~~and a~~ ;

33 (2) A final report of an audit conducted by the legislative auditor ~~the~~ ;
34 or

35 (3) **The report concerning the account for the administration of**
36 **extended claims prepared pursuant to section 4 of this act.**

37 (f) The annual actuarial valuation and report of the soundness of the
38 system prepared pursuant to NRS 616B.056.

39 **Sec. 7.** NRS 616B.050 is hereby amended to read as follows:

40 616B.050 1. The state industrial insurance system is hereby
41 established as an independent actuarially funded system to insure employers
42 against liability for injuries and occupational diseases for which their
43 employees may be entitled to receive compensation pursuant to chapters

1 616A to 616D, inclusive, of NRS or chapter 617 of NRS, and the federal
2 Longshoremen's and Harbor Workers' Compensation Act. The system may
3 create one or more entities to carry out the business of the system, which
4 may be operated under any legal name in addition to the state industrial
5 insurance system on behalf of the system.

6 2. The system is a public agency which administers and is supported by
7 the state insurance fund. The executive and legislative departments of the
8 state government shall regularly review the system.

9 3. The system is entitled but not required to use any services provided
10 to state agencies. ~~[Except as otherwise provided for specified positions, its~~
11 ~~employees are in the classified service of the state.]~~

12 **Sec. 8.** NRS 616B.065 is hereby amended to read as follows:

13 616B.065 1. The manager shall select assistant managers who are ~~in~~
14 ~~the unclassified service of the state and are~~ entitled to receive annual
15 salaries fixed by the manager.

16 2. The assistant managers ~~[shall]~~ serve at the pleasure of the manager.

17 3. The assistant managers must be graduates of a 4-year college or
18 university with a degree in business administration or public administration
19 or an equivalent degree.

20 **Sec. 9.** NRS 616B.068 is hereby amended to read as follows:

21 616B.068 The manager is ~~in the unclassified service of the state but is~~
22 entitled to receive an annual salary fixed by the governor.

23 **Sec. 10.** NRS 616B.083 is hereby amended to read as follows:

24 616B.083 1. The money and assets held in trust by the system
25 include:

26 (a) All premiums and other money paid to the system;

27 (b) All property and securities acquired through the use of money in the
28 state insurance fund; and

29 (c) All interest and dividends earned upon money in the state insurance
30 fund and deposited or invested as provided in chapters 616A to 616D,
31 inclusive, of NRS.

32 2. The system shall:

33 (a) Report to the commissioner ~~[only]~~ its financial statement and results
34 of operations for ~~the~~ :

35 **(1) The account for *the administration of* current claims *created***
36 ***pursuant to NRS 616B.088*** in accordance with those accounting principles
37 that are prescribed by the commissioner and applied to other insurers
38 providing coverage for workers' compensation.

39 **(2) The account for *the administration of extended claims created***
40 ***pursuant to NRS 616B.087 on the basis of a fiscal year in accordance***
41 ***with generally accepted accounting principles.***

1 (b) Discount its reserve for losses for accounting periods beginning on or
2 after July 1, 1995, at a rate determined by the manager, but not to exceed 4
3 percent.

4 (c) Allocate to the account for the administration of extended claims
5 created pursuant to NRS 616B.087 \$650,000,000 in invested assets.

6 **Sec. 11.** NRS 616B.167 is hereby amended to read as follows:

7 616B.167 The manager:

8 1. Has full power, authority and jurisdiction over the system.

9 2. May perform all acts necessary or convenient in the exercise of any
10 power, authority or jurisdiction over the system, either in the administration
11 of the system or in connection with the business of insurance to be carried
12 on by the system under the provisions of chapters 616A to 616D, inclusive,
13 of NRS, including the establishment of premium rates.

14 3. May appoint ~~in the unclassified service of the state~~ no more than
15 five persons, engaged in management, who report directly to the manager or
16 an assistant manager. The manager shall designate these positions, and may
17 not change them without the approval of the personnel commission. These
18 persons are entitled to receive annual salaries fixed by the manager.

19 **Sec. 12.** NRS 284.013 is hereby amended to read as follows:

20 284.013 1. Except as otherwise provided in subsection 4, this chapter
21 does not apply to:

22 (a) Agencies, bureaus, commissions, officers or personnel in the
23 legislative department or the judicial department of state government,
24 including the commission on judicial discipline;

25 (b) Any person who is employed by a board, commission, committee or
26 council created in chapters 590, 623 to 625A, inclusive, 628, 630 to 644,
27 inclusive, 648, 652, 654 and 656 of NRS; or

28 (c) Officers or employees of any agency of the executive department of
29 the state government, **including the state industrial insurance system**, who
30 are exempted by specific statute.

31 2. Except as otherwise provided in subsection 3, the terms and
32 conditions of employment of all persons referred to in subsection 1,
33 including salaries not prescribed by law and leaves of absence, including,
34 without limitation, annual leave and sick and disability leave, must be fixed
35 by the appointing or employing authority within the limits of legislative
36 appropriations or authorizations.

37 3. Except as otherwise provided in this subsection, leaves of absence
38 prescribed pursuant to subsection 2 must not be of lesser duration than those
39 provided for other state officers and employees pursuant to the provisions of
40 this chapter. The provisions of this subsection do not govern the legislative
41 commission with respect to the personnel of the legislative counsel bureau.

42 4. Any board, commission, committee or council created in chapters
43 590, 623 to 625A, inclusive, 628, 630 to 644, inclusive, 648, 652, 654 and

1 656 of NRS which contracts for the services of a person, shall require the
2 contract for those services to be in writing. The contract must be approved
3 by the state board of examiners before those services may be provided.

4 **Sec. 13.** 1. This section and sections 1, 2, 7, 8, 9, 11 and 12 of this
5 act become effective upon passage and approval.

6 2. Sections 3 to 6, inclusive, and 10 of this act become effective on July
7 1, 1999.

~