

SENATE BILL NO. 374—SENATOR SCHNEIDER

MARCH 11, 1999

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing associations of self-insured public and private employers. (BDR 53-1171)

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 ~~omitted material~~ is material to be omitted.

AN ACT relating to associations of self-insured public and private employers; eliminating the prohibition against an association's administrator and its third-party administrator having a financial relationship or being employed by one another; eliminating the prohibition against an association's administrator performing the duties of the third-party administrator; eliminating the requirement that a person who solicits memberships for an association obtain a permit from the commissioner of insurance; 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.** NRS 616B.365 is hereby amended to read as follows:
2 616B.365 1. An association of self-insured public or private
3 employers must be operated by a board of trustees consisting of at least five
4 members whom the members of the association elect for terms set forth in
5 the bylaws of the association. If the association is an association of self-
6 insured:
7 (a) Public employers, the members of the board of trustees must be
8 officers or employees of the public employers who are members of the
9 association.
10 (b) Private employers, at least two-thirds of the members of the board of
11 trustees must be employees, officers or directors of the members of the
12 association. No association's administrator or third-party administrator
13 employed by the association, or any owner, officer, employee or other
14 person affiliated with the association's administrator or third-party
15 administrator, may serve as a member of the board of trustees. Each

1 member of the board of trustees must be a resident of this state or an officer
2 of a corporation authorized to do business in this state.

3 2. The board of trustees of an association shall:

4 (a) Ensure the prompt payment of any compensation due pursuant to
5 chapters 616A to 616D, inclusive, or chapter 617 of NRS.

6 (b) Take such actions as are necessary to protect the assets of the
7 association.

8 (c) Employ full time an association's administrator to carry out the
9 policies of the board of trustees and perform such duties as the board
10 delegates to him. ~~[An association's administrator shall not perform any of
11 the duties assigned to a third-party administrator.]~~

12 (d) Employ a third-party administrator to carry out the duties set forth in
13 NRS 616B.503.

14 (e) Employ an independent certified public accountant to prepare the
15 statement of financial condition required by NRS 616B.404.

16 (f) Maintain minutes of its meetings and make the minutes available for
17 inspection by the commissioner.

18 3. The board of trustees of an association shall not:

19 (a) Extend credit to any member of the association for the payment of
20 that member's annual assessment, except pursuant to a payment plan
21 approved by the commissioner.

22 (b) Borrow any money from the association or in the name of the
23 association, except in the ordinary course of its business, without the prior
24 approval of the commissioner.

25 **Sec. 2.** NRS 616A.315, 616B.371, 616B.374, 616B.377, 616B.380
26 and 616B.383 are hereby repealed.

27 **Sec. 3.** This act becomes effective on July 1, 1999.

LEADLINES OF REPEALED SECTIONS

616A.315 "Solicitor" defined.

**616B.371 Association's administrator prohibited from financial
interest in third-party administrator; third-party administrator
prohibited from financial interest in association's administrator;
contractual requirement.**

**616B.374 Solicitor's permit: Advertising or offering for sale
membership in proposed association of self-insured public or private
employers without permit prohibited; application for permit; fee;
penalty; exceptions.**

616B.377 Solicitor's permit: Commissioner to conduct investigation after filing of application for permit; required issuance of permit; commissioner to give notice to applicant if application denied; fee nonrefundable.

616B.380 Solicitor's permit: Power of commissioner to suspend or revoke permit; hearing required.

616B.383 Advertisements or written materials to join association of self-insured public or private employers; solicitor to provide to commissioner upon request copy of document relating to solicitation.

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