

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; prohibiting persons from soliciting memberships for an association except under certain circumstances; requiring an association to provide to the commissioner of insurance certain documents relating to solicitation of memberships for an association; 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.** Chapter 616B of NRS is hereby amended by adding thereto
2 a new section to read as follows:
3 *A person shall not solicit or recruit an employer to join an association*
4 *of self-insured public or private employers unless he is:*
5 1. *If the association is an association of self-insured private*
6 *employers, an employee of the bona fide trade association to which the*
7 *members of the association belong;*
8 2. *An employee of the administrator of the association of self-insured*
9 *public or private employers;*
10 3. *An employee of a member of the association of self-insured public*
11 *or private employers; or*
12 4. *A licensed insurance agent or broker.*

1 **Sec. 2.** NRS 616B.383 is hereby amended to read as follows:

2 616B.383 ~~[1.—Any advertising or written material that solicits~~
3 ~~employers to join an association of self-insured public or private employers~~
4 ~~must contain the permit number of the solicitor.~~

5 ~~—2.—A solicitor.]~~ **An association of self-insured public or private**
6 **employers** shall provide to the commissioner upon request a copy of any
7 document relating to a solicitation ~~[which was prepared after the solicitor~~
8 ~~filed his application for a permit.]~~ **of an employer to join the association.**

9 **Sec. 3.** NRS 616B.425 is hereby amended to read as follows:

10 616B.425 1. The commissioner may issue an order requiring an
11 association of self-insured public or private employers or a member of the
12 association to cease and desist from engaging in any act or practice found
13 to be in violation of any provision of NRS 616B.350 to 616B.446,
14 inclusive, **section 1 of this act**, or any regulation adopted pursuant thereto.

15 2. If the commissioner determines that an association or a member of
16 the association has violated an order to cease and desist, the commissioner
17 may impose an administrative fine of not more than \$10,000 for each
18 violation of the order, not to exceed an aggregate amount of \$100,000, or
19 withdraw the certificate of the association, or both.

20 **Sec. 4.** NRS 616B.428 is hereby amended to read as follows:

21 616B.428 1. The commissioner may impose an administrative fine
22 for each violation of any provision of NRS 616B.350 to 616B.446,
23 inclusive, **section 1 of this act**, or any regulation adopted pursuant thereto.
24 Except as otherwise provided in those sections, the amount of the fine may
25 not exceed \$1,000 for each violation or an aggregate amount of \$10,000.

26 2. The commissioner may withdraw the certificate of an association of
27 self-insured public or private employers if:

28 (a) The association's certificate was obtained by fraud;

29 (b) The application for certification contained a material
30 misrepresentation;

31 (c) The association is found to be insolvent;

32 (d) The association fails to have five or more members;

33 (e) The association fails to pay the costs of any examination or any
34 penalty, fee or assessment required by the provisions of chapters 616A to
35 616D, inclusive, of NRS;

36 (f) The association fails to comply with any of the provisions of this
37 chapter or chapter 616A, 616C or 616D of NRS, or any regulation adopted
38 pursuant thereto;

39 (g) The association fails to comply with any order of the commissioner
40 within the time prescribed by the provisions of chapters 616A to 616D,
41 inclusive, of NRS or in the order of the commissioner; or

- 1 (h) The association or its third-party administrator misappropriates,
2 converts, illegally withholds or refuses to pay any money to which a person
3 is entitled and that was entrusted to the association in its fiduciary capacity.
4 3. If the commissioner withdraws the certification of an association of
5 self-insured public or private employers, each employer who is a member
6 of the association remains liable for his obligations incurred before and
7 after the order of withdrawal.
8 4. Any employer who is a member of an association whose certification
9 is withdrawn shall, on the effective date of the withdrawal, qualify as an
10 employer pursuant to NRS 616B.650.
11 **Sec. 5.** NRS 616A.315, 616B.374, 616B.377 and 616B.380 are
12 hereby repealed.
13 **Sec. 6.** This act becomes effective on July 1, 1999.

LEADLINES OF REPEALED SECTIONS

616A.315 "Solicitor" defined.

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.