

Senate Bill No. 37—Committee on Commerce and Labor

CHAPTER.....

AN ACT relating to insurance; authorizing the manager of the state industrial insurance system to establish a domestic mutual insurance company to transact industrial insurance and other casualty and property insurance in this state; abolishing the state industrial insurance system and authorizing the transfer of the assets of the system to the company under certain circumstances; allowing certain employees of the system and the company to retain their rights to reemployment in the executive branch of state government under certain circumstances; authorizing hearing and appeals officers to order an insurer to reimburse an injured employee for the expense of a second determination of disability under certain circumstances; revising the provisions governing the effect on the availability of compensation of a preexisting condition and of an aggravation of an industrial injury or disease that is not related to employment; revising the provisions governing the determination and provision of compensation for permanent total disability, temporary total disability and permanent partial disability; expanding the maximum length of certain programs of vocational rehabilitation; authorizing vocational rehabilitation services to be provided outside of this state under certain circumstances; creating the office for consumer health assistance; making an appropriation; and providing other matters properly relating thereto.

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

Section 1. NRS 612.265 is hereby amended to read as follows:

612.265 1. Except as otherwise provided in this section, information obtained from any employing unit or person pursuant to the administration of this chapter and any determination as to the benefit rights of any person is confidential and may not be disclosed or be open to public inspection in any manner which would reveal the person's or employing unit's identity.

2. Any claimant or his legal representative is entitled to information from the records of the division, to the extent necessary for the proper presentation of his claim in any proceeding pursuant to this chapter. A claimant or an employing unit is not entitled to information from the records of the division for any other purpose.

3. Subject to such restrictions as the administrator may by regulation prescribe, the information obtained by the division may be made available to:

(a) Any agency of this or any other state or any federal agency charged with the administration or enforcement of laws relating to unemployment compensation, public assistance, workers' compensation or labor and industrial relations, or the maintenance of a system of public employment offices;

(b) Any state or local agency for the enforcement of child support;

(c) The Internal Revenue Service of the Department of the Treasury;

(d) The department of taxation; and

(e) The state contractors' board in the performance of its duties to enforce the provisions of chapter 624 of NRS.

Information obtained in connection with the administration of the employment service may be made available to persons or agencies for purposes appropriate to the operation of a public employment service or a public assistance program.

4. Upon written request made by a public officer of a local government, the administrator shall furnish from the records of the division the name, address and place of employment of any person listed in the records of employment of the division. The request must set forth the social security number of the person about whom the request is made and contain a statement signed by proper authority of the local government certifying that the request is made to allow the proper authority to enforce a law to recover a debt or obligation owed to the local government. The information obtained by the local government is confidential and may not be used or disclosed for any purpose other than the collection of a debt or obligation owed to that local government. The administrator may charge a reasonable fee for the cost of providing the requested information.

5. The administrator may publish or otherwise provide information on the names of employers, their addresses, their type or class of business or industry, and the approximate number of employees employed by each such employer, if the information released will assist unemployed persons to obtain employment or will be generally useful in developing and diversifying the economic interests of this state. Upon request by a state agency which is able to demonstrate that its intended use of the information will benefit the residents of this state, the administrator may, in addition to the information listed in this subsection, disclose the number of employees employed by each employer and the total wages paid by each employer. The administrator may charge a fee to cover the actual costs of any administrative expenses relating to the disclosure of this information to a state agency. The administrator may require the state agency to certify in writing that the agency will take all actions necessary to maintain the confidentiality of the information and prevent its unauthorized disclosure.

6. Upon request therefor the administrator shall furnish to any agency of the United States charged with the administration of public works or assistance through public employment, and may furnish to any state agency similarly charged, the name, address, ordinary occupation  and employment status of each recipient of benefits and the recipient's rights to further benefits pursuant to this chapter.

7. To further a current criminal investigation, the chief executive officer of any law enforcement agency of this state may submit a written request to the administrator that he furnish, from the records of the division, the name, address and place of employment of any person listed in the records of employment of the division. The request must set forth the social security number of the person about whom the request is made and contain a statement signed by the chief executive officer certifying that the request is made to further a criminal investigation currently being conducted by the agency. Upon receipt of such a request, the administrator shall furnish the

information requested. He may charge a fee to cover the actual costs of any related administrative expenses.

8. In addition to the provisions of subsection 5, the administrator shall provide lists containing the names and addresses of employers, the number of employees employed by each employer and the total wages paid by each employer to the department of taxation, upon request, for use in verifying returns for the business tax. The administrator may charge a fee to cover the actual costs of any related administrative expenses.

9. ~~{The manager of the state industrial insurance system or a}~~ A private carrier that provides industrial insurance in this state shall submit to the administrator a list containing the name of each person who received benefits pursuant to chapters 616A to 616D, inclusive, or 617 of NRS during the preceding month and request that he compare the information so provided with the records of the division regarding persons claiming benefits pursuant to chapter 612 of NRS for the same period. The information submitted by the ~~{manager or the}~~ private carrier must be in a form determined by the administrator and must contain the social security number of each such person. Upon receipt of the request, the administrator shall make such a comparison and, if it appears from the information submitted that a person is simultaneously claiming benefits under chapter 612 of NRS and under chapters 616A to 616D, inclusive, or 617 of NRS, the administrator shall notify the attorney general or any other appropriate law enforcement agency. The administrator shall charge a fee to cover the actual costs of any related administrative expenses.

10. The administrator may request the Comptroller of the Currency of the United States to cause an examination of the correctness of any return or report of any national banking association rendered pursuant to the provisions of this chapter, and may in connection with the request transmit any such report or return to the Comptroller of the Currency of the United States as provided in Section 3305(c) of the Internal Revenue Code of 1954.

11. If any employee or member of the board of review, ~~{or}~~ the administrator or any employee of the administrator, in violation of the provisions of this section, discloses information obtained from any employing unit or person in the administration of this chapter, or if any person who has obtained a list of applicants for work, or of claimants or recipients of benefits pursuant to this chapter uses or permits the use of the list for any political purpose, he is guilty of a gross misdemeanor.

12. All letters, reports or communications of any kind, oral or written, from the employer or employee to each other or to the division or any of its agents, representatives or employees are privileged and must not be the subject matter or basis for any lawsuit if the letter, report or communication is written, sent, delivered or prepared pursuant to the requirements of this chapter.

Sec. 2. Chapter 616A of NRS is hereby amended by adding thereto the provisions set forth as sections 3 and 4 of this act.

Sec. 3. *If there is a conflict between the provisions of chapters 616A to 617, inclusive, of NRS and the provisions of Title 57 of NRS, the provisions of chapters 616A to 617, inclusive, of NRS control.*

Sec. 4. *“State industrial insurance system” means that entity established by section 79 of chapter 642, Statutes of Nevada 1981, at page 1449.*

Sec. 5. NRS 616A.015 is hereby amended to read as follows:

616A.015 1. All premiums, contributions, penalties, money, properties, securities, funds, deposits, contracts and awards received, collected, acquired, established or made by the ~~{Nevada industrial commission before July 1, 1947, and under the provisions of chapter 111, Statutes of Nevada 1913,}~~ *state industrial insurance system under the provisions of chapters 616A to 617, inclusive, of NRS before January 1, 2000*, continue in full force and effect, and the rights, obligations and liabilities of the ~~{commission}~~ *system* thereunder must be assumed and performed by the ~~{system created in chapters 616A to 616D, inclusive, of NRS.}~~ *successor organization of the system.*

2. All proceedings must be had and rights determined under the provisions of ~~{chapter 111, Statutes of Nevada 1913, and acts amendatory thereof and supplemental thereto,}~~ *chapters 616A to 617, inclusive, of NRS* on any claims or actions pending or causes of action existing on ~~{June 30, 1947.}~~ *December 31, 1999.*

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

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

Sec. 7. NRS 616A.045 is hereby amended to read as follows:

616A.045 “Advisory organization” means the organization designated and licensed by the commissioner to file the classifications of risks for private carriers ~~{and the system}~~ pursuant to chapters 616A to 616D, inclusive, and chapter 686B of NRS.

Sec. 8. NRS 616A.127 is hereby amended to read as follows:

616A.127 ~~{1. —Any:~~

~~{(a)}~~ *Any:*

1. Teacher who, as part of the program to offer pupils who are enrolled in grades 7 through 12, inclusive, the skills to make the transition from school to careers established pursuant to NRS 388.368, works without pay for an employer other than the school district, university or community college with which the teacher is employed, and is not specifically covered by any other provisions of chapters 616A to 616D, inclusive, of NRS, while engaging in that work; or

~~{(b)}~~ *2.* Pupil who, as part of the program to offer pupils who are enrolled in grades 7 through 12, inclusive, the skills to make the transition

from school to careers established pursuant to NRS 388.368, works without pay for an employer, shall be deemed for the purposes of chapters 616A to 616D, inclusive, of NRS to be an employee of that employer at the wage of \$900 per month. The teacher or pupil is entitled to the benefits of those chapters when the employer complies with the provisions of those chapters and the regulations adopted pursuant thereto.

~~{2. — A person who is insured by the system and is deemed to be the employer of a teacher or pupil pursuant to subsection 1 shall:~~
~~—(a) Report to the insurer the name of the teacher or pupil and the classification of risk assigned for the teacher or pupil; and~~
~~—(b) Pay the premium for each month or portion thereof for which the teacher or pupil performs work without pay for the employer.}~~

Sec. 9. NRS 616A.270 is hereby amended to read as follows:

616A.270 “Insurer” includes:

- ~~1. {The state industrial insurance system;~~
- ~~—2.}~~ A self-insured employer;
- ~~{3.}~~ 2. An association of self-insured public employers;
- ~~{4.}~~ 3. An association of self-insured private employers; and
- ~~{5.}~~ 4. A private carrier.

Sec. 10. NRS 616A.290 is hereby amended to read as follows:

616A.290 “Private carrier” means any insurer or the legal representative of an insurer authorized to provide industrial insurance pursuant to chapters 616A to 617, inclusive, of NRS. The term does not include a self-insured employer ~~{}~~ or an association of self-insured public or private employers. ~~{or the system.}~~

Sec. 11. NRS 616A.400 is hereby amended to read as follows:

616A.400 The administrator shall:

1. Prescribe by regulation the time within which adjudications and awards must be made.
2. Regulate forms of notices, claims and other blank forms deemed proper and advisable.
3. Prescribe by regulation the methods by which an insurer may approve or reject claims, and may determine the amount and nature of benefits payable in connection therewith.
4. Prescribe by regulation the method for reimbursing an injured employee for expenses necessarily incurred for travel more than 20 miles one way from his residence or place of employment to his destination as a result of an industrial injury.
5. Determine whether an insurer has provided adequate facilities in this state to administer claims and for the retention of a file on each claim.
6. Evaluate the services of private carriers ~~{and the system}~~ provided to employers in:
 - (a) Controlling losses; and
 - (b) Providing information on the prevention of industrial accidents or occupational diseases.

7. Conduct such investigations and examinations of insurers as he deems reasonable to determine whether any person has violated the provisions of chapters 616A to 616D, inclusive, or chapter 617 of NRS or to obtain information useful to enforce or administer these chapters.

8. Except with respect to any matter committed by specific statute to the regulatory authority of another person or agency, adopt such other regulations as he deems necessary to carry out the provisions of chapters 616A to 617, inclusive, of NRS.

Sec. 12. (Deleted by amendment.)

Sec. 12.5. NRS 616A.425 is hereby amended to read as follows:

616A.425 1. There is hereby established in the state treasury the fund for workers' compensation and safety as a special revenue fund. All money received from assessments levied on insurers and employers by the administrator pursuant to NRS 232.680 must be deposited in this fund.

2. All assessments, penalties, bonds, securities and all other properties received, collected or acquired by the division for functions supported in whole or in part from the fund must be delivered to the custody of the state treasurer for deposit to the credit of the fund.

3. All money and securities in the fund must be used to defray all costs and expenses of administering the program of workmen's compensation, including the payment of:

(a) All salaries and other expenses in administering the division of industrial relations, including the costs of the office and staff of the administrator.

(b) All salaries and other expenses of administering NRS 616A.435 to 616A.460, inclusive, the offices of the hearings division of the department of administration and the programs of self-insurance and review of premium rates by the commissioner. ~~{of insurance.}~~

(c) *The salary and other expenses of a full-time employee of the legislative counsel bureau whose principal duties are limited to conducting research and reviewing and evaluating data related to industrial insurance.*

(d) *All salaries and other expenses of the fraud control unit for industrial insurance established pursuant to NRS 228.420.*

(e) Claims against uninsured employers arising from compliance with NRS 616C.220 and 617.401.

(f) *All salaries and expenses of the members of the legislative committee on workers' compensation and any other expenses incurred by the committee in carrying out its duties pursuant to NRS 218.5375 to 218.5378, inclusive.*

(g) *That portion of the salaries and other expenses of the office for consumer health assistance established pursuant to section 86.6 of this act that is related to providing assistance to consumers and injured employees concerning workers' compensation.*

4. The state treasurer may disburse money from the fund only upon written order of the controller.

5. The state treasurer shall invest money of the fund in the same manner and in the same securities in which he is authorized to invest state general funds which are in his custody. Income realized from the investment of the assets of the fund must be credited to the fund.

6. The commissioner shall assign an actuary to review the establishment of assessment rates. The rates must be filed with the commissioner 30 days before their effective date. Any insurer or employer who wishes to appeal the rate so filed must do so pursuant to NRS 679B.310.

Sec. 13. NRS 616A.470 is hereby amended to read as follows:

616A.470 1. Except as otherwise provided in subsection 2, each self-insured employer, association of self-insured public or private employers and private carrier shall compensate the ~~{system, the}~~ office of the Nevada attorney for injured workers or the hearings division of the department of administration, as appropriate, for all services which the ~~{system, the}~~ occupational safety and health review board, the Nevada attorney for injured workers, the mediators and the appeals officers provide to those employers. The cost of any service must be negotiated by the employer, association or private carrier, and ~~{the system,}~~ the Nevada attorney for injured workers or the division, as appropriate, before the employer, association or private carrier is charged for the service.

2. All compensation must be on the basis of actual cost and not on a basis which includes any subsidy for the ~~{system, the}~~ office of the Nevada attorney for injured workers, the division or other employers.

Sec. 14. NRS 616A.475 is hereby amended to read as follows:

616A.475 1. ~~{Every employer insured by the system shall furnish the system or the administrator, upon request, all information required to carry out the purposes of chapters 616A to 616D, inclusive, or chapter 617 of NRS. The administrator, or any person employed by the administrator for that purpose, may examine, under oath, any employer or officer, agent or employee thereof.}~~

~~—2.}~~ Every self-insured employer, association of self-insured public or private employers or private carrier shall furnish to the administrator, upon request, all information required to carry out the purposes of chapters 616A to 616D, inclusive, or chapter 617 of NRS. The administrator or any person employed by him for that purpose, may examine, under oath, any employer or officer, agent or employee thereof.

~~{3.}~~ 2. Every insured employer shall keep on hand constantly a sufficient supply of blank forms furnished by the insurer.

Sec. 15. NRS 616A.485 is hereby amended to read as follows:

616A.485 ~~{1.—The books, records and payrolls of an employer insured by the system must be open to inspection by the administrator, the system or its auditor or agent or by auditors of the department of taxation to determine:~~

~~—(a) The accuracy of the payroll;~~

~~—(b) The number of persons employed; an~~

d

~~—(c) Any other information necessary for the administration of chapters 616A to 617, inclusive, of NRS.~~

~~—2.]~~ The books, records and payroll of an employer who is self-insured, a member of an association of self-insured public or private employers or insured by a private carrier must be open to inspection by the administrator or his auditor or agent ~~[in the manner prescribed in subsection 1.]~~ to determine:

1. *The accuracy of the payroll;*
2. *The number of persons employed; and*
3. *Any other information necessary for the administration of chapters 616A to 617, inclusive, of NRS.*

Sec. 16. Chapter 616B of NRS is hereby amended by adding thereto the provisions set forth as sections 17 to 20.5, inclusive, of this act.

Sec. 17. 1. *The chief executive officer of any successor organization to the state industrial insurance system shall continue to hold in trust any money paid to the system for the purpose of providing compensation for industrial accidents and occupational diseases and administrative expenses incidental thereto. The successor organization shall use that money only for the purpose for which it was paid.*

2. If any successor organization to the state industrial insurance system ceases to provide industrial insurance in this state, all money held in trust pursuant to subsection 1 must be delivered to the commissioner on a date that ensures that all benefits will be paid to qualified claimants under policies of industrial insurance previously issued by the state industrial insurance system or the successor organization. The commissioner shall deposit the money delivered to him pursuant to this subsection in the state insurance fund.

Sec. 18. 1. *There is hereby established in the state treasury the state insurance fund. The commissioner shall administer the fund.*

2. The money in the fund may be invested by the state treasurer in accordance with the provisions of NRS 355.140, 355.150 and 355.160.

3. Any money delivered to the commissioner pursuant to section 17 of this act and NRS 696B.360 must be deposited in the fund and be held in trust by the commissioner as custodian thereof for the purpose of providing compensation for industrial accidents and occupational diseases and for administrative expenses incidental thereto.

Sec. 19. 1. *Any successor organization to the state industrial insurance system may take as credit as an asset or as a deduction from liability on account of reinsurance for reinsurance ceded to an assuming alien insurer with security based on discounted reserves for losses that were maintained by the system for accounting periods beginning before July 1, 1995, at a rate not to exceed 6 percent.*

2. As used in this section, “alien insurer” has the meaning ascribed to it in NRS 679A.090.

Sec. 20. 1. *Except as otherwise provided in this section, all officers and employees of the system are exempt from the provisions of chapter*

284 of NRS and are entitled to such terms and conditions of employment as the manager prescribes.

2. A classified employee of the system who is employed by the system on July 1, 1999, retains his rights to reemployment, including, without limitation, the right to be placed on an appropriate reemployment list maintained by the department of personnel and to be allowed a preference on that list. The department of personnel shall maintain such an employee on the reemployment list for at least 24 months after the effective date of the layoff or until he is reemployed by the executive branch of state government, whichever occurs earlier.

3. The manager shall comply with, and the officers and employees of the system are entitled to the rights and privileges granted by, those provisions of chapter 284 of NRS governing:

- (a) Sick and disability leave as set forth on NRS 284.355;
- (b) Annual leave as set forth in NRS 284.350;
- (c) Catastrophic leave as set forth in NRS 284.362 to 284.3626, inclusive;
- (d) Leave of absence for military service as set forth in NRS 284.365;
- (e) Leave of absence without pay as set forth in NRS 284.360; and
- (f) The plan to encourage continuity of service as set forth in NRS 284.177.

4. If the manager lays off an employee described in subsection 2, the manager shall:

- (a) Give the employee at least 60 days' written notice before the effective date of the layoff; and
- (b) Provide the department of personnel with such information as is necessary for the department to ensure the employee receives his rights to reemployment.

5. As used in this section, "rights to reemployment" means all rights to be reemployed by the executive branch of state government established by the provisions of chapter 284 of NRS and the regulations adopted pursuant thereto. The term does not include the right to displace another person employed by the executive branch of state government in lieu of being laid off.

Sec. 20.5. Every state office, department, board, commission, bureau, agency or institution, operating by authority of law, and each county, city, school district and other political subdivision of this state shall budget for industrial insurance in the same manner as for other expenses and, if insured by a private carrier, shall pay premiums as required by its contract.

Sec. 21. NRS 616B.027 is hereby amended to read as follows:

616B.027 1. Every insurer shall provide:

(a) An office in this state operated by the insurer or its third-party administrator in which:

- (1) A complete file of each claim is kept

;

(2) Persons authorized to act for the insurer and, if necessary, licensed pursuant to chapter 683A of NRS, may receive information related to a claim and provide the services to an employer and his employees required by chapters 616A to 617, inclusive, of NRS; and

(3) An employee or his employer, upon request, is provided with information related to a claim filed by the employee or a copy of the information from the file for that claim.

(b) Statewide, toll-free telephone service to that office or accept collect calls from injured employees.

2. ~~{The system and each}~~ **Each** private carrier shall provide:

(a) Adequate services to its insured employers in controlling losses; and

(b) Adequate information on the prevention of industrial accidents and occupational diseases.

Sec. 22. NRS 616B.030 is hereby amended to read as follows:

616B.030 1. Every policy of insurance issued by a private carrier :
~~{for the system:}~~

(a) Must be in writing;

(b) Must contain the insuring agreements and exclusions;

(c) Is subject to chapters 616A to 617, inclusive, of NRS and regulations adopted pursuant to those chapters; and

(d) If it contains a provision inconsistent with this chapter or chapter 616A, 616C, 616D or 617 of NRS, shall be deemed to be reformed to conform with that chapter.

2. The commissioner shall, by regulation, prescribe the basic policy to be used by private carriers.

Sec. 23. NRS 616B.036 is hereby amended to read as follows:

616B.036 1. ~~{The system and private carriers}~~ **A private carrier** may provide industrial insurance for an organization or association of employers as a group if:

(a) The members of the group or organization are engaged in a common trade or business; and

(b) The formation and operation of a program of industrial insurance for the organization or association will substantially assist in the handling of claims and the prevention of accidents for the employers as a group.

2. The commissioner must approve each group or organization before a policy of industrial insurance may be issued to it.

3. The commissioner shall adopt regulations for the qualification of groups for industrial insurance.

Sec. 24. NRS 616B.050 is hereby amended to read as follows:

616B.050 1. The state industrial insurance system is hereby established as an independent actuarially funded system to insure employers against liability for injuries and occupational diseases for which their employees may be entitled to receive compensation pursuant to chapters 616A to 616D, inclusive, of NRS or chapter 617 of NRS, and the federal ~~{Longshoremen's}~~ **Longshore** and Harbor Workers' Compensation Act ~~{H}~~, **33 U.S.C. §§ 901 et seq.** The system may create one or more

entities to carry out the business of the system, which may be operated under any legal name in addition to the state industrial insurance system on behalf of the system.

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

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

Sec. 25. NRS 616B.065 is hereby amended to read as follows:

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

2. The assistant managers shall serve at the pleasure of the manager.

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

Sec. 26. NRS 616B.068 is hereby amended to read as follows:

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

Sec. 27. NRS 616B.083 is hereby amended to read as follows:

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

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

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

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

2. The system shall ~~{~~

~~—(a) Report to the commissioner only its financial statement and results of operations for the account for current claims in accordance with those accounting principles that are prescribed by the commissioner and applied to other insurers providing coverage for workers' compensation.~~

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

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

Sec. 28. NRS 616B.086 is hereby amended to read as follows:

616B.086 1. ~~{Except as otherwise provided in subsection 3, all premiums, contributions, penalties, bonds, securities and all other properties received, collected or acquired by the system pursuant to the terms of chapters 616A to 616D, inclusive, of NRS:~~

~~—(a) Must be credited on the records of the system to the state insurance fund.~~

~~—(b) Constitute, for the purpose of custody thereof, the state insurance fund, which must be held by the manager as custodian thereof for the benefit of employees and their dependents within the provisions of chapters 616A to 616D, inclusive, of NRS. The manager is liable on his official bond for the faithful performance of his custodial duty.~~

~~—2.]~~ The commissioner or the administrator may delegate to a hearing officer or panel his authority to take any disciplinary action pursuant to NRS 616B.318, 616B.321, 616B.350 to 616B.446, inclusive, 616B.463, 616B.472 or 616D.120, impose and collect administrative fines pursuant to those sections and deposit the money in the fund for workers' compensation and safety.

~~[3.]~~ 2. If a hearing officer or panel is not authorized to take disciplinary action pursuant to subsection ~~[2]~~ 1 and the commissioner or the administrator deposits the money collected from the imposition of administrative fines with the state treasurer for credit to the state general fund, he may present a claim to the state board of examiners for recommendation to the interim finance committee if money is needed to pay attorney's fees or the costs of an investigation, or both.

Sec. 29. NRS 616B.167 is hereby amended to read as follows:

616B.167 The manager:

1. Has full power, authority and jurisdiction over the system.
2. May perform all acts necessary or convenient in the exercise of any power, authority or jurisdiction over the system, either in the administration of the system or in connection with the business of insurance to be carried on by the system under the provisions of chapters 616A to 616D, inclusive, of NRS, including the establishment of premium rates.
3. May appoint ~~[in the unclassified service of the state no]~~ **not** more than five persons, engaged in management, who report directly to the manager or an assistant manager. The manager shall designate these positions, and may not change them without the approval of the personnel commission. These persons are entitled to receive annual salaries fixed by the manager.

Sec. 29.5. NRS 616B.167 is hereby amended to read as follows:

616B.167 The manager:

1. Has full power, authority and jurisdiction over the system.
2. May perform all acts necessary or convenient in the exercise of any power, authority or jurisdiction over the system, either in the administration of the system or in connection with the business of insurance to be carried on by the system under the provisions of chapters 616A to 616D, inclusive, or chapter 617 of NRS, including the establishment of premium rates.
3. May appoint ~~[in the unclassified service of the state no]~~ **not** more than five persons engaged in management who report directly to the manager or an assistant manager. The manager shall designate these positions and may not change them without the approval of the personnel commission. These persons are entitled to receive annual salaries fixed by the manager.

Sec. 30. NRS 616B.185 is hereby amended to read as follows:

616B.185 1. Any offender confined at the state prison, while engaged in work in a prison industry or work program, whether the program is operated by an institution of the department of prisons, by contract with a public entity or by a private employer, is entitled to coverage under the modified program of industrial insurance established by regulations adopted by the division if the director of the department of prisons complies with the provisions of the regulations, and coverage is approved by ~~the system or~~ a private carrier.

2. An offender is limited to the rights and remedies established by the provisions of the modified program of industrial insurance established by regulations adopted by the division. The offender is not entitled to any rights and remedies established by the provisions of chapters 616A to 617, inclusive, of NRS.

3. The division shall, in cooperation with the department of prisons and the risk management division of the department of administration, adopt regulations setting forth a modified program of industrial insurance to provide offenders with industrial insurance against personal injuries arising out of and in the course of their work in a prison industry or work program.

Sec. 31. NRS 616B.194 is hereby amended to read as follows:

616B.194 Each insurer shall cooperate with the commissioner in the performance of his duties pursuant to chapters 616A to 616D, inclusive, or chapter 617 of NRS. Each private carrier ~~and the system~~ shall provide the commissioner with any information, statistics or data in its records which pertain to any employer who is making an application to become self-insured or who is self-insured, or who is becoming or who is a member of an association of self-insured public or private employers.

Sec. 32. NRS 616B.224 is hereby amended to read as follows:

616B.224 1. Every private or public employer who is not a self-insured employer or a member of an association of self-insured public or private employers shall, at intervals and on or before dates established by his insurer, furnish the insurer with:

(a) A true and accurate payroll showing:

- (1) The total amount paid to employees for services performed;
- (2) The amount of tips reported to him by every employee pursuant to 26 U.S.C. § 6053(a) whose tips in cash totaled \$20 or more; and
- (3) A segregation of employment in accordance with the requirements of the commissioner; and

(b) Any premium due pursuant to the terms of the policy of industrial insurance.

The payroll reports and any premium may be furnished to the insurer on different dates, as established by the insurer.

2. ~~Failure~~ **The failure** of any employer to comply with the provisions of this section operates as a rejection of chapters 616A to 616D, inclusive, and chapter 617 of NRS . ~~[-, effective on the date established by the insurer~~

~~pursuant to subsection 1.~~ The insurer shall notify the administrator of each such rejection ~~[]~~ ***within the period specified in NRS 616B.460.***

3. The insurer shall notify any employer or his representative by first-class mail of any failure on his part to comply with the provisions of this section. The notice or its omission does not modify or waive the requirements or effective rejection of chapters 616A to 616D, inclusive, and chapter 617 of NRS as otherwise provided in those chapters.

4. ~~[The system may impose a penalty not to exceed 10 percent of the premiums which are due for the failure of an employer insured by the system to submit the information and premium required in subsection 1 within the time allowed, unless the employer has applied for and been granted an extension of that time by the manager.~~

~~—5.]~~ To the extent permitted by federal law, the insurer shall vigorously pursue the collection of premiums that are due under the provisions of chapters 616A to 616D, inclusive, and chapter 617 of NRS even if an employer's debts have been discharged in a bankruptcy proceeding.

~~[6.—Every employer insured by the system shall pay its premiums to the state insurance fund. All money received by the system pursuant to this section must be deposited with the state treasurer to the credit of the state insurance fund.]~~

Sec. 33. NRS 616B.227 is hereby amended to read as follows:

616B.227 1. An employer shall:

(a) Make a copy of each report that an employee files with the employer pursuant to 26 U.S.C. § 6053(a) to report the amount of his tips to the United States Internal Revenue Service;

(b) Submit the copy to ~~[the system or]~~ **his** private carrier upon request and retain another copy for his records or, if the employer is self-insured or a member of an association of self-insured public or private employers, retain the copy for his records; and

(c) If he is not self-insured or a member of an association of self-insured public or private employers, pay the ~~[system or]~~ private carrier the premiums for the reported tips at the same rate as he pays on regular wages.

2. The division shall adopt regulations specifying the form of the declaration required pursuant to subsection 1.

3. The ~~[system,]~~ private carrier, self-insured employer or association shall calculate compensation for an employee on the basis of wages paid by the employer plus the amount of tips reported by the employee pursuant to 26 U.S.C. § 6053. Reports made after the date of injury may not be used for the calculation of compensation.

4. An employer shall notify his employees of the requirement to report income from tips to calculate his federal income tax and to include the income in the computation of benefits pursuant to chapters 616A to 616D, inclusive, and chapter 617 of NRS.

5. The administrator shall adopt such regulations as are necessary to carry out the provisions of this section.

Secs. 34 and 35. (Deleted by amendment.

)

Sec. 36. NRS 616B.386 is hereby amended to read as follows:

616B.386 1. If an employer wishes to become a member of an association of self-insured public or private employers, the employer must:

- (a) Submit an application for membership to the board of trustees or third-party administrator of the association; and
- (b) Enter into an indemnity agreement as required by NRS 616B.353.

2. The membership of the applicant becomes effective when each member of the association approves the application or on a later date specified by the association. The application for membership and the action taken on the application must be maintained as permanent records of the board of trustees.

3. Each member who is a member of an association during the 12 months immediately following the formation of the association must:

- (a) Have a tangible net worth of at least \$500,000; or
- (b) Have had a reported payroll for the previous 12 months which would have resulted in a manual premium of at least \$15,000, calculated in accordance with a manual prepared pursuant to subsection 4 of NRS 686B.1765.

4. An employer who seeks to become a member of the association after the 12 months immediately following the formation of the association must meet the requirement set forth in paragraph (a) or (b) of subsection 3 unless the commissioner adjusts the requirement for membership in the association after conducting an annual review of the actuarial solvency of the association pursuant to subsection 1 of NRS 616B.353.

5. An association of self-insured private employers may apply to the commissioner for authority to determine the amount of tangible net worth and manual premium that an employer must have to become a member of the association. The commissioner shall approve the application if the association:

- (a) Has been certified to act as an association for at least the 3 consecutive years immediately preceding the date on which the association filed the application with the commissioner;

- (b) Has a combined tangible net worth of all members in the association of at least \$5,000,000;

- (c) Has at least 15 members; and

- (d) Has not been required to meet informally with the commissioner pursuant to subsection 1 of NRS 616B.431 during the 18-month period immediately preceding the date on which the association filed the application with the commissioner or, if the association has been required to attend such a meeting during that period, has not had its certificate withdrawn before the date on which the association filed the application.

6. An association of self-insured private employers may apply to the commissioner for authority to determine the documentation demonstrating solvency that an employer must provide to become a member of the association. The commissioner shall approve the application if the association:

(a) Has been certified to act as an association for at least the 3 consecutive years immediately preceding the date on which the association filed the application with the commissioner;

(b) Has a combined tangible net worth of all members in the association of at least \$5,000,000; and

(c) Has at least 15 members.

7. The commissioner may withdraw his approval of an application submitted pursuant to subsection 5 or 6 if he determines the association has ceased to comply with any of the requirements set forth in subsection 5 or 6, as applicable.

8. A member of an association may terminate his membership at any time. To terminate his membership, a member must submit to the association's administrator a notice of intent to withdraw from the association at least 120 days before the effective date of withdrawal. The association's administrator shall, within 10 days after receipt of the notice, notify the commissioner of the employer's intent to withdraw from the association.

9. The members of an association may cancel the membership of any member of the association in accordance with the bylaws of the association.

10. The association shall:

(a) Within 30 days after the addition of an employer to the membership of the association, notify the commissioner of the addition and:

(1) If the association has not received authority from the commissioner pursuant to subsection 5 or 6, as applicable, provide to the commissioner all information and assurances for the new member that were required from each of the original members of the association upon its organization; or

(2) If the association has received authority from the commissioner pursuant to subsection 5 or 6, as applicable, provide to the commissioner evidence that is satisfactory to the commissioner that the new member is a member or associate member of the bona fide trade association as required pursuant to paragraph (a) of subsection 2 of NRS 616B.350, a copy of the indemnity agreement that jointly and severally binds the new member, the other members of the association and the association that is required to be executed pursuant to paragraph (a) of subsection 1 of NRS 616B.353 and any other information the commissioner may reasonably require to determine whether the amount of security deposited with the commissioner pursuant to paragraph (d) or (e) of subsection 1 of NRS 616B.353 is sufficient, but such information must not exceed the information required to be provided to the commissioner pursuant to subparagraph (1);

(b) Notify the commissioner and the administrator of the termination or cancellation of the membership of any member of the association within 10 days after the termination or cancellation; and

(c) At the expense of the member whose membership is terminated or canceled, maintain coverage for that member for 30 days after notice is

given pursuant to paragraph (b), unless the association first receives notice from the administrator that the member has:

- (1) ~~{Become insured by the system;~~
- ~~—(2)}~~ Been certified as a self-insured employer pursuant to NRS 616B.312;
- ~~{(3)}~~ (2) Become a member of another association of self-insured public or private employers; or
- ~~{(4)}~~ (3) Become insured by a private carrier.

11. If a member of an association changes his name or form of organization, the member remains liable for any obligations incurred or any responsibilities imposed pursuant to chapters 616A to 617, inclusive, of NRS under his former name or form of organization.

12. An association is liable for the payment of any compensation required to be paid by a member of the association pursuant to chapters 616A to 616D, inclusive, or 617 of NRS during his period of membership. The insolvency or bankruptcy of a member does not relieve the association of liability for the payment of the compensation.

Sec. 37. NRS 616B.460 is hereby amended to read as follows:

616B.460 1. An employer may elect to purchase industrial insurance from a private carrier for his employees pursuant to chapters 616A to 617, inclusive, of NRS.

2. An employer may elect to purchase insurance from an insurer other than his present insurer if the employer has:

- (a) Given at least 10 days' notice to the administrator of the change of insurer; and
- (b) Furnished evidence satisfactory to the administrator that the payment of compensation has otherwise been secured.

3. Each private carrier ~~{and the system}~~ shall notify the administrator if an employer has changed his insurer or has allowed his insurance to lapse, within 24 hours or by the end of the next working day after the insurer has notice of the change or lapse.

Sec. 38. NRS 616B.500 is hereby amended to read as follows:

616B.500 1. An insurer may enter into a contract to have his plan of insurance administered by a third-party administrator.

2. An insurer shall not enter into a contract with any person for the administration of any part of the plan of insurance unless that person maintains an office in this state and has a valid certificate issued by the commissioner pursuant to NRS 683A.085. ~~{The system may, as a part of a contract entered into with an organization for managed care pursuant to NRS 616B.515, require the organization to act as its third-party administrator.}~~

Sec. 39. NRS 616B.527 is hereby amended to read as follows:

616B.527 A self-insured employer, an association of self-insured public or private employers or a private carrier may:

1. Enter into a contract or contracts with one or more organizations for managed care to provide comprehensive medical and health care services to

employees for injuries and diseases that are compensable pursuant to chapters 616A to 617, inclusive, of NRS.

2. Enter into a contract or contracts with providers of health care, including, without limitation, physicians who provide primary care, specialists, pharmacies, physical therapists, radiologists, nurses, diagnostic facilities, laboratories, hospitals and facilities that provide treatment to outpatients, to provide medical and health care services to employees for injuries and diseases that are compensable pursuant to chapters 616A to 617, inclusive, of NRS.

3. ~~Use the services of an organization for managed care that has entered into a contract with the manager pursuant to NRS 616B.515, but is not required to use such services.~~

~~4.]~~ Require employees to obtain medical and health care services for their industrial injuries from those organizations and persons with whom the self-insured employer, association or private carrier has contracted pursuant to subsections 1 and 2, or as the self-insured employer, association or private carrier otherwise prescribes.

~~5.]~~ 4. Require employees to obtain the approval of the self-insured employer, association or private carrier before obtaining medical and health care services for their industrial injuries from a provider of health care who has not been previously approved by the self-insured employer, association or private carrier.

Sec. 40. NRS 616B.554 is hereby amended to read as follows:

616B.554 1. There is hereby established as a special revenue fund in the state treasury the subsequent injury fund for self-insured employers, which may be used only to make payments in accordance with the provisions of NRS 616B.557 and 616B.560. The board shall administer the fund based upon recommendations made by the administrator pursuant to subsection 8.

2. All assessments, penalties, bonds, securities and all other properties received, collected or acquired by the board for the subsequent injury fund for self-insured employers must be delivered to the custody of the state treasurer.

3. All money and securities in the fund must be held by the state treasurer as custodian thereof to be used solely for workers' compensation for employees of self-insured employers.

4. The state treasurer may disburse money from the fund only upon written order of the board.

5. The state treasurer shall invest money of the fund in the same manner and in the same securities in which he is authorized to invest state general funds which are in his custody. Income realized from the investment of the assets of the fund must be credited to the fund.

6. The board shall adopt regulations for the establishment and administration of assessment rates, payments and penalties. Assessment rates must reflect the relative hazard of the employments covered by self-insured employers, and must be based upon expected annual expenditures

for claims for payments from the subsequent injury fund for self-insured employers. ~~{The system must not be required to pay any assessments, payments or penalties into the subsequent injury fund for self-insured employers, or any costs associated with the fund.}~~

7. The commissioner shall assign an actuary to review the establishment of assessment rates. The rates must be filed with the commissioner 30 days before their effective date. Any self-insured employer who wishes to appeal the rate so filed must do so pursuant to NRS 679B.310.

8. The administrator shall:

(a) Evaluate any claim submitted to the board for payment or reimbursement from the subsequent injury fund for self-insured employers and recommend to the board any appropriate action to be taken concerning the claim; and

(b) Submit to the board any other recommendations relating to the fund.

Sec. 41. NRS 616B.575 is hereby amended to read as follows:

616B.575 1. There is hereby established as a special revenue fund in the state treasury the subsequent injury fund for associations of self-insured public or private employers, which may be used only to make payments in accordance with the provisions of NRS 616B.578 and 616B.581. The board shall administer the fund based upon recommendations made by the administrator pursuant to subsection 8.

2. All assessments, penalties, bonds, securities and all other properties received, collected or acquired by the board for the subsequent injury fund for associations of self-insured public or private employers must be delivered to the custody of the state treasurer.

3. All money and securities in the fund must be held by the state treasurer as custodian thereof to be used solely for workers' compensation for employees of members of associations of self-insured public or private employers.

4. The state treasurer may disburse money from the fund only upon written order of the board.

5. The state treasurer shall invest money of the fund in the same manner and in the same securities in which he is authorized to invest state general funds which are in his custody. Income realized from the investment of the assets of the fund must be credited to the fund.

6. The board shall adopt regulations for the establishment and administration of assessment rates, payments and penalties. Assessment rates must reflect the relative hazard of the employments covered by associations of self-insured public or private employers, and must be based upon expected annual expenditures for claims for payments from the subsequent injury fund for associations of self-insured public or private employers. ~~{The system must not be required to pay any assessments, payments or penalties into the subsequent injury fund for associations of self-insured public or private employers, or any costs associated with the fund.}~~

7. The commissioner shall assign an actuary to review the establishment of assessment rates. The rates must be filed with the commissioner 30 days before their effective date. Any association of self-insured public or private employers that wishes to appeal the rate so filed must do so pursuant to NRS 679B.310.

8. The administrator shall:

(a) Evaluate any claim submitted to the board for payment or reimbursement from the subsequent injury fund for associations of self-insured public or private employers and recommend to the board any appropriate action to be taken concerning the claim; and

(b) Submit to the board any other recommendations relating to the fund.

Sec. 42. NRS 616B.584 is hereby amended to read as follows:

616B.584 1. There is hereby established as a special revenue fund in the state treasury the subsequent injury fund for private carriers, which may be used only to make payments in accordance with the provisions of NRS 616B.587 and 616B.590. The administrator shall administer the fund.

2. All assessments, penalties, bonds, securities and all other properties received, collected or acquired by the administrator for the subsequent injury fund for private carriers must be delivered to the custody of the state treasurer.

3. All money and securities in the fund must be held by the state treasurer as custodian thereof to be used solely for workers' compensation for employees whose employers are insured by private carriers.

4. The state treasurer may disburse money from the fund only upon written order of the state controller.

5. The state treasurer shall invest money of the fund in the same manner and in the same securities in which he is authorized to invest state general funds which are in his custody. Income realized from the investment of the assets of the fund must be credited to the fund.

6. The administrator shall adopt regulations for the establishment and administration of assessment rates, payments and penalties. Assessment rates must reflect the relative hazard of the employments covered by private carriers and must be based upon expected annual expenditures for claims for payments from the subsequent injury fund for private carriers. ~~[The system must not be required to pay any assessments, payments or penalties into the subsequent injury fund for private carriers, or any costs associated with the fund.]~~

7. The commissioner shall assign an actuary to review the establishment of assessment rates. The rates must be filed with the commissioner 30 days before their effective date. Any private carrier who wishes to appeal the rate so filed must do so pursuant to NRS 679B.310.

Sec. 43. NRS 616B.659 is hereby amended to read as follows:

616B.659 1. A sole proprietor may elect to be included within the terms, conditions and provisions of chapters 616A to 616D, inclusive, of NRS to secure for himself compensation equivalent to that to which an employee is entitled for any accidental injury sustained by the sole

proprietor which arises out of and in the course of his self-employment by filing a written notice of election with the administrator and ~~the system or~~ a private carrier.

2. A sole proprietor who elects to accept the terms, conditions and provisions of chapters 616A to 616D, inclusive, of NRS shall submit to a physical examination before his coverage commences. The ~~system or the~~ private carrier shall prescribe the scope of the examination and shall consider it for rating purposes. The cost of the physical examination must be paid by the sole proprietor.

3. A sole proprietor who elects to submit to the provisions of chapters 616A to 616D, inclusive, of NRS shall pay to the ~~system or the~~ private carrier premiums in such manner and amounts as may be prescribed by the regulations of the commissioner.

4. If a sole proprietor fails to pay all premiums required by the regulations of the commissioner, the failure operates as a rejection of chapters 616A to 616D, inclusive, of NRS.

5. A sole proprietor who elects to be included pursuant to the provisions of chapters 616A to 616D, inclusive, of NRS remains subject to all terms, conditions and provisions of those chapters and all regulations of the commissioner until he files written notice with the administrator and the ~~system or the~~ private carrier that he withdraws his election.

6. For ~~the~~ purposes of chapters 616A to 616D, inclusive, of NRS, a sole proprietor shall be deemed to be receiving a wage of \$300 per month unless, at least 90 days before any injury for which he requests coverage, he files written notice with the administrator and the ~~system or the~~ private carrier that he elects to pay an additional amount of premiums for additional coverage. If the ~~system or the~~ private carrier receives the additional premiums it requires for such additional coverage, the sole proprietor shall be deemed to be receiving a wage of \$1,800 per month.

Secs. 44-49. (Deleted by amendment.)

Sec. 49.5. Chapter 616C of NRS is hereby amended by adding thereto a new section to read as follows:

1. An insurer may inquire about and request medical records of an injured employee that concern a preexisting medical condition that is reasonably related to the industrial injury of that injured employee.

2. An injured employee must sign all medical releases necessary for the insurer of his employer to obtain information and records about a preexisting medical condition that is reasonably related to the industrial injury of the employee and that will assist the insurer to determine the nature and amount of workers' compensation to which the employee is entitled.

Sec. 50. NRS 616C.015 is hereby amended to read as follows:

616C.015 1. An employee or, in the event of the employee's death, one of his dependents, shall provide written notice of an injury that arose out of and in the course of employment to the employer of the employee as soon as practicable, but within 7 days after the accident.

2. The notice required by subsection 1 must:

(a) Be on a form prescribed by the administrator. The form must allow the injured employee or his dependent to describe briefly the accident that caused the injury or death.

(b) Be signed by the injured employee or by a person on his behalf, or in the event of the employee's death, by one of his dependents or by a person acting on behalf of the dependent.

(c) Include an explanation of the procedure for filing a claim for compensation.

(d) Be prepared in duplicate so that the injured employee or his dependent and the employer can retain a copy of the notice.

3. Upon receipt of the notice required by subsection 1, the employer, the injured employee's supervisor or the agent of the employer who was in charge of the type of work or the area where the accident occurred shall sign the notice. The signature of the employer, the supervisor or the employer's agent is an acknowledgment of the receipt of the notice and shall not be deemed to be a waiver of any of the employer's defenses or rights.

4. An employer shall maintain a sufficient supply of the forms required to file the notice required by subsection 1 for use by his employees.

5. An employer shall retain any notice provided pursuant to subsection 1 for 3 years after the date of the accident. An employer insured by ~~the system or~~ a private carrier shall not file a notice of injury with the ~~system or the~~ private carrier.

Sec. 51. NRS 616C.055 is hereby amended to read as follows:

616C.055 1. The insurer may not, in accepting responsibility for any charges, use fee schedules which unfairly discriminate among physicians and chiropractors.

2. If a physician or chiropractor is removed from the panel established pursuant to NRS 616C.090 or from participation in a plan for managed care established pursuant to NRS ~~616B.515 or~~ 616B.527, he must not be paid for any services rendered to the injured employee after the date of his removal.

Sec. 52. NRS 616C.090 is hereby amended to read as follows:

616C.090 1. The administrator shall establish a panel of physicians and chiropractors who have demonstrated special competence and interest in industrial health to treat injured employees under chapters 616A to 616D, inclusive, or chapter 617 of NRS. Every employer whose insurer has not entered into a contract with an organization for managed care *or with providers of health care services* pursuant to NRS ~~616B.515~~ 616B.527 shall maintain a list of those physicians and chiropractors on the panel who are reasonably accessible to his employees.

2. An injured employee whose *employer's* insurer has not entered into a contract with an organization for managed care *or with providers of health care services pursuant to NRS 616B.527* may choose his treating physician or chiropractor from the panel of physicians and chiropractors. If

the injured employee is not satisfied with the first physician or chiropractor he so chooses, he may make an alternative choice of physician or chiropractor from the panel if the choice is made within 90 days after his injury. The insurer shall notify the first physician or chiropractor in writing. The notice must be postmarked within 3 working days after the insurer receives knowledge of the change. The first physician or chiropractor must be reimbursed only for the services he rendered to the injured employee up to and including the date of notification. Any further change is subject to the approval of the insurer, which must be granted or denied within 10 days after a written request for such a change is received from the injured employee. If no action is taken on the request within 10 days, the request shall be deemed granted. Any request for a change of physician or chiropractor must include the name of the new physician or chiropractor chosen by the injured employee.

3. An injured employee employed or residing in any county in this state whose **employer's** insurer has entered into a contract with an organization for managed care **or with providers of health care services pursuant to NRS 616B.527** must choose his treating physician or chiropractor pursuant to the terms of that contract. If the employee, after choosing his treating physician or chiropractor, moves to a county which is not served by the organization for managed care **or providers of health care services named in the contract** and the insurer determines that it is impractical for the employee to continue treatment with the physician or chiropractor, the employee must choose a treating physician or chiropractor who has agreed to the terms of that contract unless the insurer authorizes the employee to choose another physician or chiropractor.

4. Except when emergency medical care is required and except as otherwise provided in NRS 616C.055, the insurer is not responsible for any charges for medical treatment or other accident benefits furnished or ordered by any physician, chiropractor or other person selected by the employee in disregard of the provisions of this section or for any compensation for any aggravation of the employee's injury attributable to improper treatments by such physician, chiropractor or other person.

5. The administrator may order necessary changes in a panel of physicians and chiropractors and shall suspend or remove any physician or chiropractor from a panel for good cause shown.

6. An injured employee may receive treatment by more than one physician or chiropractor if the insurer provides written authorization for such treatment.

Sec. 52.5. NRS 616C.100 is hereby amended to read as follows:

616C.100 1. If an injured employee disagrees with the percentage of disability determined by a physician or chiropractor, the injured employee may obtain a second determination of the percentage of disability. If the employee wishes to obtain such a determination, he must select the next physician or chiropractor in rotation from the list of qualified physicians or chiropractors maintained by the administrator pursuant to subsection 2 of

NRS 616C.490. If a second determination is obtained, the injured employee shall pay for the determination. *If the physician or chiropractor selected to make the second determination finds a higher percentage of disability than the first physician or chiropractor, the injured employee may request a hearing officer or appeals officer to order the insurer to reimburse the employee pursuant to the provisions of NRS 616C.330 or 616C.360.*

2. The results of a second determination made pursuant to subsection 1 may be offered at any hearing or settlement conference.

Sec. 53. NRS 616C.110 is hereby amended to read as follows:

616C.110 1. For the purposes of NRS ~~[616B.540,]~~ 616B.557, 616C.490 and 617.459, the division shall adopt regulations incorporating the American Medical Association's Guides to the Evaluation of Permanent Impairment by reference and may amend those regulations from time to time as it deems necessary. In adopting the Guides to the Evaluation of Permanent Impairment, the division shall consider the edition most recently published by the American Medical Association.

2. If the Guides to the Evaluation of Permanent Impairment adopted by the division contain more than one method of determining the rating of an impairment, the administrator shall designate by regulation the method which must be used to rate an impairment pursuant to NRS 616C.490.

Sec. 53.5. NRS 616C.175 is hereby amended to read as follows:

616C.175 1. ~~[An employee is not entitled to compensation pursuant to the provisions of chapters 616A to 616D, inclusive, of NRS if:~~

~~—(a) He has]~~ *The resulting condition of an employee who:*

(a) Has a preexisting condition from a cause or origin that did not arise out of or in the course of his current or past employment; and

(b) [He subsequently] Subsequently sustains an injury by accident arising out of and in the course of his employment which aggravates, precipitates or accelerates his preexisting condition,

shall be deemed to be an injury by accident that is compensable pursuant to the provisions of chapters 616A to 616D, inclusive, of NRS, unless ~~[information from a physician or chiropractor establishes to the satisfaction of]~~ the insurer *can prove by a preponderance of the evidence* that the subsequent injury is ~~[the primary]~~ *not a substantial contributing* cause of the resulting condition.

2. ~~[An employee is not entitled to compensation pursuant to the provisions of chapters 616A to 616D, inclusive, of NRS if:~~

~~—(a) He sustains]~~ *The resulting condition of an employee who:*

(a) Sustains an injury by accident arising out of and in the course of his employment; and

(b) [He subsequently] Subsequently aggravates, precipitates or accelerates the injury in a manner that does not arise out of and in the course of his employment,

shall be deemed to be an injury by accident that is compensable pursuant to the provisions of chapters 616A to 616D, inclusive, of NRS, unless the

insurer can prove by a preponderance of the evidence that the injury described in paragraph (a) is ~~{the primary}~~ *not a substantial contributing* cause of the resulting condition.

Sec. 54. NRS 616C.190 is hereby amended to read as follows:

616C.190 1. Except as otherwise provided in subsection 4 of NRS 616B.600, if an employee who has been hired or is regularly employed in this state receives *a* personal injury by *an* accident arising out of and in the course of such employment outside of this state, he, or his dependents in case of his death, are entitled to receive compensation according to the law of this state, and such compensation is the exclusive remedy of the employee or dependents.

2. The provisions of this section apply only to those injuries received by the employee within 6 months after leaving this state, unless before the expiration of the 6-month period the employer has filed with the ~~{system or}~~ private carrier or, in the case of a self-insured employer or an association of self-insured public or private employers, with the administrator notice that he has elected to extend the coverage for a greater period.

Sec. 55. NRS 616C.200 is hereby amended to read as follows:

616C.200 1. If an employee who has been hired or is regularly employed in this state receives *a* personal injury by *an* accident arising out of and in the course of such employment outside this state, and he, or his personal or legal representatives, dependents or next of kin commence any action or proceeding in any other state to recover any damages or compensation from his employer for the injury or death, the act of commencing such an action or proceeding constitutes an irrevocable waiver of all compensation for the injury or death to which persons would otherwise have been entitled under the laws of this state.

2. If the injured employee ~~{or}~~ *or* his personal or legal representatives, dependents or next of kin recover a final judgment against the employer for damages arising out of the injury or death in any court of competent jurisdiction in any other state, the compensation which would otherwise have been payable under the laws of this state, up to the full amount thereof, but less any sums previously paid for the injury or death, must be applied in satisfaction of the judgment as follows:

(a) Upon receipt of an authenticated copy of the final judgment and writ of execution or other process issued in aid thereof, the insurer shall immediately determine the total amount of compensation which would have been payable under the laws of this state if a claim therefor had been made to the insurer. In the case of compensation payable in installments, the insurer shall convert it into a lump sum by such *a* system of computation as the administrator deems proper.

(b) The insurer shall thereupon order to be paid in full or partial satisfaction of the judgment a sum not to exceed the total amount of compensation computed as provided in this section or the amount of the judgment, whichever is less.

(c) Except for a self-insured employer or an employer who is a member of an association of self-insured public or private employers, if the judgment is satisfied fully by the employer before any payment by the ~~system or~~ private carrier pursuant to paragraph (b), the amount payable thereunder must be paid to the employer.

Sec. 56. NRS 616C.215 is hereby amended to read as follows:

616C.215 1. If an injured employee or, in the event of his death, his dependents, bring an action in tort against his employer to recover payment for an injury which is compensable pursuant to the provisions of chapters 616A to 616D, inclusive, or chapter 617 of NRS and, notwithstanding the provisions of NRS 616A.020, receive payment from the employer for that injury:

(a) The amount of compensation the injured employee or his dependents are entitled to receive pursuant to the provisions of chapters 616A to 616D, inclusive, or chapter 617 of NRS, including any future compensation, must be reduced by the amount paid by the employer.

(b) The insurer, or in the case of claims involving the uninsured employer's claim fund or a subsequent injury fund the administrator, has a lien upon the total amount paid by the employer if the injured employee or his dependents receive compensation pursuant to the provisions of chapters 616A to 616D, inclusive, or chapter 617 of NRS.

This subsection is applicable whether the money paid to the employee or his dependents by the employer is classified as a gift, a settlement or otherwise. The provisions of this subsection do not grant to an injured employee any right of action in tort to recover damages from his employer for his injury.

2. When an employee receives an injury for which compensation is payable pursuant to the provisions of chapters 616A to 616D, inclusive, or chapter 617 of NRS and which was caused under circumstances creating a legal liability in some person, other than the employer or a person in the same employ, to pay damages in respect thereof:

(a) The injured employee, or in case of death his dependents, may take proceedings against that person to recover damages, but the amount of the compensation the injured employee or his dependents are entitled to receive pursuant to the provisions of chapters 616A to 616D, inclusive, or chapter 617 of NRS, including any future compensation, must be reduced by the amount of the damages recovered, notwithstanding any act or omission of the employer or a person in the same employ which was a direct or proximate cause of the employee's injury.

(b) If the injured employee, or in case of death his dependents, receive compensation pursuant to the provisions of chapters 616A to 616D, inclusive, or chapter 617 of NRS, the insurer, or in case of claims involving the uninsured employers' claim fund or a subsequent injury fund the administrator, has a right of action against the person so liable to pay damages and is subrogated to the rights of the injured employee or of his dependents to recover therefor.

3. When an injured employee incurs an injury for which compensation is payable pursuant to the provisions of chapters 616A to 616D, inclusive, or chapter 617 of NRS and which was caused under circumstances entitling him, or in the case of death his dependents, to receive proceeds under his employer's policy of uninsured or underinsured vehicle coverage:

(a) The injured employee, or in the case of death his dependents, may take proceedings to recover those proceeds, but the amount of compensation the injured employee or his dependents are entitled to receive pursuant to the provisions of chapters 616A to 616D, inclusive, or chapter 617 of NRS, including any future compensation, must be reduced by the amount of proceeds received.

(b) If an injured employee, or in the case of death his dependents, receive compensation pursuant to the provisions of chapters 616A to 616D, inclusive, or chapter 617 of NRS, the insurer, or in the case of claims involving the uninsured employers' claim fund or a subsequent injury fund the administrator, is subrogated to the rights of the injured employee or his dependents to recover proceeds under the employer's policy of uninsured or underinsured vehicle coverage. The insurer and the administrator are not subrogated to the rights of an injured employee or his dependents under a policy of uninsured or underinsured vehicle coverage purchased by the employee.

4. In any action or proceedings taken by the insurer or the administrator pursuant to this section, evidence of the amount of compensation, accident benefits and other expenditures which the insurer, the uninsured employers' claim fund or a subsequent injury fund have paid or become obligated to pay by reason of the injury or death of the employee is admissible. If in such action or proceedings the insurer or the administrator recovers more than those amounts, the excess must be paid to the injured employee or his dependents.

5. In any case where the insurer or the administrator is subrogated to the rights of the injured employee or of his dependents as provided in subsection 2 or 3, the insurer or the administrator has a lien upon the total proceeds of any recovery from some person other than the employer, whether the proceeds of such recovery are by way of judgment, settlement or otherwise. The injured employee, or in the case of his death his dependents, are not entitled to double recovery for the same injury, notwithstanding any act or omission of the employer or a person in the same employ which was a direct or proximate cause of the employee's injury.

6. The lien provided for pursuant to subsection 1 or 5 includes the total compensation expenditure incurred by the insurer, the uninsured employers' claim fund or a subsequent injury fund for the injured employee and his dependents.

7. An injured employee, or in the case of death his dependents, or the attorney or representative of the injured employee or his dependents, shall notify the insurer, or in the case of claims involving the uninsured

employers' claim fund or a subsequent injury fund the administrator, in writing before initiating a proceeding or action pursuant to this section.

8. Within 15 days after the date of recovery by way of actual receipt of the proceeds of the judgment, settlement or otherwise:

(a) The injured employee or his dependents, or the attorney or representative of the injured employee or his dependents; and

(b) The third-party insurer, shall notify the insurer, or in the case of claims involving the uninsured employers' claim fund or a subsequent injury fund the administrator, of the recovery and pay to the insurer or the administrator, respectively, the amount due pursuant to this section together with an itemized statement showing the distribution of the total recovery. The attorney or representative of the injured employee or his dependents and the third-party insurer are jointly and severally liable for any amount to which an insurer is entitled pursuant to this section if the attorney, representative or third-party insurer has knowledge of the lien provided for in this section.

9. An insurer shall not sell its lien to a third-party insurer unless the injured employee or his dependents, or the attorney or representative of the injured employee or his dependents, refuses to provide to the insurer information concerning the action against the third party.

10. In any trial of an action by the injured employee, or in the case of his death by his dependents, against a person other than the employer or a person in the same employ, the jury must receive proof of the amount of all payments made or to be made by the insurer or the administrator. The court shall instruct the jury substantially as follows:

Payment of workmen's compensation benefits by the insurer, or in the case of claims involving the uninsured employers' claim fund or a subsequent injury fund the administrator, is based upon the fact that a compensable industrial accident occurred, and does not depend upon blame or fault. If the plaintiff does not obtain a judgment in his favor in this case, he is not required to repay his employer, the insurer or the administrator any amount paid to him or paid on his behalf by his employer, the insurer or the administrator.

If you decide that the plaintiff is entitled to judgment against the defendant, you shall find his damages in accordance with the court's instructions on damages and return your verdict in the plaintiff's favor in the amount so found without deducting the amount of any compensation benefits paid to or for the plaintiff. The law provides a means by which any compensation benefits will be repaid from your award.

11. To calculate an employer's premium, the employer's account with the ~~{system}~~ *private carrier* must be credited with an amount equal to that recovered by the ~~{system}~~ *private carrier* from a third party pursuant to this

section, less the ~~[system's]~~ *private carrier's* share of the expenses of litigation incurred in obtaining the recovery, except that the total credit must not exceed the amount of compensation actually paid or reserved by the ~~[system]~~ *private carrier* on the injured employee's claim.

12. As used in this section, "third-party insurer" means an insurer that issued to a third party who is liable for damages pursuant to subsection 2, a policy of liability insurance the proceeds of which are recoverable pursuant to this section. The term includes an insurer that issued to an employer a policy of uninsured or underinsured vehicle coverage.

Sec. 57. (Deleted by amendment.)

Sec. 57.2. NRS 616C.230 is hereby amended to read as follows:

616C.230 1. Compensation is not payable pursuant to the provisions of chapters 616A to 616D, inclusive, or chapter 617 of NRS for an injury:

(a) Caused by the employee's willful intention to injure himself.

(b) Caused by the employee's willful intention to injure another.

(c) Proximately caused by the employee's intoxication. If the employee was intoxicated at the time of his injury, intoxication must be presumed to be a proximate cause unless rebutted by evidence to the contrary.

(d) Proximately caused by the employee's use of a controlled substance. If the employee had any amount of a controlled substance in his system at the time of his injury for which the employee did not have a current and lawful prescription issued in his name, the controlled substance must be presumed to be a proximate cause unless rebutted by evidence to the contrary.

2. For the purposes of paragraphs (c) and (d) of subsection 1:

(a) The affidavit or declaration of an expert or other person described in NRS 50.315 is admissible to prove the existence of any alcohol or the existence, quantity or identity of a controlled substance in an employee's system. If the affidavit or declaration is to be so used, it must be submitted in the manner prescribed in NRS 616C.355.

(b) When an examination requested or ordered includes testing for the use of alcohol or a controlled substance, ~~it~~:

~~—(1) If the laboratory that conducts the testing is located in a county whose population is 100,000 or more and the testing is of urine, the laboratory must be certified for forensic testing of urine for drugs by the College of American Pathologists or a successor organization or by the federal Department of Health and Human Services; and~~

~~—(2) Any such testing of breath for alcohol must be performed pursuant to the regulations of the federal Department of Transportation.]~~ *licensed pursuant to the provisions of chapter 652 of NRS.*

3. No compensation is payable for the death, disability or treatment of an employee if his death is caused by, or insofar as his disability is aggravated, caused or continued by, an unreasonable refusal or neglect to submit to or to follow any competent and reasonable surgical treatment or medical aid.

4. If any employee persists in an unsanitary or injurious practice that imperils or retards his recovery, or refuses to submit to such medical or surgical treatment as is necessary to promote his recovery, his compensation may be reduced or suspended.

5. An injured employee's compensation, other than accident benefits, must be suspended if:

(a) A physician or chiropractor determines that the employee is unable to undergo treatment, testing or examination for the industrial injury solely because of a condition or injury that did not arise out of and in the course of his employment; and

(b) It is within the ability of the employee to correct the nonindustrial condition or injury.

The compensation must be suspended until the injured employee is able to resume treatment, testing or examination for the industrial injury. The insurer may elect to pay for the treatment of the nonindustrial condition or injury.

Sec. 57.4. NRS 616C.235 is hereby amended to read as follows:

616C.235 1. Except as otherwise provided in subsection 2:

(a) When the insurer determines that a claim should be closed before all benefits to which the claimant may be entitled have been paid, the insurer shall send a written notice of its intention to close the claim to the claimant by first-class mail addressed to the last known address of the claimant. The notice must include a statement that if the claimant does not agree with the determination, he has a right to request a resolution of the dispute pursuant to NRS 616C.305 and 616C.315 to 616C.385, inclusive. A suitable form for requesting a resolution of the dispute must be enclosed with the notice. The closure of a claim is not effective unless notice is given as required by this subsection.

(b) If the insurer does not receive a request for the resolution of the dispute, it may close the claim.

(c) Notwithstanding the provisions of NRS 233B.125, if a hearing is conducted to resolve the dispute, the decision of the hearing officer may be served by first-class mail.

2. If the medical benefits required to be paid for a claim are less than ~~[\$500, the claim closes automatically if the claimant]~~ ***\$300 and the injured employee*** does not receive medical treatment for the injury for ~~{at least 12 months. The claimant may not appeal the closing of such a claim.}~~ ***a 12-month period, the insurer may close the claim at any time after he sends, by first-class mail addressed to the last known address of the claimant, written notice that:***

(a) The claim is being closed pursuant to subsection 2;

(b) The injured employee may appeal the closure of the claim pursuant to the provisions of NRS 616C.305 and 616C.315 to 616C.385, inclusive; and

(c) If the injured employee does not appeal the closure of the claim or appeals the closure of the claim but is not successful, the claim cannot be reopened.

The closure of a claim is not effective unless notice is given as required by this subsection.

Sec. 58. NRS 616C.255 is hereby amended to read as follows:

616C.255 1. ~~{The system and each}~~ **Each** private carrier shall collect a premium upon the total payroll of every employer insured by the ~~{system or}~~ private carrier at the rate filed with the commissioner pursuant to chapter 686B of NRS.

2. Every employer paying this premium is relieved from furnishing accident benefits, and the accident benefits must be provided by the ~~{system or}~~ private carrier.

3. The ~~{system or}~~ private carrier is liable for any accident benefits provided in this section. The account provided for accident benefits must be kept as a separate account on the records of the ~~{system or}~~ private carrier.

Sec. 59. NRS 616C.260 is hereby amended to read as follows:

616C.260 1. All fees and charges for accident benefits must not:

(a) Exceed the fees and charges usually paid in the state for similar treatment.

(b) Be unfairly discriminatory as between persons legally qualified to provide the particular service for which the fees or charges are asked.

2. The administrator shall, giving consideration to the fees and charges being paid in the state, establish a schedule of reasonable fees and charges allowable for accident benefits provided to injured employees whose insurers have not contracted with an organization for managed care **or with providers of health care services** pursuant to NRS ~~{616B.515.}~~ **616B.527.**

The administrator shall review and revise the schedule on or before October 1 of each year. The administrator may increase or decrease the schedule, but shall not increase the schedule by any factor greater than the corresponding annual increase in the Consumer Price Index, ~~{H}~~ Medical Care Component, ~~{D}~~ unless the advisory council of the division approves such an increase.

3. The administrator may request a health insurer, health maintenance organization or provider of accident benefits, an agent or employee of such a person, or an agency of the state, to provide the administrator with such information concerning fees and charges paid for similar services as he deems necessary to carry out the provisions of subsection 2. The administrator shall require a person or entity providing records or reports of fees charged to provide interpretation and identification concerning the information delivered. The administrator may impose an administrative fine of \$500 for each refusal to provide the information requested pursuant to this subsection.

4. The division may adopt reasonable regulations necessary to carry out the provisions of this section. The regulations must include provisions concerning:

- (a) Standards for the development of the schedule of fees and charges;
- (b) The periodic revision of the schedule; and
- (c) The monitoring of compliance by providers of benefits with the adopted schedule of fees and charges.

5. The division shall adopt regulations requiring the utilization of a system of billing codes as recommended by the American Medical Association.

Sec. 60. NRS 616C.275 is hereby amended to read as follows:

616C.275 1. If the administrator finds that the employer is furnishing the requirements of accident benefits in such a manner that there are reasonable grounds for believing that the health, life or recovery of the employee is being endangered or impaired thereby, or that an employer has failed to provide benefits pursuant to NRS 616C.265 for which he has made arrangements, the administrator may, upon application of the employee, or upon his own motion, order a change of physicians or chiropractors or of any other requirements of accident benefits.

2. If the administrator orders a change of physicians or chiropractors or of any other accident benefits, the cost of the change must be borne by the insurer.

3. The cause of action of an insured employee against an employer insured by ~~the system or~~ a private carrier must be assigned to the ~~system or the~~ private carrier.

Secs. 61 and 62. (Deleted by amendment.)

Sec. 62.1. NRS 616C.330 is hereby amended to read as follows:

616C.330 1. The hearing officer shall:

- (a) Within 5 days after receiving a request for a hearing, set the hearing for a date and time within 30 days after his receipt of the request;
- (b) Give notice by mail or by personal service to all interested parties to the hearing at least 15 days before the date and time scheduled; and
- (c) Conduct hearings expeditiously and informally.

2. The notice must include a statement that the injured employee may be represented by a private attorney or seek assistance and advice from the Nevada attorney for injured workers.

3. If necessary to resolve a medical question concerning an injured employee's condition, the hearing officer may refer the employee to a physician or chiropractor chosen by the hearing officer. If the medical question concerns the rating of a permanent disability, the hearing officer may refer the employee to a rating physician or chiropractor. The rating physician or chiropractor must be selected in rotation from the list of qualified physicians and chiropractors maintained by the administrator pursuant to subsection 2 of NRS 616C.490, unless the insurer and injured employee otherwise agree to a rating physician or chiropractor. The insurer

shall pay the costs of any medical examination requested by the hearing officer.

4. *If an injured employee has requested payment for the cost of obtaining a second determination of his percentage of disability pursuant to NRS 616C.100, the hearing officer shall decide whether the determination of the higher percentage of disability made pursuant to NRS 616C.100 is appropriate and, if so, may order the insurer to pay to the employee an amount equal to the maximum allowable fee established by the administrator pursuant to NRS 616C.260 for the type of service performed, or the usual fee of that physician or chiropractor for such service, whichever is less.*

5. The hearing officer may allow or forbid the presence of a court reporter and the use of a tape recorder in a hearing.

~~15.1~~ 6. The hearing officer shall render his decision within 15 days after:

(a) The hearing; or

(b) He receives a copy of the report from the medical examination he requested.

~~16.1~~ 7. The hearing officer shall render his decision in the most efficient format developed by the chief of the hearings division of the department of administration.

~~17.1~~ 8. The hearing officer shall give notice of his decision to each party by mail. He shall include with the notice of his decision the necessary forms for appealing from the decision.

~~18.1~~ 9. Except as otherwise provided in NRS 616C.380, the decision of the hearing officer is not stayed if an appeal from that decision is taken unless an application for a stay is submitted by a party. If such an application is submitted, the decision is automatically stayed until a determination is made on the application. A determination on the application must be made within 30 days after the filing of the application. If, after reviewing the application, a stay is not granted by the hearing officer or an appeals officer, the decision must be complied with within 10 days after the refusal to grant a stay.

Sec. 62.2. NRS 616C.360 is hereby amended to read as follows:

616C.360 1. A stenographic or electronic record must be kept of the hearing before the appeals officer and the rules of evidence applicable to contested cases under chapter 233B of NRS apply to the hearing.

2. The appeals officer must hear any matter raised before him on its merits, including new evidence bearing on the matter.

3. If necessary to resolve a medical question concerning an injured employee's condition, the appeals officer may refer the employee to a physician or chiropractor chosen by the appeals officer. If the medical question concerns the rating of a permanent disability, the appeals officer may refer the employee to a rating physician or chiropractor. The rating physician or chiropractor must be selected in rotation from the list of qualified physicians or chiropractors maintained by the administrator

pursuant to subsection 2 of NRS 616C.490, unless the insurer and the injured employee otherwise agree to a rating physician or chiropractor. The insurer shall pay the costs of any examination requested by the appeals officer.

4. *If an injured employee has requested payment for the cost of obtaining a second determination of his percentage of disability pursuant to NRS 616C.100, the appeals officer shall decide whether the determination of the higher percentage of disability made pursuant to NRS 616C.100 is appropriate and, if so, may order the insurer to pay to the employee an amount equal to the maximum allowable fee established by the administrator pursuant to NRS 616C.260 for the type of service performed, or the usual fee of that physician or chiropractor for such service, whichever is less.*

5. Any party to the appeal or the appeals officer may order a transcript of the record of the hearing at any time before the seventh day after the hearing. The transcript must be filed within 30 days after the date of the order unless the appeals officer otherwise orders.

~~15.1~~ 6. The appeals officer shall render his decision:

(a) If a transcript is ordered within 7 days after the hearing, within 30 days after the transcript is filed; or

(b) If a transcript has not been ordered, within 30 days after the date of the hearing.

~~16.1~~ 7. The appeals officer may affirm, modify or reverse any decision made by the hearing officer and issue any necessary and proper order to give effect to his decision.

Sec. 62.3. NRS 616C.390 is hereby amended to read as follows:

616C.390 1. If an application to reopen a claim to increase or rearrange compensation is made in writing more than 1 year after the date on which the claim was closed, the insurer shall reopen the claim if:

(a) A change of circumstances warrants an increase or rearrangement of compensation during the life of the claimant;

(b) The primary cause of the change of circumstances is the injury for which the claim was originally made; and

(c) The application is accompanied by the certificate of a physician or a chiropractor showing a change of circumstances which would warrant an increase or rearrangement of compensation.

2. After a claim has been closed, the insurer, upon receiving an application and for good cause shown, may authorize the reopening of the claim for medical investigation only. The application must be accompanied by a written request for treatment from the physician or chiropractor treating the claimant, certifying that the treatment is indicated by a change in circumstances and is related to the industrial injury sustained by the claimant.

3. If a claimant applies for a claim to be reopened pursuant to subsection 1 or 2 and a final determination denying the reopening is issued,

the claimant shall not reapply to reopen the claim until at least 1 year after the date on which the final determination is issued.

4. Except as otherwise provided in subsection 5, if an application to reopen a claim is made in writing within 1 year after the date on which the claim was closed, the insurer shall reopen the claim only if:

- (a) The application is supported by medical evidence demonstrating an objective change in the medical condition of the claimant; and
- (b) There is clear and convincing evidence that the primary cause of the change of circumstances is the injury for which the claim was originally made.

5. An application to reopen a claim must be made in writing within 1 year after the date on which the claim was closed if:

- (a) The claimant was not off work as a result of the injury; and
- (b) The claimant did not receive benefits for a permanent partial disability.

If an application to reopen a claim to increase or rearrange compensation is made pursuant to this subsection, the insurer shall reopen the claim if the requirements set forth in paragraphs (a), (b) and (c) of subsection 1 are met.

6. If an employee's claim is reopened pursuant to this section, he is not entitled to vocational rehabilitation services or benefits for a temporary total disability if, before his claim was reopened, he:

- (a) Retired; or
- (b) Otherwise voluntarily removed himself from the work force, for reasons unrelated to the injury for which the claim was originally made.

7. One year after the date on which the claim was closed, an insurer may dispose of the file of a claim authorized to be reopened pursuant to subsection 5, unless an application to reopen the claim has been filed pursuant to that subsection.

8. An increase or rearrangement of compensation is not effective before an application for reopening a claim is made unless good cause is shown. The insurer shall, upon good cause shown, allow the cost of emergency treatment the necessity for which has been certified by a physician or a chiropractor.

9. A claim that ~~automatically~~ closes pursuant to subsection 2 of NRS 616C.235 *and is not appealed or is unsuccessfully appealed pursuant to the provisions of NRS 616C.305 and 616C.315 to 616C.385, inclusive*, may not be reopened pursuant to this section.

10. The provisions of this section apply to any claim for which an application to reopen the claim or to increase or rearrange compensation is made pursuant to this section, regardless of the date of the injury or accident to the claimant. If a claim is reopened pursuant to this section, the amount of any compensation or benefits provided must be determined in accordance with the provisions of NRS 616C.425.

Sec. 62.4. NRS 616C.440 is hereby amended to read as follows:

616C.440 1. Except as otherwise provided in this section and NRS 616C.175, every employee in the employ of an employer, within the

provisions of chapters 616A to 616D, inclusive, of NRS, who is injured by accident arising out of and in the course of employment, or his dependents as defined in chapters 616A to 616D, inclusive, of NRS, is entitled to receive the following compensation for permanent total disability:

(a) In cases of total disability adjudged to be permanent, compensation per month of 66 2/3 percent of the average monthly wage.

(b) If there is a previous disability, as the loss of one eye, one hand, one foot or any other previous permanent disability, the percentage of disability for a subsequent injury must be determined by computing the percentage of the entire disability and deducting therefrom the percentage of the previous disability as it existed at the time of the subsequent injury, but such a deduction for a previous award for permanent partial disability must be made in a reasonable manner and must not be more than the total amount which was paid for the previous award for permanent partial disability.

(c) If the character of the injury is such as to render the employee so physically helpless as to require the service of a constant attendant, an additional allowance may be made so long as such requirements continue, but the allowance may not be made while the employee is receiving benefits for care in a hospital or facility for intermediate care pursuant to the provisions of NRS ~~616C.255 and~~ 616C.265.

2. Except as otherwise provided in NRS 616B.185 and 616B.186, an injured employee or his dependents are not entitled to accrue or be paid any benefits for a permanent total disability during the time the injured employee is incarcerated. The injured employee or his dependents are entitled to receive such benefits when the injured employee is released from incarceration if he is certified as permanently totally disabled by a physician or chiropractor.

3. An employee is entitled to receive compensation for a permanent total disability only so long as the permanent total disability continues to exist. The insurer has the burden of proving that the permanent total disability no longer exists.

4. If an employee who has received compensation in a lump sum for a permanent partial disability pursuant to NRS 616C.495 is subsequently determined to be permanently and totally disabled, the compensation for the permanent total disability must be reduced as follows:

(a) If the employee has not received a minimum lump sum, the ~~employee's~~ insurer *of the employee's employer* shall deduct from the compensation for the permanent total disability an amount equal to the monthly installment rate for awards for permanent partial disability until the ~~employee reaches the age upon which his disability was calculated;~~ *insurer has deducted an amount that equals the amount it has already paid out as a lump sum;* or

(b) If the employee received a minimum lump sum, the ~~employee's~~ insurer *of the employee's employer* shall deduct from the compensation for the permanent total disability an amount of not more than 10 percent of the

rate of compensation for a permanent total disability until the lump sum is recovered.

The provisions of this subsection are retroactive for all claims for compensation for a permanent total disability remaining open on ~~July 1, 1995.~~ **January 1, 2000.**

Sec. 62.5. NRS 616C.475 is hereby amended to read as follows:

616C.475 1. Except as otherwise provided in this section, NRS 616C.175 and 616C.390, every employee in the employ of an employer, within the provisions of chapters 616A to 616D, inclusive, of NRS, who is injured by accident arising out of and in the course of employment, or his dependents, is entitled to receive for the period of temporary total disability, 66 2/3 percent of the average monthly wage.

2. Except as otherwise provided in NRS 616B.185 and 616B.186, an injured employee or his dependents are not entitled to accrue or be paid any benefits for a temporary total disability during the time the injured employee is incarcerated. The injured employee or his dependents are entitled to receive such benefits when the injured employee is released from incarceration if he is certified as temporarily totally disabled by a physician or chiropractor.

3. If a claim for the period of temporary total disability is allowed, the first payment pursuant to this section must be issued by the insurer within 14 working days after receipt of the initial certification of disability and regularly thereafter.

4. Any increase in compensation and benefits effected by the amendment of subsection 1 is not retroactive.

5. Payments for a temporary total disability must cease when:

(a) A physician or chiropractor determines that the employee is physically capable of any gainful employment for which the employee is suited, after giving consideration to the employee's education, training and experience;

(b) The employer offers the employee light-duty employment or employment that is modified according to the limitations or restrictions imposed by a physician or chiropractor pursuant to subsection 7; or

(c) Except as otherwise provided in NRS 616B.185 and 616B.186, the employee is incarcerated.

6. Each insurer may, with each check that it issues to an injured employee for a temporary total disability, include a form approved by the division for the injured employee to request continued compensation for the temporary total disability.

7. A certification of disability issued by a physician or chiropractor must:

(a) Include the period of disability and a description of any physical limitations or restrictions imposed upon the work of the employee;

(b) Specify whether the limitations or restrictions are permanent or temporary; and

(c) Be signed by the treating physician or chiropractor authorized pursuant to NRS 616B.515 or 616B.527.

8. If certification of disability specifies that the physical limitations or restrictions are temporary, the employer of the employee at the time of his accident is not required to comply with NRS 616C.545 to 616C.575, inclusive, and 616C.590 or the regulations adopted by the division governing vocational rehabilitation services if the employer offers the employee a position that ~~is~~ :

(a) *Is* substantially similar to the employee's position at the time of his injury in relation to the location of the employment ~~is~~ *and* the hours he is required to work ; and ~~the salary he will be paid.~~

(b) *Provides a gross wage that is:*

(1) *If the position is in the same classification of employment, equal to the gross wage the employee was earning at the time of his injury; or*

(2) *If the position is not in the same classification of employment, substantially similar to the gross wage the employee was earning at the time of his injury.*

Sec. 63. NRS 616C.475 is hereby amended to read as follows:

616C.475 1. Except as otherwise provided in this section, NRS 616C.175 and 616C.390, every employee in the employ of an employer, within the provisions of chapters 616A to 616D, inclusive, of NRS, who is injured by accident arising out of and in the course of employment, or his dependents, is entitled to receive for the period of temporary total disability, 66 2/3 percent of the average monthly wage.

2. Except as otherwise provided in NRS 616B.185 and 616B.186, an injured employee or his dependents are not entitled to accrue or be paid any benefits for a temporary total disability during the time the injured employee is incarcerated. The injured employee or his dependents are entitled to receive such benefits when the injured employee is released from incarceration if he is certified as temporarily totally disabled by a physician or chiropractor.

3. If a claim for the period of temporary total disability is allowed, the first payment pursuant to this section must be issued by the insurer within 14 working days after receipt of the initial certification of disability and regularly thereafter.

4. Any increase in compensation and benefits effected by the amendment of subsection 1 is not retroactive.

5. Payments for a temporary total disability must cease when:

(a) A physician or chiropractor determines that the employee is physically capable of any gainful employment for which the employee is suited, after giving consideration to the employee's education, training and experience;

(b) The employer offers the employee light-duty employment or employment that is modified according to the limitations or restrictions imposed by a physician or chiropractor pursuant to subsection 7; or

(c) Except as otherwise provided in NRS 616B.185 and 616B.186, the employee is incarcerated.

6. Each insurer may, with each check that it issues to an injured employee for a temporary total disability, include a form approved by the division for the injured employee to request continued compensation for the temporary total disability.

7. A certification of disability issued by a physician or chiropractor must:

(a) Include the period of disability and a description of any physical limitations or restrictions imposed upon the work of the employee;

(b) Specify whether the limitations or restrictions are permanent or temporary; and

(c) Be signed by the treating physician or chiropractor authorized pursuant to NRS ~~616B.515 or~~ 616B.527.

8. If ~~the~~ certification of disability specifies that the physical limitations or restrictions are temporary, the employer of the employee at the time of his accident is not required to comply with NRS 616C.545 to 616C.575, inclusive, and 616C.590 or the regulations adopted by the division governing vocational rehabilitation services if the employer offers the employee a position that:

(a) Is substantially similar to the employee's position at the time of his injury in relation to the location of the employment and the hours he is required to work; and

(b) Provides a gross wage that is:

(1) If the position is in the same classification of employment, equal to the gross wage the employee was earning at the time of his injury; or

(2) If the position is not in the same classification of employment, substantially similar to the gross wage the employee was earning at the time of his injury.

Secs. 64-68. (Deleted by amendment.)

Sec. 68.2. NRS 616C.490 is hereby amended to read as follows:

616C.490 1. Except as otherwise provided in NRS 616C.175, every employee, in the employ of an employer within the provisions of chapters 616A to 616D, inclusive, of NRS, who is injured by an accident arising out of and in the course of employment is entitled to receive the compensation provided for permanent partial disability. As used in this section, "disability" and "impairment of the whole man" are equivalent terms.

2. Within 30 days after receiving from a physician or chiropractor a report indicating that the injured employee may have suffered a permanent disability and is stable and ratable, the insurer shall schedule an appointment with ~~the~~ *the* rating physician or chiropractor *selected pursuant to this subsection* to determine the extent of the employee's disability. *Unless the insurer and the injured employee otherwise agree to a rating physician or chiropractor:*

(a) The insurer shall select ~~the~~ *the rating* physician or chiropractor from ~~a group~~ *the list* of *qualified* rating physicians and chiropractors

designated by the administrator, to determine the percentage of disability in accordance with the American Medical Association's Guides to the Evaluation of Permanent Impairment as adopted and supplemented by the division pursuant to NRS 616C.110.

(b) Rating physicians and chiropractors must be selected in rotation from the list of qualified physicians and chiropractors designated by the administrator, according to their area of specialization and the order in which their names appear on the list.

3. At the request of the insurer, the injured employee shall, before an evaluation by a rating physician or chiropractor is performed, notify the insurer of:

(a) Any previous evaluations performed to determine the extent of any of the employee's disabilities; and

(b) Any previous injury, disease or condition sustained by the employee which is relevant to the evaluation performed pursuant to this section.

The notice must be on a form approved by the administrator and provided to the injured employee by the insurer at the time of the insurer's request.

4. Unless the regulations adopted pursuant to NRS 616C.110 provide otherwise, a rating evaluation must include an evaluation of the loss of motion, sensation and strength of an injured employee if the injury is of a type that might have caused such a loss. No factors other than the degree of physical impairment of the whole man may be considered in calculating the entitlement to compensation for a permanent partial disability.

5. The rating physician or chiropractor shall provide the insurer with his evaluation of the injured employee. After receiving the evaluation, the insurer shall, within 14 days, provide the employee with a copy of the evaluation and notify the employee:

(a) Of the compensation to which he is entitled pursuant to this section; or

(b) That he is not entitled to benefits for permanent partial disability.

6. Each 1 percent of impairment of the whole man must be compensated by a monthly payment:

(a) Of 0.5 percent of the claimant's average monthly wage for injuries sustained before July 1, 1981;

(b) Of 0.6 percent of the claimant's average monthly wage for injuries sustained on or after July 1, 1981, and before June 18, 1993; ~~and~~

(c) Of 0.54 percent of the claimant's average monthly wage for injuries sustained on or after June 18, 1993 ~~and~~, and before January 1, 2000; and

(d) Of 0.6 percent of the claimant's average monthly wage for injuries sustained on or after January 1, 2000.

Compensation must commence on the date of the injury or the day following the termination of temporary disability compensation, if any, whichever is later, and must continue on a monthly basis for 5 years or until the claimant is 70 years of age, whichever is later.

7. Compensation benefits may be paid annually to claimants who will be receiving less than \$100 a month.

8. Where there is a previous disability, as the loss of one eye, one hand, one foot, or any other previous permanent disability, the percentage of disability for a subsequent injury must be determined by computing the percentage of the entire disability and deducting therefrom the percentage of the previous disability as it existed at the time of the subsequent injury.

9. The division may adopt schedules for rating permanent disabilities resulting from injuries sustained before July 1, 1973, and reasonable regulations to carry out the provisions of this section.

10. The increase in compensation and benefits effected by the amendment of this section is not retroactive for accidents which occurred before July 1, 1973.

11. This section does not entitle any person to double payments for the death of an employee and a continuation of payments for a permanent partial disability, or to a greater sum in the aggregate than if the injury had been fatal.

Sec. 68.4. NRS 616C.555 is hereby amended to read as follows:

616C.555 1. A vocational rehabilitation counselor shall develop a plan for a program of vocational rehabilitation for each injured employee who is eligible for vocational rehabilitation services pursuant to NRS 616C.590. The counselor shall work with the insurer and the injured employee to develop a program that is compatible with the injured employee's age, sex and physical condition.

2. If the counselor determined in the written assessment developed pursuant to NRS 616C.550 that the injured employee has existing marketable skills, the plan must consist of job placement assistance only. When practicable, the goal of job placement assistance must be to aid the employee in finding a position which pays a gross wage that is equal to or greater than 80 percent of the gross wage that he was earning at the time of his injury. An injured employee must not receive job placement assistance for more than ~~90 days~~ **6 months** after the date on which he was notified that he is eligible only for job placement assistance because:

- (a) He was physically capable of returning to work; or
- (b) It was determined that he had existing marketable skills.

3. If the counselor determined in the written assessment developed pursuant to NRS 616C.550 that the injured employee does not have existing marketable skills, the plan must consist of a program which trains or educates the injured employee and provides job placement assistance. Except as otherwise provided in NRS 616C.560, such a program must not exceed:

- (a) If the injured employee has incurred a permanent physical impairment of less than 6 percent, ~~6~~ **9 months**.
- (b) If the injured employee has incurred a permanent physical impairment of 6 percent or more, but less than 11 percent, ~~9 months~~ **1 year**.
- (c) If the injured employee has incurred a permanent physical impairment of 11 percent or more, ~~1 year~~ **18 months**.

The percentage of the injured employee's permanent physical impairment must be determined pursuant to NRS 616C.490.

4. A plan for a program of vocational rehabilitation must comply with the requirements set forth in NRS 616C.585.

5. A program of vocational rehabilitation must not commence before the treating physician or chiropractor, or an examining physician or chiropractor determines that the injured employee is capable of safely participating in the program.

6. If, based upon the opinion of a treating or an examining physician or chiropractor, the counselor determines that an injured employee is not eligible for vocational rehabilitation services, the counselor shall provide a copy of the opinion to the injured employee, the injured employee's employer and the insurer.

7. A plan for a program of vocational rehabilitation must be signed by a certified vocational rehabilitation counselor.

8. If an initial program of vocational rehabilitation pursuant to this section is unsuccessful, an injured employee may submit a written request for the development of a second program of vocational rehabilitation which relates to the same injury. An insurer shall authorize a second program for an injured employee upon good cause shown.

9. If a second program of vocational rehabilitation pursuant to subsection 8 is unsuccessful, an injured employee may submit a written request for the development of a third program of vocational rehabilitation which relates to the same injury. The insurer, with the approval of the employer who was the injured employee's employer at the time of his injury, may authorize a third program for the injured employee. If such an employer has terminated operations, his approval is not required for authorization of a third program. An insurer's determination to authorize or deny a third program of vocational rehabilitation may not be appealed.

10. The division shall adopt regulations to carry out the provisions of this section. The regulations must specify the contents of a plan for a program of vocational rehabilitation.

Sec. 68.5. NRS 616C.560 is hereby amended to read as follows:

616C.560 1. A program for vocational rehabilitation developed pursuant to subsection 3 of NRS 616C.555 may be extended:

(a) Without condition or limitation, by the insurer at his sole discretion; or

(b) In accordance with this section if:

(1) The injured employee makes a written request to extend the program within 30 days after he receives written notification that he is eligible for vocational rehabilitation services; and

(2) There are exceptional circumstances which make it unlikely that the injured employee will obtain suitable gainful employment as a result of vocational rehabilitation which is limited to the period for which he is eligible.

An insurer's determination to grant or deny an extension pursuant to paragraph (a) may not be appealed.

2. If an injured employee has incurred a permanent physical impairment of less than 11 percent:

(a) The total length of the program, including any extension, must not exceed ~~1 year.~~ **2 years.**

(b) "Exceptional circumstances" shall be deemed to exist for the purposes of paragraph (b) of subsection 1, if:

(1) The injured employee lacks work experience, training, education or other transferable skills for an occupation which he is physically capable of performing; or

(2) Severe physical restrictions as a result of the industrial injury have been imposed by a physician which significantly limit the employee's occupational opportunities.

3. If an injured employee has incurred a permanent physical impairment of 11 percent or more:

(a) The total length of the program, including any extension, must not exceed ~~2~~ **2 1/2** years.

(b) "Exceptional circumstances" shall be deemed to exist for the purposes of paragraph (b) of subsection 1, if the injured employee has suffered:

(1) The total and permanent loss of sight of both eyes;

(2) The loss by separation of a leg at or above the knee;

(3) The loss by separation of a hand at or above the wrist;

(4) An injury to the head or spine which results in permanent and complete paralysis of both legs, both arms or a leg and an arm;

(5) An injury to the head which results in a severe cognitive functional impairment which may be established by a nationally recognized form of objective psychological testing;

(6) The loss by separation of an arm at or above the elbow and the loss by separation of a leg at or above the knee;

(7) An injury consisting of second or third degree burns on 50 percent or more of the body, both hands or the face;

(8) A total bilateral loss of hearing;

(9) The total loss or significant and permanent impairment of speech;

or

(10) A permanent physical impairment of 50 percent or more determined pursuant to NRS 616C.490, if the severity of the impairment limits the injured employee's gainful employment to vocations that are primarily intellectual and require a longer program of education.

4. The insurer shall deliver a copy of its decision granting or denying an extension to the injured employee and the employer. Except as otherwise provided in this section, the decision shall be deemed to be a final determination of the insurer for the purposes of NRS 616C.315.

Sec. 68.7. NRS 616C.580 is hereby amended to read as follows:

616C.580 1. ~~{Vocational}~~ *Except as otherwise provided in this section, vocational* rehabilitation services must not be provided outside of this state. *An injured employee who:*

(a) Lives within 50 miles from any border of this state on the date of injury; or

(b) Was injured while temporarily employed in this state by an employer subject to the provisions of chapters 616A to 617, inclusive, of NRS who can demonstrate that, on the date of injury, his permanent residence was outside of this state, may receive vocational rehabilitation services at a location within 50 miles from his residence if such services are available at such location.

2. An injured employee, who:

(a) Is eligible for vocational rehabilitation services pursuant to NRS 616C.590; and

(b) Resides outside of this state ~~{H}~~ *but does not qualify to receive vocational rehabilitation services outside of this state pursuant to subsection 1,*

may execute a written agreement with the insurer which provides for the payment of compensation in a lump sum in lieu of the provision of vocational rehabilitation services pursuant to NRS 616C.595. The amount of the lump sum must not exceed \$15,000.

3. An injured employee who resides outside of this state *but does not qualify to receive vocational rehabilitation services outside of this state pursuant to subsection 1* may receive the vocational rehabilitation services to which he is entitled pursuant to NRS 616C.545 to 616C.575, inclusive, and 616C.590 if he relocates to ~~{this}~~:

(a) This state ; or

(b) A location within 50 miles from any border of this state, at his own expense ~~{H}~~, if such services are available at such location.

Sec. 68.8. NRS 616D.120 is hereby amended to read as follows:

616D.120 1. Except as otherwise provided in this section, if the administrator determines that an insurer, organization for managed care, health care provider, third-party administrator or employer has:

(a) Through fraud, coercion, duress or undue influence:

(1) Induced a claimant to fail to report an accidental injury or occupational disease;

(2) Persuaded a claimant to settle for an amount which is less than reasonable;

(3) Persuaded a claimant to settle for an amount which is less than reasonable while a hearing or an appeal is pending; or

(4) Persuaded a claimant to accept less than the compensation found to be due him by a hearing officer, appeals officer, court of competent jurisdiction, written settlement agreement, written stipulation or the division when carrying out its duties pursuant to chapters 616A to 617, inclusive, of NRS;

(b) Refused to pay or unreasonably delayed payment to a claimant of compensation found to be due him by a hearing officer, appeals officer, court of competent jurisdiction, written settlement agreement, written stipulation or the division when carrying out its duties pursuant to chapters 616A to 616D, inclusive, or chapter 617 of NRS, if the refusal or delay occurs:

(1) Later than 10 days after the date of the settlement agreement or stipulation;

(2) Later than 30 days after the date of the decision of a court, hearing officer, appeals officer or division, unless a stay has been granted; or

(3) Later than 10 days after a stay of the decision of a court, hearing officer, appeals officer or division has been lifted;

(c) Refused to process a claim for compensation pursuant to chapters 616A to 616D, inclusive, or chapter 617 of NRS;

(d) Made it necessary for a claimant to initiate proceedings pursuant to chapters 616A to 616D, inclusive, or chapter 617 of NRS for compensation found to be due him by a hearing officer, appeals officer, court of competent jurisdiction, written settlement agreement, written stipulation or the division when carrying out its duties pursuant to chapters 616A to 616D, inclusive, or chapter 617 of NRS;

(e) Failed to comply with the division's regulations covering the payment of an assessment relating to the funding of costs of administration of chapters 616A to 617, inclusive, of NRS;

(f) Failed to provide or unreasonably delayed payment to an injured employee or reimbursement to an insurer pursuant to NRS 616C.165; or

(g) Intentionally failed to comply with any provision of, or regulation adopted pursuant to, this chapter or chapter 616A, 616B, 616C or 617 of NRS,

the administrator shall impose an administrative fine of \$1,000 for each initial violation, or a fine of \$10,000 for a second or subsequent violation.

2. Except as otherwise provided in chapters 616A to 616D, inclusive, or chapter 617 of NRS, if the administrator determines that an insurer, organization for managed care, health care provider, third-party administrator or employer has failed to comply with any provision of this chapter or chapter 616A, 616B, 616C or 617 of NRS, or any regulation adopted pursuant thereto, the administrator may take any of the following actions:

(a) Issue a notice of correction for:

(1) A minor violation, as defined by regulations adopted by the division; or

(2) A violation involving the payment of compensation in an amount which is greater than that required by any provision of this chapter or chapter 616A, 616B, 616C or 617 of NRS, or any regulation adopted pursuant thereto.

The notice of correction must set forth with particularity the violation committed and the manner in which the violation may be corrected.

~~[Nothing in]~~ ***The provisions of*** this section ~~[authorizes]~~ ***do not authorize*** the administrator to modify or negate in any manner a determination or any portion of a determination made by a hearing officer, appeals officer or court of competent jurisdiction or a provision contained in a written settlement agreement or written stipulation.

(b) Impose an administrative fine for:

(1) A second or subsequent violation for which a notice of correction has been issued pursuant to paragraph (a); or

(2) Any other violation of this chapter or chapter 616A, 616B, 616C or 617 of NRS, or any regulation adopted pursuant thereto, for which a notice of correction may not be issued pursuant to paragraph (a). The fine imposed may not be greater than \$250 for an initial violation, or more than \$1,000 for any second or subsequent violation.

(c) Order a plan of corrective action to be submitted to the administrator within 30 days after the date of the order.

3. If the administrator determines that a violation of any of the provisions of paragraphs (a) to (d), inclusive, of subsection 1 has occurred, the administrator shall order the insurer, organization for managed care, health care provider, third-party administrator or employer to pay to the claimant a benefit penalty in an amount ~~[equal to 50 percent of the compensation due or \$10,000, whichever is less. In no event may a benefit penalty be less than \$500. The]~~ ***that is not less than \$5,000 and not greater than \$25,000. To determine the amount of the benefit penalty, the administrator shall consider the degree of physical harm suffered by the injured employee or his dependents as a result of the violation of paragraph (a), (b), (c) or (d) of subsection 1, the amount of compensation found to be due the claimant and the number of fines and benefit penalties previously imposed against the insurer, organization for managed care, health care provider, third-party administrator or employer pursuant to this section. If this is the third violation within 5 years for which a fine or benefit penalty has been imposed against the insurer, organization for managed care, health care provider, third-party administrator or employer, the administrator shall also consider the degree of economic and physical harm suffered by the insured employee or his dependents as a result of the violation of paragraph (a), (b), (c) or (d) of subsection 1. Except as otherwise provided in this section, the*** benefit penalty is for the benefit of the claimant and must be paid directly to him within 10 days after the date of the administrator's determination. ***If the claimant is the injured employee and he dies before the benefit penalty is paid to him, the benefit penalty must be paid to his estate.*** Proof of the payment of the benefit penalty must be submitted to the administrator within 10 days after the date of his determination unless an appeal is filed pursuant to NRS 616D.140. Any compensation to which the claimant may otherwise be entitled pursuant to chapters 616A to 616D, inclusive, or chapter 617 of NRS must not be reduced by the amount of any benefit penalty received pursuant to this subsection.

4. In addition to any fine or benefit penalty imposed pursuant to this section, the administrator may assess against an insurer who violates any regulation concerning the reporting of claims expenditures used to calculate an assessment an administrative penalty of up to twice the amount of any underpaid assessment.

5. If:

(a) The administrator determines that a person has violated any of the provisions of NRS 616D.200, 616D.220, 616D.240, 616D.300, 616D.310 or 616D.350 to 616D.440, inclusive; and

(b) The fraud control unit for industrial insurance established pursuant to NRS 228.420 notifies the administrator that the unit will not prosecute the person for that violation, the administrator shall impose an administrative fine of not more than \$10,000.

6. Two or more fines of \$1,000 or more imposed in 1 year for acts enumerated in subsection 1 must be considered by the commissioner as evidence for the withdrawal of:

(a) A certificate to act as a self-insured employer.

(b) A certificate to act as an association of self-insured public or private employers.

(c) A certificate of registration as a third-party administrator.

7. The commissioner may, without complying with the provisions of NRS 616B.327 or 616B.431, withdraw the certification of a self-insured employer, association of self-insured public or private employers or third-party administrator if, after a hearing, it is shown that the self-insured employer, association of self-insured public or private employers or third-party administrator violated any provision of subsection 1.

Sec. 69. NRS 616D.200 is hereby amended to read as follows:

616D.200 1. If the administrator finds that an employer within the provisions of NRS 616B.633 has failed to provide and secure compensation as required by the terms of chapters 616A to 616D, inclusive, or chapter 617 of NRS or that the employer has provided and secured that compensation but has failed to maintain it, he shall make a determination thereon and may charge the employer an amount equal to the sum of:

(a) The premiums that would otherwise have been owed to ~~the system or~~ a private carrier pursuant to the terms of chapters 616A to 616D, inclusive, or chapter 617 of NRS, *as determined by the administrator based upon the manual rates adopted by the commissioner*, for the period that the employer was doing business in this state without providing, securing or maintaining that compensation, but not to exceed 6 years; and

(b) Interest at a rate determined pursuant to NRS 17.130 computed from the time that the premiums should have been paid.

The money collected pursuant to this subsection must be paid into the uninsured employers' claim fund.

2. The administrator shall deliver a copy of his determination to the employer. An employer who is aggrieved by the determination of the administrator may appeal from the determination pursuant to subsection 2 of NRS 616D.220.

3. Any employer within the provisions of NRS 616B.633 who fails to provide, secure or maintain compensation as required by the terms of chapters 616A to 616D, inclusive, or chapter 617 of NRS, shall be punished as follows:

(a) Except as otherwise provided in paragraph (b), if it is a first offense, for a misdemeanor.

(b) If it is a first offense and, during the period the employer was doing business in this state without providing, securing or maintaining compensation, one of his employees suffers an injury arising out of and in the course of his employment that results in substantial bodily harm to the employee or the death of the employee, for a category C felony punishable by imprisonment in the state prison for a minimum term of not less than 1 year and a maximum term of not more than 5 years and by a fine of not less than \$1,000 nor more than \$50,000.

(c) If it is a second or subsequent offense committed within 7 years after the previous offense, for a category C felony punishable by imprisonment in the state prison for a minimum term of not less than 1 year and a maximum term of not more than 5 years and by a fine of not less than \$1,000 nor more than \$50,000.

4. In addition to any other penalty imposed pursuant to paragraph (b) or (c) of subsection 3, the court shall order the employer to:

(a) Pay restitution to an insurer who has incurred costs as a result of the violation in an amount equal to the costs that have been incurred minus any costs incurred that have otherwise been recovered; and

(b) Reimburse the uninsured employers' claim fund for all payments made from the fund on the employer's behalf, including any benefits, administrative costs or attorney's fees paid from the fund, that have not otherwise been recovered pursuant to NRS 616C.220.

5. Any criminal penalty imposed pursuant to subsections 3 and 4 must be in addition to the amount charged pursuant to subsection 1.

Sec. 70. NRS 616D.210 is hereby amended to read as follows:

616D.210 1. Any person who:

(a) Is the legal or beneficial owner of 25 percent or more of a business which terminates operations while owing a premium, interest or penalty to ~~the system or~~ a private carrier and becomes, or induces or procures another person to become, the legal or beneficial owner of 25 percent or more of a new business engaging in similar operations; or

(b) Knowingly aids or abets another person in carrying out such conduct,

is liable in a civil action for the payment of any premium, interest and penalties owed to the ~~system or the~~ private carrier and the reasonable

costs incurred by the ~~{system or}~~ private carrier to investigate and act upon such conduct.

2. The ~~{system or}~~ private carrier shall not **knowingly** insure any business which engages in the conduct described in subsection 1 unless the premium and any interest and penalties owed to the prior insurer have been paid to that insurer.

3. As used in this section, "business" includes, but is not limited to, a firm, sole proprietorship, **general or limited partnership**, voluntary association or private corporation.

Sec. 71. NRS 616D.250 is hereby amended to read as follows:

616D.250 1. ~~{Any employer insured by the system who refuses to submit his books, records and payroll for inspection, as provided by NRS 616A.485, to a representative of the system or the administrator, or to an auditor from the department of taxation, presenting written authority for the inspection, is subject to a penalty of \$1,000 for each offense, to be collected by a civil action in the name of the system or the administrator.~~

~~—2.~~ A self-insured employer, a member of an association of self-insured public or private employers or an employer insured by a private carrier who refuses to submit his books, records and payroll to the administrator for inspection as provided by NRS 616A.485, is subject to a penalty of \$1,000 for each offense, to be collected by a civil action in the name of the administrator.

~~{3.}~~ 2. The person who ~~{gives}~~ **makes** such refusal is guilty of a misdemeanor.

Sec. 72. NRS 616D.260 is hereby amended to read as follows:

616D.260 1. If an employer refuses to produce any book, record, payroll report or other document in conjunction with an audit conducted by ~~{the system,}~~ a private carrier or the department of taxation to verify the employer's premium, the administrator may issue a subpoena to require the production of that document.

2. If an employer refuses to produce any document as required by the subpoena, the administrator may report to the district court by petition, setting forth that:

(a) Due notice has been given of the time and place of the production of the document;

(b) The employer has been subpoenaed by the administrator pursuant to this section; and

(c) The employer has failed or refused to produce the document required by the subpoena,
and asking for an order of the court compelling the employer to produce the document.

3. Upon such petition, the court shall enter an order directing the employer to appear before the court at a time and place to be fixed by the court in its order, the time to be not more than 10 days after the date of the order, and to show cause why he has not produced the document. A certified copy of the order must be served upon the employer.

4. If it appears to the court that the subpoena was regularly issued by the administrator, the court shall enter an order that the employer produce the required document at the time and place fixed in the order. Failure to obey the order constitutes contempt of court.

Sec. 73. NRS 616D.400 is hereby amended to read as follows:

616D.400 1. A person who, upon submitting a charge for or upon receiving payment for accident benefits pursuant to chapters 616A to 616D, inclusive, or chapter 617 of NRS, intentionally fails to maintain such records as are necessary to disclose fully the nature of the accident benefits for which a charge was submitted or payment was received, or such records as are necessary to disclose fully all income and expenditures upon which rates of payment were based, for at least 5 years after the date on which payment was received, is guilty of a gross misdemeanor.

2. A person who fails to make such records available to the attorney general ~~[-manager]~~ or the administrator upon reasonable request is guilty of a gross misdemeanor.

3. A person who intentionally destroys such records within 5 years after the date payment was received is guilty of a category D felony and shall be punished as provided in NRS 193.130.

Sec. 74. NRS 616D.430 is hereby amended to read as follows:

616D.430 1. A person who receives a payment or benefit to which he is not entitled by reason of a violation of any of the provisions of NRS 616D.300, 616D.370, 616D.380, 616D.390, 616D.400 or 616D.410 is liable in a civil action commenced by the attorney general for:

(a) An amount equal to three times the amount unlawfully obtained;

(b) Not less than \$5,000 for each act of deception;

(c) An amount equal to three times the total amount of the reasonable expenses incurred by the state in enforcing this section; and

(d) Payment of interest on the amount of the excess payment at the rate fixed pursuant to NRS 99.040 for the period from the date upon which payment was made to the date upon which repayment is made.

2. A criminal action need not be brought against a person who receives a payment or benefit to which he is not entitled by reason of a violation of any of the provisions of NRS 616D.300, 616D.370, 616D.380, 616D.390, 616D.400 or 616D.410 before civil liability attaches under this section.

3. A person who unknowingly accepts a payment in excess of the amount to which he is entitled is liable for the repayment of the excess amount. It is a defense to any action brought pursuant to this subsection that the person returned or attempted to return the amount which was in excess of that to which he was entitled within a reasonable time after receiving it.

4. Any repayment of money collected pursuant to paragraph (a) or (d) of subsection 1 must be paid to the insurer who made the payment to the person who violated the provisions of this section. Any payment made to an insurer may not exceed the amount paid by the insurer to that person. ~~If the insurer is the system, the system shall deposit any repayment of money~~

~~collected pursuant to this section with the state treasurer for credit to the state insurance fund.~~

5. Any penalty collected pursuant to paragraph (b) or (c) of subsection 1 must be used to pay the salaries and other expenses of the fraud control unit for industrial insurance established pursuant to NRS 228.420. Any money remaining at the end of any fiscal year does not revert to the state general fund.

Sec. 75. NRS 617.1665 is hereby amended to read as follows:

617.1665 Every employer insured by ~~the system or~~ a private carrier, to receive the benefits of this chapter and to provide and secure compensation for his employees, shall pay premiums according to the classification and rules filed by the advisory organization, and the rates filed by the insurers, with the commissioner.

Sec. 76. NRS 617.1675 is hereby amended to read as follows:

617.1675 1. There is hereby created in the state general fund the account for pensions for silicosis, diseases related to asbestos and other disabilities. The account consists of money appropriated to the account by the legislature and interest and income earned pursuant to subsection 2.

2. The interest and income earned on money in the account, after deducting any applicable charges, must be credited to the account.

3. The account must be administered by the state treasurer. The money in the account may be expended only for the purposes set forth in NRS 617.168 and none of the money in the account may be expended for administrative purposes. The expenditures must be made on claims approved by the ~~system~~ insurer and paid as other claims against the state are paid.

Sec. 77. NRS 617.168 is hereby amended to read as follows:

617.168 1. The money in the account for pensions for silicosis, diseases related to asbestos and other disabilities must be expended to provide:

(a) The continuing benefits described in subsection 6 of NRS 617.460;

(b) The increased benefits for permanent total disability described in NRS 616C.455; and

(c) The increased death benefits described in NRS 616C.510.

2. Upon receiving a monthly statement showing the amount of benefits to be paid for the month to the persons entitled thereto pursuant to subsection 1, the state treasurer shall pay an amount equal to that shown on the statement from the account to the ~~system.~~ insurer.

3. At such time as all claimants, their dependents, widows, widowers, surviving children or surviving parent who are provided benefits or increased benefits pursuant to the provisions of subsection 1 are no longer eligible for those benefits, the balance of the account must revert to the state general fund.

Sec. 78. NRS 617.225 is hereby amended to read as follows:

617.225 1. A sole proprietor may elect to be included within the terms, conditions and provisions of this chapter to secure for himself

compensation equivalent to that to which an employee is entitled for any occupational disease contracted by the sole proprietor which arises out of and in the course of his self-employment by filing a written notice of election with the administrator and ~~{the system or}~~ a private carrier.

2. A sole proprietor who elects to accept the terms, conditions and provisions of this chapter shall submit to a physical examination by a physician selected by the ~~{system or the}~~ private carrier before the commencement of coverage and on a yearly basis thereafter. The ~~{system or the}~~ private carrier shall prescribe the scope of the examination and shall consider it for rating purposes. The cost of the physical examination must be paid by the sole proprietor.

3. A sole proprietor who elects to submit to the provisions of this chapter shall pay to the ~~{system or the}~~ private carrier premiums in such manner and amounts as may be prescribed by the regulations of the commissioner.

4. If a sole proprietor fails to pay all premiums required by the regulations of the commissioner, the failure operates as a rejection of this chapter.

5. A sole proprietor who elects to be included under the provisions of this chapter remains subject to all terms, conditions and provisions of this chapter and all regulations of the commissioner until he files [a](#) written notice with the ~~{system or the}~~ private carrier and the administrator that he withdraws his election.

6. For purposes of this chapter, a sole proprietor shall be deemed to be an employee receiving a wage of \$300 per month.

Sec. 79. NRS 617.342 is hereby amended to read as follows:

617.342 1. An employee or, in the event of the employee's death, one of his dependents, shall provide written notice of an occupational disease for which compensation is payable under this chapter to the employer of the employee as soon as practicable, but within 7 days after the employee or dependent has knowledge of the disability and its relationship to the employee's employment.

2. The notice required by subsection 1 must:

(a) Be on a form prescribed by the administrator. The form must allow the employee or his dependent to describe briefly the circumstances which caused the disease or death.

(b) Be signed by the employee or by a person on his behalf, or in the event of the employee's death, by one of his dependents or by a person acting on behalf of the dependent.

(c) Include an explanation of the procedure for filing a claim for compensation.

(d) Be prepared in duplicate so that the employee or his dependent and the employer can retain a copy of the notice.

3. Upon receipt of the notice required by subsection 1, the employer, the employee's supervisor or the agent of the employer who was in charge of the type of work performed by the employee shall sign the notice. The

signature of the employer, the supervisor or the employer's agent is an acknowledgment of the receipt of the notice and shall not be deemed to be a waiver of any of the employer's defenses or rights.

4. An employer shall maintain a sufficient supply of the forms required to file the notice required by subsection 1 for use by his employees.

5. An employer shall retain any notice provided pursuant to subsection 1 for 3 years after the date of the receipt of the notice. An employer insured by ~~[the system or]~~ a private carrier shall not file a notice of injury with the ~~[system or the]~~ private carrier.

Sec. 80. (Deleted by amendment.)

Sec. 80.5. NRS 617.366 is hereby amended to read as follows:

617.366 1. ~~[An employee is not entitled to compensation pursuant to the provisions of this chapter if:~~

~~—(a) He has]~~ ***The resulting condition of an employee who:***

(a) Has a preexisting condition from a cause or origin that did not arise out of and in the course of his current or past employment; and

(b) [He subsequently] Subsequently contracts an occupational disease which aggravates, precipitates or accelerates his preexisting condition, ***shall be deemed to be an occupational disease that is compensable pursuant to the provisions of chapters 616A to 616D, inclusive, and chapter 617 of NRS,*** unless ~~[information from a physician or chiropractor establishes to the satisfaction of]~~ ***the insurer can prove by a preponderance of the evidence*** that the occupational disease is ~~[the primary]~~ ***not a substantial contributing*** cause of the resulting condition.

2. ~~[An employee is not entitled to compensation pursuant to the provisions of this chapter if:~~

~~—(a) He contracts]~~ ***The resulting condition of an employee who:***

(a) Contracts an occupational disease; and

(b) [He subsequently] Subsequently aggravates, precipitates or accelerates the occupational disease in a manner that does not arise out of and in the course of his employment, ***shall be deemed to be an occupational disease that is compensable pursuant to the provisions of chapters 616A to 616D, inclusive, and chapter 617 of NRS,*** unless ***the insurer can prove by a preponderance of the evidence that*** the occupational disease is ~~[the primary]~~ ***not a substantial contributing*** cause of the resulting condition.

Sec. 81. NRS 617.430 is hereby amended to read as follows:

617.430 1. Every employee who is disabled or dies because of an occupational disease, as defined in this chapter, arising out of and in the course of employment in the State of Nevada, or the dependents, as that term is defined in chapters 616A to 616D, inclusive, of NRS, of an employee whose death is caused by an occupational disease, are entitled to the compensation provided by those chapters for temporary disability, permanent disability or death, as the facts may warrant, subject to the modifications mentioned in this chapter.

2. In cases of tenosynovitis, prepatellar bursitis, and infection or inflammation of the skin, no person is entitled to such compensation unless for 90 days next preceding the contraction of the occupational disease the employee has been:

- (a) A resident of the State of Nevada; or
- (b) Employed by a self-insured employer, a member of an association of self-insured public or private employers, **or** an employer insured by a private carrier that provides coverage for occupational diseases . ~~{or an employer insured by the system.}~~

Sec. 82. (Deleted by amendment.)

Sec. 83. NRS 218.2754 is hereby amended to read as follows:

218.2754 1. The summary of each bill or joint resolution introduced in the legislature must include the statement:

- (a) "Fiscal Note: Effect on Local Government: Yes,"
"Fiscal Note: Effect on Local Government: No,"
"Fiscal Note: Effect on Local Government: Contains Appropriation included in Executive Budget," or
"Fiscal Note: Effect on Local Government: Contains Appropriation not included in Executive Budget,"

whichever is appropriate; and

- (b) "Effect on the State : ~~{or on Industrial Insurance:}~~ Yes,"
"Effect on the State : ~~{or on Industrial Insurance:}~~ No,"
"Effect on the State : ~~{or on Industrial Insurance:}~~ Contains Appropriation included in Executive Budget,"
"Effect on the State : ~~{or on Industrial Insurance:}~~ Executive Budget," or
"Effect on the State : ~~{or on Industrial Insurance:}~~ Contains Appropriation not included in Executive Budget,"

whichever is appropriate.

2. The legislative counsel shall consult the fiscal analysis division to secure the appropriate information for summaries of bills and joint resolutions.

Sec. 84. NRS 218.5377 is hereby amended to read as follows:

218.5377 The committee:

- 1. May review issues related to workers' compensation.
- 2. May study the desirability of establishing a preferred employee program which provides exemptions from the payment of premiums and other financial incentives for employers who provide suitable employment for injured employees and any other program for returning injured employees to work.
- 3. May review the manner used by the division of industrial relations of the department of business and industry to rate physical impairments of injured employees.

4. ~~{Shall, to ensure the solvency of the state industrial insurance system:}~~

~~—(a) Review and study the financial condition of the state industrial insurance system; and~~

~~—(b) Determine the extent of any apparent insolvency of the system.~~

~~—5.]~~ May conduct investigations and hold hearings in connection with carrying out its duties pursuant to this section.

~~[6.]~~ 5. May direct the legislative counsel bureau to assist in its research, investigations, hearings and reviews.

Sec. 85. NRS 218.610 is hereby amended to read as follows:

218.610 As used in NRS 218.610 to 218.735, inclusive, “agency of the state” includes all offices, departments, boards, commissions ~~{or}~~ and institutions of the state . ~~{, and the state industrial insurance system.}~~

Sec. 86. NRS 218.737 is hereby amended to read as follows:

218.737 As used in NRS 218.740 to 218.893, inclusive, “agency of the state” includes all offices, departments, boards, commissions ~~{or}~~ and institutions of the state ~~{,}~~ and the judicial department of the state , ~~{and the state industrial insurance system,}~~ but does not include the legislative branch of government.

Sec. 86.1. Chapter 223 of NRS is hereby amended by adding thereto the provisions set forth as sections 86.2 to 86.9, inclusive, of this act.

Sec. 86.2. *As used in sections 86.2 to 86.9, inclusive, of this act, unless the context otherwise requires:*

1. *“Consumer” means a natural person who has or is in need of coverage under a health care plan.*

2. *“Director” means the director of the office for consumer health assistance appointed pursuant to section 86.6 of this act.*

3. *“Health care plan” means a policy, contract, certificate or agreement offered or issued to provide, deliver, arrange for, pay for or reimburse any of the costs of health care services.*

Sec. 86.4. *The provisions of NRS 223.085 do not apply to the provisions of sections 86.2 to 86.9, inclusive, of this act.*

Sec. 86.6. 1. *The office for consumer health assistance is hereby established in the office of the governor. The governor shall appoint the director. The director must:*

(a) Be:

(1) A physician, as that term is defined in NRS 0.040;

(2) A registered nurse, as that term is defined in NRS 632.019;

(3) An advanced practitioner of nursing, as that term is defined in NRS 453.023; or

(4) A physician’s assistant, as that term is defined in NRS 630.015; and

(b) Have expertise and experience in the field of advocacy.

2. *The cost of carrying out the provisions of sections 86.2 to 86.9, inclusive, of this act must be paid as follows:*

(a) That portion of the cost related to providing assistance to consumers and injured employees concerning workers’ compensation must be paid from the assessments levied pursuant to NRS 232.680.

(b) The remaining cost must be provided by direct legislative appropriation from the state general fund and be paid out on claims as other claims against the state are paid.

Sec. 86.7. *The director shall:*

1. Respond to written and telephonic inquiries received from consumers and injured employees regarding concerns and problems related to health care and workers' compensation;

2. Assist consumers and injured employees in understanding their rights and responsibilities under health care plans and policies of industrial insurance;

3. Identify and investigate complaints of consumers and injured employees regarding their health care plans and policies of industrial insurance and assist those consumers and injured employees to resolve their complaints, including, without limitation:

(a) Referring consumers and injured employees to the appropriate agency, department or other entity that is responsible for addressing the specific complaint of the consumer or injured employee; and

(b) Providing counseling and assistance to consumers and injured employees concerning health care plans and policies of industrial insurance;

4. Provide information to consumers and injured employees concerning health care plans and policies of industrial insurance in this state;

5. Establish and maintain a system to collect and maintain information pertaining to the written and telephonic inquiries received by the office;

6. Take such actions as are necessary to ensure public awareness of the existence and purpose of the services provided by the director pursuant to this section; and

7. In appropriate cases and pursuant to the direction of the governor, refer a complaint or the results of an investigation to the attorney general for further action.

Sec. 86.8. *1. The director may:*

(a) Within the limits of available money, employ:

(1) Such persons in the unclassified service of the state as he determines to be necessary to carry out the provisions of sections 86.2 to 86.9, inclusive, of this act, including, without limitation, a provider of health care, as that term is defined in NRS 449.581.

(2) Such additional personnel as may be required to carry out the provisions of sections 86.2 to 86.9, inclusive, of this act, who must be in the classified service of the state.

A person employed pursuant to the authority set forth in this subsection must be qualified by training and experience to perform the duties for which the director employs him.

(b) To the extent not otherwise prohibited by law, obtain such information from consumers, injured employees, health care plans and

policies of industrial insurance as he determines to be necessary to carry out the provisions of sections 86.2 to 86.9, inclusive, of this act.

(c) Adopt such regulations as he determines to be necessary to carry out the provisions of sections 86.2 to 86.9, inclusive, of this act.

2. The director and his employees shall not have any conflict of interest relating to the performance of their duties pursuant to sections 86.2 to 86.9, inclusive, of this act. For the purposes of this subsection, a conflict of interest shall be deemed to exist if the director or employee, or any person affiliated with the director or employee:

(a) Has direct involvement in the licensing, certification or accreditation of a health care facility, insurer or provider of health care;

(b) Has a direct ownership interest or investment interest in a health care facility, insurer or provider of health care;

(c) Is employed by, or participating in, the management of a health care facility, insurer or provider of health care; or

(d) Receives or has the right to receive, directly or indirectly, remuneration pursuant to any arrangement for compensation with a health care facility, insurer or provider of health care.

Sec. 86.9. *On or before February 1 of each year, the director shall submit a written report to the governor, and to the director of the legislative counsel bureau for transmittal to the appropriate committee or committees of the legislature. The report must include, without limitation:*

1. A statement setting forth the number and geographic origin of the written and telephonic inquiries received by the office and the issues to which those inquiries were related;

2. A statement setting forth the type of assistance provided to each consumer and injured employee who sought assistance from the director, including, without limitation, the number of referrals made to the attorney general pursuant to subsection 7 of section 86.7 of this act; and

3. A statement setting forth the disposition of each inquiry and complaint received by the director.

Sec. 87. NRS 228.420 is hereby amended to read as follows:

228.420 1. The attorney general has primary jurisdiction to investigate and prosecute any alleged criminal violations of NRS 616D.200, 616D.220, 616D.240, 616D.300, 616D.310, 616D.350 to 616D.440, inclusive, and any fraud in the administration of chapter 616A, 616B, 616C, 616D or 617 of NRS or in the provision of compensation required by chapters 616A to 617, inclusive, of NRS.

2. For this purpose, the attorney general shall establish within his office a fraud control unit for industrial insurance. The unit must consist of such persons as are necessary to carry out the duties set forth in this section, including, without limitation, an attorney, an auditor and an investigator.

3. The attorney general, acting through the unit established pursuant to subsection 2:

(a) Is the single state agency responsible for the investigation and prosecution of any alleged criminal violations of NRS 616D.200, 616D.220, 616D.240, 616D.300, 616D.310, 616D.350 to 616D.440, inclusive, and any fraud in the administration of chapter 616A, 616B, 616C, 616D or 617 of NRS or in the provision of compensation required by chapters 616A to 617, inclusive, of NRS;

(b) Shall cooperate with the ~~the state industrial insurance system, the~~ division of industrial relations of the department of business and industry, self-insured employers, associations of self-insured public or private employers, private carriers and other state and federal investigators and prosecutors in coordinating state and federal investigations and prosecutions involving violations of NRS 616D.200, 616D.220, 616D.240, 616D.300, 616D.310, 616D.350 to 616D.440, inclusive, and any fraud in the administration of chapter 616A, 616B, 616C, 616D or 617 of NRS or in the provision of compensation required by chapters 616A to 617, inclusive, of NRS;

(c) Shall protect the privacy of persons who are eligible to receive compensation pursuant to the provisions of chapter 616A, 616B, 616C, 616D or 617 of NRS and establish procedures to prevent the misuse of information obtained in carrying out this section; and

(d) May, upon request, inspect the records of any self-insured employer, association of self-insured public or private employers, ~~or~~ private carrier, ~~the state industrial insurance system,~~ the division of industrial relations of the department of business and industry and the state contractors' board to investigate any alleged violation of any of the provisions of NRS 616D.200, 616D.220, 616D.240, 616D.300, 616D.310, 616D.350 to 616D.440, inclusive, or any fraud in the administration of chapter 616A, 616B, 616C, 616D or 617 of NRS or in the provision of compensation required by chapters 616A to 617, inclusive, of NRS.

4. When acting pursuant to ~~this section or~~ NRS 228.175, 228.410, ~~for this section,~~ the attorney general may commence his investigation and file a criminal action without leave of court, and he has exclusive charge of the conduct of the prosecution.

5. The attorney general shall report the name of any person who has been convicted of violating any of the provisions of NRS 616D.200, 616D.220, 616D.240, 616D.300, 616D.310, 616D.350 to 616D.440, inclusive, to the occupational board that issued the person's license or certificate to provide medical care, remedial care or other services in this state.

6. The attorney general shall establish a toll-free telephone number for persons to report information regarding alleged violations of any of the provisions of NRS 616D.200, 616D.220, 616D.240, 616D.300, 616D.310, 616D.350 to 616D.440, inclusive, and any fraud in the administration of chapter 616A, 616B, 616C, 616D or 617 of NRS or in the provision of compensation required by chapters 616A to 617, inclusive, of NRS.

7. As used in this section

:

(a) "Association of self-insured private employers" has the meaning ascribed to it in NRS 616A.050.

(b) "Association of self-insured public employers" has the meaning ascribed to it in NRS 616A.055.

(c) "Private carrier" has the meaning ascribed to it in NRS 616A.290.

(d) "Self-insured employer" has the meaning ascribed to it in NRS 616A.305.

Sec. 88. NRS 232.550 is hereby amended to read as follows:

232.550 As used in NRS 232.550 to 232.700, inclusive, unless the context otherwise requires:

1. "Administrator" means the administrator of the division.

2. "Director" means the director of the department of business and industry.

3. "Division" means the division of industrial relations of the department of business and industry.

4. "Insurer" includes:

(a) ~~The state industrial insurance system;~~

~~(b)~~ A self-insured employer;

~~(c)~~ (b) An association of self-insured public employers;

~~(d)~~ (c) An association of self-insured private employers; and

~~(e)~~ (d) A private carrier.

Sec. 89. NRS 232.680 is hereby amended to read as follows:

232.680 1. The cost of carrying out the provisions of NRS 232.550 to 232.700, inclusive, and of supporting the division, a full-time employee of the legislative counsel bureau, the fraud control unit for industrial insurance established pursuant to NRS 228.420 and the legislative committee on workers' compensation created pursuant to NRS 218.5375, *and that portion of the cost of the office for consumer health assistance established pursuant to section 86.6 of this act that is related to providing assistance to consumers and injured employees concerning workers' compensation*, must be paid from assessments payable by each ~~insurer~~:

~~(a) Insurer based upon expected annual premiums to be received; and~~

~~(b) Employer~~ *insurer, including each employer* who provides accident benefits for injured employees pursuant to NRS 616C.265, based upon ~~this expected annual expenses of providing those benefits.~~

~~For the purposes of this subsection, the "premiums to be received" by a self-insured employer or an association of self-insured public or private employers shall be deemed to be the same fraction of the premiums to be received by the state industrial insurance system that his expected annual expenditure for claims is of the expected annual expenditure of the system for claims.~~ *expected annual expenditures for claims for injuries occurring on or after July 1, 1999.*

The division shall adopt regulations which establish formulas of assessment which result in an equitable distribution of costs among the insurers and employers who provide accident benefits for injured employees. The formulas may utilize actual expenditures for claims.

2. Federal grants may partially defray the costs of the division.
3. Assessments made against insurers by the division after the adoption of regulations must be used to defray all costs and expenses of administering the program of workers' compensation, including the payment of:
 - (a) All salaries and other expenses in administering the division, including the costs of the office and staff of the administrator.
 - (b) All salaries and other expenses of administering NRS 616A.435 to 616A.460, inclusive, the offices of the hearings division of the department of administration and the programs of self-insurance and review of premium rates by the commissioner of insurance.
 - (c) The salary and other expenses of a full-time employee of the legislative counsel bureau whose principal duties are limited to conducting research and reviewing and evaluating data related to industrial insurance.
 - (d) All salaries and other expenses of the fraud control unit for industrial insurance established pursuant to NRS 228.420.
 - (e) Claims against uninsured employers arising from compliance with NRS 616C.220 and 617.401.
 - (f) All salaries and expenses of the members of the legislative committee on workers' compensation and any other expenses incurred by the committee in carrying out its duties pursuant to NRS 218.5375 to 218.5378, inclusive.

(g) That portion of the salaries and other expenses of the office for consumer health assistance established pursuant to section 86.6 of this act that is related to providing assistance to consumers and injured employees concerning workers' compensation.

Sec. 90. NRS 242.131 is hereby amended to read as follows:

242.131 1. The department shall provide state agencies and elected state officers with all ~~of~~ their required design of information systems. All agencies and officers must use those services and equipment, except as otherwise provided in subsection 2.

2. The following agencies may negotiate with the department for its services or the use of its equipment, subject to the provisions of this chapter, and the department shall provide those services and the use of that equipment as may be mutually agreed:

- (a) The court administrator;
- (b) The department of motor vehicles and public safety;
- (c) The department of transportation;
- (d) The employment security division of the department of employment, training and rehabilitation;
- (e) The division of wildlife of the state department of conservation and natural resources;
- (f) The legislative counsel bureau;
- (g) ~~The state industrial insurance system;~~
- ~~(h)~~ The state controller

;

~~(f)(h)~~ (h) The state gaming control board and Nevada gaming commission; and

~~(f)(i)~~ (i) The University and Community College System of Nevada.

3. Any state agency or elected state officer who uses the services of the department and desires to withdraw substantially from that use must apply to the director for approval. The application must set forth justification for the withdrawal. If the director denies the application, the agency or officer must:

(a) If the legislature is in regular or special session, obtain the approval of the legislature by concurrent resolution.

(b) If the legislature is not in regular or special session, obtain the approval of the interim finance committee. The director shall, within 45 days after receipt of the application, forward the application together with his recommendation for approval or denial to the interim finance committee. The interim finance committee has 45 days after the application and recommendation are submitted to its secretary within which to consider the application. Any application which is not considered by the committee within the 45-day period shall be deemed approved.

4. If the demand for services or use of equipment exceeds the capability of the department to provide them, the department may contract with other agencies or independent contractors to furnish the required services or use of equipment and is responsible for the administration of the contracts.

Sec. 91. NRS 244.33505 is hereby amended to read as follows:

244.33505 1. In a county in which a license to engage in a business is required, the board of county commissioners shall not issue such a license unless the applicant for the license signs an affidavit affirming that the business:

(a) Has received coverage by ~~[the state industrial insurance system or]~~ a private carrier as required pursuant to chapters 616A to 616D, inclusive, and chapter 617 of NRS;

(b) Maintains a valid certificate of self-insurance pursuant to chapters 616A to 616D, inclusive, of NRS;

(c) Is a member of an association of self-insured public or private employers; or

(d) Is not subject to the provisions of chapters 616A to 616D, inclusive, or chapter 617 of NRS.

2. In a county in which such a license is not required, the board of county commissioners shall require a business, when applying for a post office box, to submit to the board the affidavit required by subsection 1.

3. Each board of county commissioners shall submit to the administrator of the division of industrial relations of the department of business and industry monthly a list of the names of those businesses which have submitted an affidavit required by subsections 1 and 2.

4. Upon receiving an affidavit required by this section, a board of county commissioners shall provide the owner of the business with a

document setting forth the rights and responsibilities of employers and employees to promote safety in the workplace, in accordance with regulations adopted by the division of industrial relations of the department of business and industry pursuant to NRS 618.376.

Sec. 92. NRS 268.0955 is hereby amended to read as follows:

268.0955 1. In an incorporated city in which a license to engage in a business is required, the city council or other governing body of the city shall not issue such a license unless the applicant for the license signs an affidavit affirming that the business:

(a) Has received coverage by ~~the state industrial insurance system or~~ a private carrier as required pursuant to chapters 616A to 616D, inclusive, and chapter 617 of NRS;

(b) Maintains a valid certificate of self-insurance pursuant to chapters 616A to 616D, inclusive, of NRS;

(c) Is a member of an association of self-insured public or private employers; or

(d) Is not subject to the provisions of chapters 616A to 616D, inclusive, or chapter 617 of NRS.

2. In an incorporated city in which such a license is not required, the city council or other governing body of the city shall require a business, when applying for a post office box, to submit to the governing body the affidavit required by subsection 1.

3. Each city council or other governing body of an incorporated city shall submit to the administrator of the division of industrial relations of the department of business and industry monthly a list of the names of those businesses which have submitted an affidavit required by subsections 1 and 2.

4. Upon receiving an affidavit required by this section, the city council or other governing body of an incorporated city shall provide the applicant with a document setting forth the rights and responsibilities of employers and employees to promote safety in the workplace in accordance with regulations adopted by the division of industrial relations of the department of business and industry pursuant to NRS 618.376.

Sec. 93. NRS 277.185 is hereby amended to read as follows:

277.185 1. The agencies of this state, and the local governments within this state, that collect taxes or fees from persons engaged in business, or require such persons to provide related information and forms, shall coordinate their collection of information and forms so that each enterprise is required to furnish information in as few separate reports as possible. This section applies specifically, but is not limited, to the department of taxation, the employment security division of the department of employment, training and rehabilitation, the state department of conservation and natural resources, ~~the state industrial insurance system,~~ and the counties and cities that require a business license.

2. On or before October 1 of each year, the executive director of the department of taxation shall convene the heads, or persons designated by

the respective heads, of the state agencies named in subsection 1 and the appropriate officers of the cities and counties that require a business license. The secretary of state, a representative of the Nevada Association of Counties and a representative of the Nevada League of Cities must be invited to attend the meeting. If he knows, or is made aware by persuasive information furnished by any enterprise required to pay a tax or fee or to provide information, that any other state or local agency needs to participate to accomplish the purpose set forth in subsection 1, he shall also invite the head of that agency or the appropriate officer of the local government, and the person so invited shall attend. The director of the department of information technology shall assist in effecting the consolidation of the information and the creation of the forms.

3. The persons so assembled shall design and modify, as appropriate, the necessary joint forms for use during the ensuing fiscal year to accomplish the purpose set forth in subsection 1. If any dispute cannot be resolved by the participants, it must be referred to the Nevada tax commission for a decision that is binding on all parties.

4. On or before February 15 of each year, the executive director of the department of taxation shall submit a report to the director of the legislative counsel bureau for presentation to the legislature. The report must include a summary of the annual meeting held during the immediately preceding year and any recommendations for proposed legislation.

5. The provisions of chapter 241 of NRS apply to a meeting held pursuant to this section. The executive director of the department of taxation shall provide members of the staff of the department of taxation to assist in complying with the requirements of chapter 241 of NRS.

Sec. 94. NRS 281.125 is hereby amended to read as follows:

281.125 ~~{1.}~~ In cases where the salary of an appointive officer or employee is determined by law, such salary must not be paid unless a specific legislative appropriation of money or a specific legislative authorization for the expenditure of money is made or enacted for the department or agency.

~~{2.—None of the provisions of this section apply to any officers or employees of the state industrial insurance system.}~~

Sec. 95. NRS 281.390 is hereby amended to read as follows:

281.390 1. When any public employee is eligible at the same time for benefits for temporary total disability pursuant to chapters 616A to 616D, inclusive, or 617 of NRS and for any sick leave benefit, he may, by giving notice to his employer, elect to continue to receive his normal salary instead of the benefits pursuant to those chapters until his accrued sick leave time is exhausted. The employer shall notify the ~~{state industrial insurance system or the}~~ insurer that provides industrial insurance for that employer of the election. The employer shall continue to pay the employee his normal salary but charge against the employee's accrued sick leave time as taken during the pay period an amount which represents the difference between his normal salary and the amount of any benefit for temporary total

disability received, exclusive of reimbursement or payment of medical or hospital expenses pursuant to chapters 616A to 616D, inclusive, or 617 of NRS for that pay period.

2. When the employee's accrued sick leave time is exhausted, payment of his normal salary pursuant to subsection 1 must be discontinued and the employer shall promptly notify the ~~{state industrial insurance system or the}~~ insurer that provides industrial insurance for that employer so that it may begin paying the benefits to which the employee is entitled directly to the employee.

3. An employee who declines to make the election provided in subsection 1, may use all or part of the sick leave benefit normally payable to him while directly receiving benefits for temporary total disability pursuant to chapters 616A to 616D, inclusive, or 617 of NRS, but the amount of sick leave benefit paid to the employee for any pay period must not exceed the difference between his normal salary and the amount of any benefit received, exclusive of reimbursement or payment of medical or hospital expenses pursuant to those chapters for that pay period.

4. If the amount of the employee's sick leave benefit is reduced pursuant to subsection 3 below the amount normally payable, the amount of sick leave time charged against the employee as taken during that pay period must be reduced in the same proportion.

5. The public employee may decline to use any or part of the sick leave benefit normally payable to him while receiving benefits pursuant to chapters 616A to 616D, inclusive, or 617 of NRS. During that ~~{period of}~~ time, the employee ~~{shall}~~ **must** be considered on leave of absence without pay.

Sec. 96. NRS 284.013 is hereby amended to read as follows:

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

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

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

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

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

3. Except as otherwise provided in this subsection, leaves of absence prescribed pursuant to subsection 2 must not be of lesser duration than

those provided for other state officers and employees pursuant to the provisions of this chapter. The provisions of this subsection do not govern the legislative commission with respect to the personnel of the legislative counsel bureau.

4. Any board, commission, committee or council created in chapters 590, 623 to 625A, inclusive, 628, 630 to 644, inclusive, 648, 652, 654 and 656 of NRS which contracts for the services of a person, shall require the contract for those services to be in writing. The contract must be approved by the state board of examiners before those services may be provided.

Sec. 96.5. NRS 284.140 is hereby amended to read as follows:

284.140 The unclassified service of the state consists of positions held by state officers or employees in the executive department of the state government as follows:

1. Persons chosen by election or appointment to fill an elective office.
2. Members of boards and commissions, and heads of departments, agencies and institutions required by law to be appointed.
3. At the discretion of the elective officer or head of each department, agency or institution, one deputy and one chief assistant in each department, agency or institution.
4. ~~IAH~~ *Except as otherwise provided in section 86.8 of this act, all* employees in the office of the governor and all persons required by law to be appointed by the governor or heads of departments or agencies appointed by the governor or by boards.
5. All employees other than clerical in the office of the attorney general and the state public defender required by law to be appointed by the attorney general or the state public defender.
6. Except as otherwise provided by the board of regents of the University of Nevada pursuant to NRS 396.251, officers and members of the teaching staff and the staffs of the agricultural extension department and experiment station of the University and Community College System of Nevada, or any other state institution of learning, and student employees of these institutions. Custodial, clerical or maintenance employees of these institutions are in the classified service. The board of regents of the University of Nevada shall assist the director in carrying out the provisions of this chapter applicable to the University and Community College System of Nevada.
7. Officers and members of the Nevada National Guard.
8. Persons engaged in public work for the state but employed by contractors when the performance of the contract is authorized by the legislature or another competent authority.
9. Patient and inmate help in state charitable, penal, mental and correctional institutions.
10. Part-time professional personnel who are paid for any form of medical, nursing or other professional service and who are not engaged in the performance of administrative or substantially recurring duties.

11. All other officers and employees authorized by law to be employed in the unclassified service.

Sec. 97. NRS 284.173 is hereby amended to read as follows:

284.173 1. Elective officers and heads of departments, boards, commissions or institutions may contract for the services of persons as independent contractors. Except as otherwise provided by specific statute, each contract for services must be awarded pursuant to the provisions of chapter 333 of NRS.

2. An independent contractor is a natural person, firm or corporation who agrees to perform services for a fixed price according to his or its own methods and without subjection to the supervision or control of the other contracting party, except as to the results of the work, and not as to the means by which the services are accomplished.

3. For the purposes of this section:

(a) Travel, subsistence and other personal expenses may be paid to an independent contractor, if provided for in the contract, in such amounts as provided for in the contract. Those expenses must not be paid pursuant to the provisions of NRS 281.160.

(b) There must be no:

- (1) Withholding of income taxes by the state;
- (2) Coverage for industrial insurance provided by the state;
- (3) Participation in group insurance plans which may be available to employees of the state;
- (4) Participation or contributions by either the independent contractor or the state to the public employees' retirement system;
- (5) Accumulation of vacation leave or sick leave; or
- (6) Coverage for unemployment compensation provided by the state if the requirements of NRS 612.085 for independent contractors are met.

4. An independent contractor is not in the classified or unclassified service of the state, and has none of the rights or privileges available to officers or employees of the State of Nevada.

5. Except as otherwise provided in this subsection, each contract for the services of an independent contractor must be in writing. The form of the contract must be first approved by the attorney general, and, except as otherwise provided in subsection 7, an executed copy of each contract must be filed with the fiscal analysis division of the legislative counsel bureau and the clerk of the state board of examiners. The state board of examiners may waive the requirements of this subsection in the case of contracts which are for amounts less than \$750.

6. Except as otherwise provided in subsection 7, and except contracts entered into by the University and Community College System of Nevada, each proposed contract with an independent contractor must be submitted to the state board of examiners. The contracts do not become effective without the prior approval of the state board of examiners, but the state board of examiners may authorize its clerk or his designee to approve contracts which are:

(a) For amounts less than \$5,000 or, in contracts necessary to preserve life and property, for amounts less than \$25,000.

(b) Entered into by the state gaming control board for the purposes of investigating an applicant for or holder of a gaming license.

The state board of examiners shall adopt regulations to carry out the provisions of this section.

7. Copies of the following types of contracts need not be filed or approved as provided in subsections 5 and 6:

(a) Contracts executed by the department of transportation for any work of construction or reconstruction of highways.

(b) Contracts executed by the state public works board or any other state department or agency for any work of construction or major repairs of state buildings if the contracting process was controlled by the rules of open competitive bidding.

(c) Contracts executed by the housing division of the department of business and industry.

(d) ~~Contracts executed by the state industrial insurance system.~~

~~—(e)~~ Contracts executed with business entities for any work of maintenance or repair of office machines and equipment.

8. The state board of examiners shall review each contract submitted for approval pursuant to subsection 6 to consider:

(a) Whether sufficient authority exists to expend the money required by the contract; and

(b) Whether the service which is the subject of the contract could be provided by a state agency in a more cost-effective manner.

If the contract submitted for approval continues an existing contractual relationship, the board shall ask each agency to ensure that the state is receiving the services that the contract purports to provide.

9. If the services of an independent contractor are contracted for to represent an agency of the state in any proceeding in any court, the contract must require the independent contractor to identify in all pleadings the specific state agency which he is representing.

Sec. 98. NRS 333.020 is hereby amended to read as follows:

333.020 As used in this chapter, unless the context otherwise requires:

1. “Chief” means the chief of the purchasing division.

2. “Director” means the director of the department of administration.

3. “Invitation to bid” means a written statement which sets forth the requirements and specifications of a contract to be awarded by competitive selection.

4. “Proprietary information” means:

(a) Any trade secret or confidential business information that is contained in a bid or proposal submitted on a particular contract; or

(b) Any other trade secret or confidential business information submitted in a bid or proposal and designated as proprietary by the chief.

As used in this subsection, “confidential business information” means any information relating to the amount or source of any income, profits, losses or expenditures of a person, including data relating to cost or price submitted in support of a bid or proposal. The term does not include the amount of a bid or proposal.

5. “Purchasing division” means the purchasing division of the department of administration.

6. “Purchasing officer” means a person who is authorized by the chief or a using agency to participate in:

- (a) The evaluation of bids or proposals for a contract;
- (b) Any negotiations concerning a contract; or
- (c) The development, review or approval of a contract.

7. “Request for proposals” means a written statement which sets forth the requirements and specifications of a contract to be awarded by competitive selection.

8. “Trade secret” has the meaning ascribed to it in NRS 600A.030.

9. “Using agencies” means all officers, departments, institutions, boards, commissions and other agencies in the executive department of the state government which derive their support from public money in whole or in part, whether the money is provided by the State of Nevada, received from the Federal Government or any branch, bureau or agency thereof, or derived from private or other sources. The term does not include the Nevada rural housing authority, local governments as defined in NRS 354.474, conservation districts, irrigation districts ~~[, the state industrial insurance system]~~ and the University and Community College System of Nevada.

10. “Volunteer fire department” means a volunteer fire department which pays premiums for industrial insurance pursuant to the provisions of chapters 616A to 616D, inclusive, or chapter 617 of NRS.

Sec. 99. NRS 333.470 is hereby amended to read as follows:

333.470 1. The University and Community College System of Nevada, ~~[the state industrial insurance system and]~~ local governments as defined in NRS 354.474, conservation districts and irrigation districts in the State of Nevada may obtain supplies, materials and equipment on a voluntary basis through the facilities of the purchasing division.

2. The chief shall issue bulletins from time to time to:

- (a) Each state agency;
 - (b) Each local governmental agency;
 - (c) Each irrigation district;
 - (d) Each conservation district; *and*
 - (e) The University and Community College System of Nevada , ~~[, and~~
~~—(f) The state industrial insurance system,]~~
- indicating the supplies, materials and equipment available and the prices thereof.

3. The specifications for all bids for supplies, materials or equipment to be furnished pursuant to the provisions of subsection 1 must be so written

that all suppliers of the market in the industry or business concerned are given an opportunity to bid pursuant to notice as provided for in this chapter.

Sec. 100. NRS 338.1905 is hereby amended to read as follows:

338.1905 1. The governor shall designate one or more energy retrofit coordinators for the buildings occupied by the executive branch of government, including, without limitation, the ~~state industrial insurance system, the~~ University and Community College System of Nevada and the public employees' retirement system.

2. The supreme court shall designate an energy retrofit coordinator for the buildings occupied by the judicial branch of state government.

3. The legislature, by concurrent resolution, shall designate an energy retrofit coordinator for the buildings occupied by the legislative branch of government. If the position becomes vacant at a time when the legislature is not in session, the legislative commission may designate a replacement.

4. The governor shall appoint a person who is trained in the management of facilities to assist the energy retrofit coordinator of the:

(a) Judicial branch of government, upon request of the supreme court.

(b) Legislative branch of government, upon request of the legislative commission.

A person appointed to assist an energy retrofit coordinator pursuant to this subsection shall provide all assistance requested including making recommendations for proposals for retrofitting buildings and any other assistance necessary to enable the coordinator to carry out the provisions of NRS 338.1906.

Sec. 101. NRS 353.210 is hereby amended to read as follows:

353.210 1. Except as otherwise provided in subsection 6, on or before August 15 of each even-numbered year, all departments, institutions and other agencies of the executive department of the state government, and all agencies of the executive department of the state government receiving state money, fees or other money under the authority of the state, including those operating on money designated for specific purposes by the constitution or otherwise, shall prepare, on blanks furnished them by the chief, and submit to the chief estimates of their expenditure requirements, together with all anticipated income from fees and all other sources, for the next 2 fiscal years compared with the corresponding figures of the last completed fiscal year and the estimated figures for the current fiscal year.

2. The chief shall direct that one copy of the forms submitted pursuant to subsection 1, accompanied by every supporting schedule and any other related material, be delivered directly to the fiscal analysis division of the legislative counsel bureau on or before August 15 of each even-numbered year.

3. The budget division of the department of administration shall give advance notice to the fiscal analysis division of the legislative counsel bureau of any conference between the budget division of the department of administration and personnel of other state agencies regarding budget

estimates. A fiscal analyst of the legislative counsel bureau or his designated representative may attend any such conference.

4. The estimates of expenditure requirements submitted pursuant to subsection 1 must be classified to set forth the data of funds, organizational units, and the character and objects of expenditures, and must include a mission statement and measurement indicators for each program. The organizational units may be subclassified by functions and activities, or in any other manner at the discretion of the chief.

5. If any department, institution or other agency of the executive department of the state government, whether its money is derived from state money or from other money collected under the authority of the state, fails or neglects to submit estimates of its expenditure requirements as provided in this section, the chief may, from any data at hand in his office or which he may examine or obtain elsewhere, make and enter a proposed budget for the department, institution or agency in accordance with the data.

6. Agencies, bureaus, commissions and officers of the legislative department, the public employees' retirement system ~~[, the state industrial insurance system]~~ and the judicial department of the state government shall submit to the chief for his information in preparing the proposed executive budget the budgets which they propose to submit to the legislature.

Sec. 102. NRS 353.246 is hereby amended to read as follows:

353.246 1. Except as otherwise provided in subsection 2 of this section and subsection 6 of NRS 353.210, the provisions of NRS 353.150 to 353.245, inclusive, do not apply to agencies, bureaus, commissions and officers of the legislative department, the public employees' retirement system ~~[, the state industrial insurance system]~~ and the judicial department of the state government.

2. The legislative department, the public employees' retirement system ~~[, the state industrial insurance system]~~ and the judicial department of the state government shall submit their budgets to the legislature in the same format as the proposed executive budget unless otherwise provided by the legislative commission. All projections of revenue and any other information concerning future state revenue contained in those budgets must be based upon the projections and estimates prepared by the economic forum pursuant to NRS 353.228.

Sec. 103. NRS 353.335 is hereby amended to read as follows:

353.335 1. Except as otherwise provided in subsections 5 and 6, a state agency may accept any gift or grant of property or services from any source only if it is included in an act of the legislature authorizing expenditures of nonappropriated money or, when it is not so included, if it is approved as provided in subsection 2.

2. If:

(a) Any proposed gift or grant is necessary because of an emergency as defined in NRS 353.263 or for the protection or preservation of life or property, the governor shall take reasonable and proper action to accept it

and shall report the action and his reasons for determining that immediate action was necessary to the interim finance committee at its first meeting after the action is taken. Action by the governor pursuant to this paragraph constitutes acceptance of the gift or grant, and other provisions of this chapter requiring approval before acceptance do not apply.

(b) The governor determines that any proposed gift or grant would be forfeited if the state failed to accept it before the expiration of the period prescribed in paragraph (c), he may declare that the proposed acceptance requires expeditious action by the interim finance committee. Whenever the governor so declares, the interim finance committee has 15 days after the proposal is submitted to its secretary within which to approve or deny the acceptance. Any proposed acceptance which is not considered within the 15-day period shall be deemed approved.

(c) The proposed acceptance of any gift or grant does not qualify pursuant to paragraph (a) or (b), it must be submitted to the interim finance committee. The interim finance committee has 45 days after the proposal is submitted to its secretary within which to consider acceptance. Any proposed acceptance which is not considered within the 45-day period shall be deemed approved.

3. The secretary shall place each request submitted to him pursuant to paragraph (b) or (c) of subsection 2 on the agenda of the next meeting of the interim finance committee.

4. In acting upon a proposed gift or grant, the interim finance committee shall consider, among other things:

- (a) The need for the facility or service to be provided or improved;
- (b) Any present or future commitment required of the state;
- (c) The extent of the program proposed; and
- (d) The condition of the national economy, and any related fiscal or monetary policies.

5. A state agency may accept:

(a) Gifts, including grants from nongovernmental sources, not exceeding \$10,000 each in value; and

(b) Governmental grants not exceeding \$100,000 each in value, if the gifts or grants are used for purposes which do not involve the hiring of new employees and if the agency has the specific approval of the governor or, if the governor delegates this power of approval to the chief of the budget division of the department of administration, the specific approval of the chief.

6. This section does not apply to:

- (a) ~~The state industrial insurance system;~~
- ~~(b)~~ The University and Community College System of Nevada; or
- ~~(c)~~ (b) The department of human resources while acting as the state health planning and development agency pursuant to paragraph (d) of subsection 2 of NRS 439A.081 or for donations, gifts or grants to be disbursed pursuant to NRS 433.395.

Sec. 104. NRS 353A.010 is hereby amended to read as follows:

353A.010 As used in this chapter, unless the context otherwise requires:

1. “Agency” means every agency, department, division, board, commission or similar body, or elected officer, of the executive branch of the state, except:
 - (a) A board or commission created by the provisions of chapters 623 to 625, inclusive, 628 to 644, inclusive, 654 and 656 of NRS.
 - (b) The University and Community College System of Nevada.
 - (c) The public employees’ retirement system.
 - (d) ~~The state industrial insurance system.~~
 - ~~—(e)~~ The housing division of the department of business and industry.
 - ~~[(f)]~~ (e) The Colorado River commission.
2. “Director” means the director of the department of administration.
3. “Internal accounting and administrative control” means a method through which agencies can safeguard assets, check the accuracy and reliability of their accounting information, promote efficient operations and encourage adherence to prescribed managerial policies.

Sec. 105. NRS 355.140 is hereby amended to read as follows:

355.140 1. In addition to other investments provided for by a specific statute, the following bonds and other securities are proper and lawful investments of any of the money of this state, of its various departments, institutions and agencies, and of the state insurance fund:

- (a) Bonds and certificates of the United States;
- (b) Bonds, notes, debentures and loans if they are underwritten by or their payment is guaranteed by the United States;
- (c) Obligations or certificates of the United States Postal Service, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation or the Student Loan Marketing Association, whether or not guaranteed by the United States;
- (d) Bonds of this state or other states of the Union;
- (e) Bonds of any county of this state or of other states;
- (f) Bonds of incorporated cities in this state or in other states of the Union, including special assessment district bonds if those bonds provide that any deficiencies in the proceeds to pay the bonds are to be paid from the general fund of the incorporated city;
- (g) General obligation bonds of irrigation districts and drainage districts in this state which are liens upon the property within those districts, if the value of the property is found by the board or commission making the investments to render the bonds financially sound over all other obligations of the districts;
- (h) Bonds of school districts within this state;
- (i) Bonds of any general improvement district whose population is 200,000 or more and which is situated in two or more counties of this state or of any other state, if:

(1) The bonds are general obligation bonds and constitute a lien upon the property within the district which is subject to taxation; and

(2) That property is of an assessed valuation of not less than five times the amount of the bonded indebtedness of the district;

(j) Medium-term obligations for counties, cities and school districts authorized pursuant to chapter 350 of NRS;

(k) Loans bearing interest at a rate determined by the state board of finance when secured by first mortgages on agricultural lands in this state of not less than three times the value of the amount loaned, exclusive of perishable improvements, and of unexceptional title and free from all encumbrances;

(l) Farm loan bonds, consolidated farm loan bonds, debentures, consolidated debentures and other obligations issued by federal land banks and federal intermediate credit banks under the authority of the Federal Farm Loan Act, formerly 12 U.S.C. §§ 636 to 1012, inclusive, and §§ 1021 to 1129, inclusive, and the Farm Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive, and bonds, debentures, consolidated debentures and other obligations issued by banks for cooperatives under the authority of the Farm Credit Act of 1933, formerly 12 U.S.C. §§ 1131 to 1138e, inclusive, and the Farm Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive, excluding such money thereof as has been received or which may be received hereafter from the Federal Government or received pursuant to some federal law which governs the investment thereof;

(m) Negotiable certificates of deposit issued by commercial banks, insured credit unions or savings and loan associations;

(n) Bankers' acceptances of the kind and maturities made eligible by law for rediscount with Federal Reserve banks or trust companies which are members of the Federal Reserve System, except that acceptances may not exceed 180 days' maturity, and may not, in aggregate value, exceed 20 percent of the total par value of the portfolio as determined on the date of purchase;

(o) Commercial paper issued by a corporation organized and operating in the United States or by a depository institution licensed by the United States or any state and operating in the United States that:

(1) At the time of purchase has a remaining term to maturity of ~~no~~ **not** more than 270 days; and

(2) Is rated by a nationally recognized rating service as "A-1," "P-1" or its equivalent, or better, except that investments pursuant to this paragraph may not, in aggregate value, exceed 20 percent of the total par value of the portfolio as determined on the date of purchase, and if the rating of an obligation is reduced to a level that does not meet the requirements of this paragraph, it must be sold as soon as possible;

(p) Notes, bonds and other unconditional obligations for the payment of money, except certificates of deposit that do not qualify pursuant to paragraph (m), issued by corporations organized and operating in the

United States or by depository institutions licensed by the United States or any state and operating in the United States that:

- (1) Are purchased from a registered broker-dealer;
- (2) At the time of purchase have a remaining term to maturity of ~~no~~ **not** more than 5 years; and
- (3) Are rated by a nationally recognized rating service as “A” or its equivalent, or better,

except that investments pursuant to this paragraph may not, in aggregate value, exceed 20 percent of the total par value of the portfolio, and if the rating of an obligation is reduced to a level that does not meet the requirements of this paragraph, it must be sold as soon as possible;

(q) Money market mutual funds which:

- (1) Are registered with the Securities and Exchange Commission;
- (2) Are rated by a nationally recognized rating service as “AAA” or its equivalent; and

(3) Invest only in securities issued by the Federal Government or agencies of the Federal Government or in repurchase agreements fully collateralized by such securities;

(r) Collateralized mortgage obligations that are rated by a nationally recognized rating service as “AAA” or its equivalent; and

(s) Asset-backed securities that are rated by a nationally recognized rating service as “AAA” or its equivalent.

2. Repurchase agreements are proper and lawful investments of money of the state and the state insurance fund for the purchase or sale of securities which are negotiable and of the types listed in subsection 1 if made in accordance with the following conditions:

(a) The state treasurer shall designate in advance and thereafter maintain a list of qualified counterparties which:

- (1) Regularly provide audited and, if available, unaudited financial statements to the state treasurer;
- (2) The state treasurer has determined to have adequate capitalization and earnings and appropriate assets to be highly credit worthy; and
- (3) Have executed a written master repurchase agreement in a form satisfactory to the state treasurer and the state board of finance pursuant to which all repurchase agreements are entered into. The master repurchase agreement must require the prompt delivery to the state treasurer and the appointed custodian of written confirmations of all transactions conducted thereunder, and must be developed giving consideration to the Federal Bankruptcy Act ~~H~~, **11 U.S.C. §§ 101 et seq.**

(b) In all repurchase agreements:

(1) At or before the time money to pay the purchase price is transferred, title to the purchased securities must be recorded in the name of the appointed custodian, or the purchased securities must be delivered with all appropriate, executed transfer instruments by physical delivery to the custodian;

(2) The state must enter into a written contract with the custodian appointed pursuant to subparagraph (1) which requires the custodian to:

(I) Disburse cash for repurchase agreements only upon receipt of the underlying securities;

(II) Notify the state when the securities are marked to the market if the required margin on the agreement is not maintained;

(III) Hold the securities separate from the assets of the custodian; and

(IV) Report periodically to the state concerning the market value of the securities;

(3) The market value of the purchased securities must exceed 102 percent of the repurchase price to be paid by the counterparty and the value of the purchased securities must be marked to the market weekly;

(4) The date on which the securities are to be repurchased must not be more than 90 days after the date of purchase; and

(5) The purchased securities must not have a term to maturity at the time of purchase in excess of 10 years.

3. As used in subsection 2:

(a) "Counterparty" means a bank organized and operating or licensed to operate in the United States pursuant to federal or state law or a securities dealer which is:

(1) A registered broker-dealer;

(2) Designated by the Federal Reserve Bank of New York as a "primary" dealer in United States government securities; and

(3) In full compliance with all applicable capital requirements.

(b) "Repurchase agreement" means a purchase of securities by the state or state insurance fund from a counterparty which commits to repurchase those securities or securities of the same issuer, description, issue date and maturity on or before a specified date for a specified price.

4. No money of this state may be invested pursuant to a reverse repurchase agreement, except money invested pursuant to chapter 286 ~~for chapters 616A to 616D, inclusive,~~ of NRS.

Sec. 106. NRS 355.150 is hereby amended to read as follows:

355.150 1. Before making any investment in the bonds and other securities designated in NRS 355.140, the ~~{state industrial insurance system, the}~~ state board of finance, or other board, commission or agency of the state ~~{}~~ contemplating the making of any such investments shall make due and diligent inquiry as to:

(a) Whether the bonds of such federal agencies are actually underwritten or payment thereof is guaranteed by the United States.

(b) The financial standing and responsibility of the state or states, county or counties, incorporated cities, irrigation districts, drainage districts, school districts, and general improvement districts in the bonds or securities of which such investments are contemplated or are to be made.

(c) Whether such bonds and other securities are valid and duly authorized and issued, and the proceedings incident thereto have been fully complied with.

(d) The financial standing and responsibility of the person or persons, company or companies, corporation or corporations to whom or to which such loans are contemplated.

(e) The value of the lands so mortgaged.

2. Such commission, board or other state agency shall require the attorney general:

(a) To give his legal opinion in writing as to:

(1) The validity of any laws under which such bonds or securities are issued and authorized and in which such investments are contemplated.

(2) The validity of such bonds or other securities.

(b) To examine and pass upon and to give his official opinion in writing upon the title and abstract of title or title insurance of all agricultural lands so mortgaged to secure such loans.

3. Unless such commission, board or other state agency is satisfied from such inquiry and opinion that the bonds of such federal agencies are underwritten or payment thereof guaranteed by the United States and of the financial standing and responsibility of the state, county, incorporated city or district issuing such bonds, then such commission, board or other state agency shall not invest such funds therein, ~~but~~ but if satisfied, such commission, board or other state agency may, at its option, so invest such funds in such bonds.

Sec. 107. NRS 355.160 is hereby amended to read as follows:

355.160 Except as otherwise provided in NRS 355.140 and 355.150, the ~~the state industrial insurance system, the~~ state board of finance, ~~the~~ state board of education or other state agency shall proceed in the same manner as the law relating to each of them requires in the making of such investments, the purpose of NRS 355.140 and 355.150, being merely to designate the classes of bonds and other securities and loans in which the funds mentioned in NRS 355.140 lawfully may be invested and the other matters relating thereto as specified in NRS 355.140 and 355.150.

Sec. 108. NRS 396.591 is hereby amended to read as follows:

396.591 The University of Nevada, Reno, and the University of Nevada, Las Vegas, may each elect to insure members of varsity and freshman athletic teams representing the respective campuses for unlimited medical coverage for injuries incurred while the members of the teams are engaged in organized practice or actual competition or any activity related thereto. Such insurance ~~may~~ **must** be obtained from a private carrier. ~~for from the state industrial insurance system.~~

Sec. 109. NRS 433A.430 is hereby amended to read as follows:

433A.430 1. Whenever the administrator determines that division facilities within the state are inadequate for the care of any mentally ill person, he may designate two physicians, licensed under the provisions of chapter 630 of NRS, and familiar with the field of psychiatry, to examine

that person. If the two physicians concur with the opinion of the administrator, the administrator may contract with appropriate corresponding authorities in any other state of the United States having adequate facilities for such purposes for the reception, detention, care or treatment of that person, but if the person in any manner objects to the transfer, the procedures in subsection 3 of NRS 433.484 and subsections 2 and 3 of NRS 433.534 must be followed. The two physicians so designated are entitled to a reasonable fee for their services ~~{based upon rates set by the state industrial insurance system for similar services, which fee}~~ **which** must be paid by the county of the person's last known residence.

2. Money to carry out the provisions of this section must be provided by direct legislative appropriation.

Sec. 110. NRS 475.110 is hereby amended to read as follows:

475.110 1. All sheriffs, their deputies, firewardens ~~{,}~~ **or** other peace officers or any national forest officer may call upon able-bodied male persons within the State of Nevada who are between the ages of 16 years and 50 years for assistance in extinguishing fires in timber or in brush.

2. Persons who refuse to obey the summons or who refuse to assist in fighting fire for the period stated in subsection 3, unless they present sufficient reasons, are guilty of a misdemeanor.

3. No male person may be required to fight fires a total of more than 5 days during any 1 year.

4. The board of county commissioners may fix the amount of compensation to be paid to male persons drafted to fight fires as provided in this section, and the sums so fixed must be allowed and paid as other claims against the county are paid.

5. For the purpose of obtaining the benefits of the Nevada Industrial Insurance Act, male persons drafted to fight fires ~~{shall}~~ **must** be considered employees of the county demanding their services, and they are entitled to receive for disability incurred by reason thereof the benefits under the Nevada Industrial Insurance Act. The county shall report and pay premiums to ~~{the state industrial insurance system or}~~ a private carrier authorized to provide industrial insurance in this state for persons so engaged.

Sec. 111. NRS 475.230 is hereby amended to read as follows:

475.230 1. Any fire department which engages in fighting a fire on property owned by the state within the jurisdictional limits of the fire department may submit a claim to the secretary of the state board of examiners to recover any direct expenses and losses incurred as a result of fighting that fire.

2. The claim must include:

- (a) The name, address and jurisdictional limits of the fire department;
- (b) The name, address and telephone number of the person making the claim on behalf of the fire department;
- (c) The name and address, if known, of the state agency having jurisdiction over the property on which the fire occurred;

- (d) The exact location of the fire;
- (e) A description of the property burned;
- (f) The number and classification of the personnel and the number and type of equipment used to fight the fire;
- (g) A copy of the fire report; and
- (h) An itemized list of direct expenses and losses incurred while fighting the fire, including the purchase cost, estimated cost of repairs and a statement of depreciated value immediately preceding and after the damage to or destruction of any equipment and the extent of any insurance coverage.

3. As used in this section, “direct expenses and losses” means certain expenses and losses which were incurred while fighting a fire on property owned by the state. The term is limited to:

- (a) The depreciated value, if any, of any equipment or vehicle which was damaged or destroyed; and
- (b) If the employer maintains a plan which supplements coverage for workers’ compensation provided pursuant to chapters 616A to 616D, inclusive, or chapter 617 of NRS by ~~the state industrial insurance system~~ **a private carrier** and, if the benefits are provided from public money and not by an insurer, any injury or death benefits which would have been paid by the employer from public money.

Sec. 112. NRS 538.101 is hereby amended to read as follows:

538.101 1. While engaged in official business of the commission, each commissioner appointed by the governor is entitled to receive a salary of not more than \$80 per day, as fixed by the commission.

2. While engaged in the business of the commission, each member and employee of the commission is entitled to receive the per diem allowance and travel expenses provided for state officers and employees generally.

3. The director or an employee of the commission designated by the director shall certify all bills and claims for compensation, per diem expense allowances and travel expenses of the commissioners, and shall submit them for payment in the same manner as all other state claims. The bills and claims must be paid from the Colorado River commission fund or any other fund administered by the commission and designated to be used for those expenses by the director.

4. The commission shall provide its members who are appointed by the governor with industrial insurance through ~~the state industrial insurance system or~~ a private carrier authorized to provide industrial insurance in this state and shall budget and pay for the premiums for that insurance.

Sec. 113. NRS 624.328 is hereby amended to read as follows:

624.328 The employment security division of the department of employment, training and rehabilitation and the administrator of the division of industrial relations of the department of business and industry shall make available, upon request, to any licensed contractor the names and addresses of subcontractors who are delinquent in paying the amounts owed by the subcontractor to ~~the:~~

~~1. Division~~ :

1. ~~The division~~ for benefits for unemployment pursuant to chapter 612 of NRS; and

2. ~~{State industrial insurance system or a}~~ A private carrier that provides industrial insurance in this state for premiums for industrial insurance.

Sec. 114. NRS 668.045 is hereby amended to read as follows:

668.045 1. It is unlawful for a president, director, manager, cashier or other officer or employee of any bank to permit the bank to remain open for business, or to assent to the reception of deposits or the creation of debts by the banking institution, after he has knowledge of the fact that it is insolvent or in failing circumstances. An officer, director, manager or agent of a bank shall examine the affairs of the bank and shall know its condition. Upon the failure of any such person to discharge his duty of examination, he must be held, for the purpose of this Title, to have had knowledge of the insolvency of the bank, or that it was in failing circumstances, and shall be deemed to have assented to the receipt of deposits while the bank was insolvent or in failing circumstances. A person who violates the provisions of this subsection is individually responsible for deposits so received, and all such debts so contracted, but any director who has paid more than his share of such liabilities has a remedy at law against other persons who have not paid their full share of such liabilities for contribution.

2. It is unlawful for a president, director, manager, cashier or other officer or employee of any bank willfully to give or concur in giving to a creditor of the bank any fraudulent, undue or unfair preference over other creditors, by giving security to the creditor, or by changing the nature of his claim, or otherwise, but this subsection does not prohibit the bank from giving security for public money of the State of Nevada or any political subdivision thereof, ~~{the state industrial insurance system,}~~ or of the United States, or an officer, agent, agency or department thereof, in the manner provided by law.

3. A person who violates the provisions of this section, or who is an accessory to, or permits or connives at, the receiving or accepting of any such deposits, or the giving of such preferences, is guilty of a category D felony and shall be punished as provided in NRS 193.130.

Sec. 115. NRS 680B.027 is hereby amended to read as follows:

680B.027 1. Except as otherwise provided in NRS 680B.033 and 680B.050, for the privilege of transacting business in this state, each insurer shall pay to the department of taxation a tax upon his net direct premiums and net direct considerations written at the rate of 3.5 percent.

2. The tax must be paid in the manner required by NRS 680B.030 and 680B.032.

3. The commissioner or the executive director of the department of taxation may require at any time verified supplemental statements with reference to any matter pertinent to the proper assessment of the tax.

~~[4.— For the purposes of this section, “insurer” includes the state industrial insurance system.]~~

Sec. 116. NRS 680B.050 is hereby amended to read as follows:

680B.050 1. Except as otherwise provided in this section, a domestic or foreign insurer which owns and substantially occupies and uses any building in this state as its home office or as a regional home office is entitled to the following credits against the tax otherwise imposed by NRS 680B.027:

(a) An amount equal to 50 percent of the aggregate amount of the tax as determined under NRS 680B.025 to 680B.039, inclusive; and

(b) An amount equal to the full amount of ad valorem taxes paid by the insurer during the calendar year next preceding the filing of the report required by NRS 680B.030, upon the home office or regional home office together with the land, as reasonably required for the convenient use of the office, upon which the home office or regional home office is situated. These credits must not reduce the amount of tax payable to less than 20 percent of the tax otherwise payable by the insurer under NRS 680B.027.

2. As used in this section, a “regional home office” means an office of the insurer performing for an area covering two or more states, with a minimum of 25 employees on its office staff, the supervision, underwriting, issuing and servicing of the insurance business of the insurer.

3. The insurer shall, on or before March 15 of each year, furnish proof to the satisfaction of the executive director of the department of taxation, on forms furnished by or acceptable to the executive director, as to its entitlement to the tax reduction provided for in this section. A determination of the executive director of the department of taxation pursuant to this section is not binding upon the commissioner for the purposes of NRS 682A.240.

4. An insurer is not entitled to the credits provided in this section unless:

(a) The insurer owned the property upon which the reduction is based for the entire year for which the reduction is claimed; and

(b) The insurer occupied at least 70 percent of the usable space in the building to transact insurance or the insurer is a general or limited partner and occupies 100 percent of its ownership interest in the building.

5. If two or more insurers under common ownership or management and control jointly own in equal interest, and jointly occupy and use such a home office or regional home office in this state for the conduct and administration of their respective insurance businesses as provided in this section, each of the insurers is entitled to the credits provided for by this section if otherwise qualified therefor under this section.

6. The state industrial insurance system is entitled to a credit against the tax otherwise imposed by NRS 680B.027 in an amount equal to 50 percent of the aggregate amount of the tax as determined under NRS 680B.025 to 680B.039, inclusive. This credit must not reduce the amount

of tax payable to less than 20 percent of the tax otherwise payable by the system under NRS 680B.027.

Sec. 117. NRS 680B.060 is hereby amended to read as follows:

680B.060 1. Except as otherwise provided in subsection 6, the taxes imposed under NRS 680B.027 must be collected by the department of taxation and promptly deposited with the state treasurer for credit to the state general fund.

2. If the tax is not paid by the insurer on or before the date required for payment, the tax then becomes delinquent, and payment thereof may be enforced by court action instituted on behalf of the state by the attorney general. The attorney general may employ additional counsel in the city where the home office of the insurer is located, subject to *the* approval of compensation for such services by the state board of examiners. The administrative and substantive enforcement provisions of chapters 360 and 372 of NRS apply to the enforcement of the taxes imposed under NRS 680B.027.

3. Upon the tax becoming delinquent, the executive director of the department of taxation shall notify the commissioner, who shall suspend or revoke the insurer's certificate of authority pursuant to NRS 680A.190.

4. If a dispute arises between an insurer and the state as to the amount of tax, if any, payable, the insurer is entitled to pay under protest the tax in the amount assessed by the department of taxation, without waiving or otherwise affecting any right of the insurer to recover any amount determined, through appropriate legal action taken by the insurer against the department of taxation, to have been in excess of the amount of tax lawfully payable.

5. Except as otherwise provided in subsection 6, all taxes, fees, licenses, fines and charges collected under this code, including the general premium tax provided for under NRS 680B.027 and as increased in any instances pursuant to NRS 680A.330, must be promptly deposited with the state treasurer for credit to the state general fund.

6. The taxes collected pursuant to NRS 680B.027 from insurers that are writing industrial insurance in this state, including the state industrial insurance system, which are attributable to industrial insurance must be promptly deposited with the state treasurer for credit to ~~the account for the administration of extended claims established in~~ the state insurance fund ~~pursuant to NRS 616B.087,~~ until the commissioner notifies the state treasurer that the balance in the ~~account is sufficient to satisfy all obligations and liabilities of the account as they become due.~~ *state insurance fund is sufficient to ensure the solvency of the state industrial insurance system.* Upon receipt of such a notice, the state treasurer shall discontinue depositing the taxes in the ~~account~~ *state insurance fund* and shall deposit the taxes collected from these insurers for credit to the state general fund.

Sec. 118. NRS 680B.060 is hereby amended to read as follows:

680B.060 1. ~~{Except as otherwise provided in subsection 6, the}~~ **The** taxes imposed under NRS 680B.027 must be collected by the department of taxation and promptly deposited with the state treasurer for credit to the state general fund.

2. If the tax is not paid by the insurer on or before the date required for payment, the tax then becomes delinquent, and payment thereof may be enforced by court action instituted on behalf of the state by the attorney general. The attorney general may employ additional counsel in the city where the home office of the insurer is located, subject to the approval of compensation for such services by the state board of examiners. The administrative and substantive enforcement provisions of chapters 360 and 372 of NRS apply to the enforcement of the taxes imposed under NRS 680B.027.

3. Upon the tax becoming delinquent, the executive director of the department of taxation shall notify the commissioner, who shall suspend or revoke the insurer's certificate of authority pursuant to NRS 680A.190.

4. If a dispute arises between an insurer and the state as to the amount of tax, if any, payable, the insurer is entitled to pay under protest the tax in the amount assessed by the department of taxation, without waiving or otherwise affecting any right of the insurer to recover any amount determined, through appropriate legal action taken by the insurer against the department of taxation, to have been in excess of the amount of tax lawfully payable.

5. ~~{Except as otherwise provided in subsection 6, all}~~ **All** taxes, fees, licenses, fines and charges collected under this code, including the general premium tax provided for under NRS 680B.027 and as increased in any instances pursuant to NRS 680A.330, must be promptly deposited with the state treasurer for credit to the state general fund.

~~{6.—The taxes collected pursuant to NRS 680B.027 from insurers that are writing industrial insurance in this state, including the state industrial insurance system, which are attributable to industrial insurance must be promptly deposited with the state treasurer for credit to the state insurance fund until the commissioner notifies the state treasurer that the balance in the state insurance fund is sufficient to ensure the solvency of the state industrial insurance system. Upon receipt of such a notice, the state treasurer shall discontinue depositing the taxes in the state insurance fund and shall deposit the taxes collected from these insurers for credit to the state general fund.}~~

Sec. 119. NRS 681B.020 is hereby amended to read as follows:

681B.020 1. In addition to assets impliedly excluded by the provisions of NRS 681B.010, the following expressly ~~{shall}~~ **may** not be allowed as assets in any determination of the financial condition of an insurer:

~~{1.}~~ **(a)** Goodwill, trade names and other like intangible assets

.

~~{2-}~~ (b) Advances to officers, ~~{4}~~ other than policy loans, ~~{1}~~ whether secured or not, and advances to employees, agents and other persons on personal security only.

~~{3-}~~ (c) Stock of such insurer, owned by it, or any equity therein or loans secured thereby, or any proportionate interest in such stock acquired or held through the ownership by such insurer of an interest in another firm, corporation or business unit.

~~{4-}~~ (d) Furniture, fixtures, furnishings, safes, vehicles, libraries, stationery, literature and supplies, ~~{4}~~ other than data processing, recordkeeping and accounting systems authorized under subsection 13 of NRS 681B.010 ~~{1}~~, ~~except:~~

~~—(a)}~~, ~~except:~~

(1) In the case of title insurers such materials and plants as the insurer is expressly authorized to invest in under NRS 682A.220; and

~~{(b)}~~ (2) In the case of any insurer, such personal property as the insurer is permitted to hold pursuant to chapter 682A of NRS, ~~{(investments)}~~, or which is reasonably necessary for the maintenance and operation of real property lawfully acquired and held by the insurer other than real property used by it for home office, branch office and similar purposes.

~~{5-}~~ (e) The amount, if any, by which the aggregate book value of investments as carried in the ledger assets of the insurer exceeds the aggregate value thereof as determined under this code.

2. If any successor organization to the state industrial insurance system that was established by section 79 of chapter 642, Statutes of Nevada 1981, at page 1449, wishes to transact in this state property or casualty insurance other than industrial insurance, the money required to be held in trust by that organization pursuant to section 17 of this act may not be allowed as assets of the successor organization in determining its financial condition to transact such insurance.

Sec. 120. NRS 682A.020 is hereby amended to read as follows:

682A.020 1. Insurers ~~{shall}~~ **may** invest in or lend their funds on the security of, and ~~{shall}~~ **may** hold as invested assets, only eligible investments as prescribed in this chapter.

2. Any particular investment held by an insurer on January 1, 1972, which was a legal investment at the time it was made, and which the insurer was legally entitled to possess immediately ~~{prior to}~~ **before** January 1, 1972, shall be deemed to be an eligible investment.

3. *Any particular investment held by a successor organization to the state industrial insurance system that was established by section 79 of chapter 642, Statutes of Nevada 1981, at page 1449, which was a legal investment of the system made before January 1, 2000, and which the successor organization is legally entitled to possess on or after January 1, 2000, shall be deemed to be an eligible investment of the successor organization.*

4. Eligibility of an investment ~~{shall}~~ **must** be determined as of the date of its making or acquisition, except as stated in ~~{subsection 2-}~~.

~~4.]~~ **subsections 2 and 3.**

5. Any investment limitation based upon the amount of the insurer's assets or particular funds ~~{shall}~~ **must** relate to such assets or funds as shown by the insurer's annual statement as of December 31 next preceding the date of acquisition of the investment by the insurer, or as shown by a current financial statement resulting from merger of another insurer, bulk reinsurance or change in capitalization.

~~{5.}~~ 6. No insurer ~~{shall}~~ **may** pay any commission or brokerage for the purchase or sale of property in excess of that usual and customary at the time and in the locality where such purchases or sales are made, and complete information regarding all payments of commission and brokerage ~~{shall}~~ **must** be reported in the next annual statement.

Sec. 121. NRS 682B.055 is hereby amended to read as follows:

682B.055 The commissioner ~~{may}~~ :

1. **May** allow an insurer to use securities as a deposit or as a part of a deposit without delivering the securities to the commissioner under the conditions specified in regulations adopted pursuant to subsection 1 of NRS 680A.140.

2. ***Shall allow any successor organization to the state industrial insurance system that was established by section 79 of chapter 642, Statutes of Nevada 1981, at page 1449, to use the money held in trust by the organization pursuant to section 17 of this act as a deposit or as a part of a deposit for authority to transact industrial insurance without delivering that money to the commissioner.***

Sec. 122. NRS 683A.100 is hereby amended to read as follows:

683A.100 In addition to persons excluded by the terms thereof, the definitions of an agent, broker, solicitor or managing general agent shall not be deemed to include any of the following:

1. Salaried employees rendering solely clerical and administrative services in the office of the employer.

2. Salaried administrative and clerical employees of agents and brokers performing any functions in the office and under the supervision of the employer and receiving no commissions.

3. Salaried employees of insurers, ~~{or of}~~ organizations employed by insurers ~~{}~~ ***or the state industrial insurance system*** engaged in inspecting, rating or classifying risks, or in general supervision of agents, and not in the solicitation or writing of insurance.

4. Officers of insurers or of an association of insurers engaged in the performance of their usual and customary executive duties, exclusive of field solicitation of insurance other than rendering assistance to or on behalf of a licensed agent but receiving no commission or other compensation directly dependent upon the amount of business transacted.

5. Persons completing or delivering declarations or certificates of coverage under running inland marine insurance contracts evidencing coverage thereunder, if:

(a) Such persons receive no commissions directly or indirectly on such insurance; and

(b) Such persons or their employers have an insurable interest in the risk evidenced by the certificate or declaration.

6. Persons who secure and furnish information for the purposes of group life insurance, group or blanket health insurance or annuity coverages, or for enrolling individuals under such plans or issuing certificates thereunder or otherwise assisting in administering such plans where no commission is paid for such services.

7. Service representatives.

Sec. 123. NRS 686B.1759 is hereby amended to read as follows:

686B.1759 "Insurer" means ~~the state industrial insurance system and all private carriers~~ **any private carrier** authorized to provide industrial insurance in this state.

Sec. 124. NRS 687A.020 is hereby amended to read as follows:

687A.020 Except as otherwise provided in subsection 5 of NRS 695E.200, this chapter applies to all direct insurance, except:

1. Life, annuity, health or disability insurance;
2. Mortgage guaranty, financial guaranty or other forms of insurance offering protection against investment risks;
3. Fidelity or surety bonds or any other bonding obligations;
4. Credit insurance as defined in NRS 690A.015;
5. Insurance of warranties or service contracts;
6. Title insurance;
7. Ocean marine insurance;
8. Any transaction or combination of transactions between a person, including affiliates of the person, and an insurer, including affiliates of the insurer, which involves the transfer of investment or credit risk unaccompanied by **the** transfer of insurance risk; or
9. Any insurance provided by or guaranteed by a governmental entity . ~~for industrial insurance provided by the state industrial insurance system.~~

Sec. 125. NRS 695C.120 is hereby amended to read as follows:

695C.120 The powers of a health maintenance organization include, but are not limited to , the following:

1. The purchase, lease, construction, renovation, operation or maintenance of hospitals, medical facilities, or both, and their ancillary equipment, and such property as may reasonably be required for its principal office or for such other purposes as may be necessary in the transaction of the business of the organization;
2. The making of loans to a medical group under contract with it in furtherance of its program or the making of loans to a corporation under its control for the purpose of acquiring or constructing medical facilities and hospitals or in furtherance of a program providing health care services to enrollees;
3. The furnishing of health care service through providers which are under contract with or employed by the health maintenance organization;

4. The contracting with any person for the performance on its behalf of certain functions such as marketing, enrollment and administration; **and**

5. The contracting with an insurance company licensed in this state or authorized to do business in this state for the provision of such insurance, indemnity, or reimbursement against the cost of health care services provided by the health maintenance organization . ~~[-; and~~

~~—6.—The contracting with the manager of the state industrial insurance system pursuant to NRS 616B.515 to provide comprehensive medical and health care services to injured employees whose employers are insured by the state industrial insurance system for injuries and diseases that are compensable pursuant to chapters 616A to 617, inclusive, of NRS.]~~

Sec. 126. NRS 696B.360 is hereby amended to read as follows:

696B.360 1. ***Except as otherwise provided in this section:***

(a) The money collected by the commissioner in a proceeding under this chapter must be from time to time deposited in one or more state or national banks, savings banks, credit unions or trust companies, and in the case of the insolvency or voluntary or involuntary liquidation of any such depository which is an institution organized and supervised under the laws of this state, such deposits are entitled to priority of payment on an equality with any other priority given by the banking laws of this state.

~~[-2-]~~ ***(b)*** The commissioner may ~~[in his discretion]~~ deposit the money or any part thereof in a national bank, credit union or trust company as a trust fund.

2. The commissioner shall deposit in the state insurance fund any money collected in a proceeding under this chapter that is required to be held in trust by a successor organization of the state industrial insurance system by section 17 of this act. The money must be used by the commissioner for the payment of claims made against the successor organization under a policy of industrial insurance issued by that organization, and any administration costs and expenses related thereto. The payment of the claims must be made in accordance with the provisions of this chapter.

Sec. 126.3. Section 2 of Senate Bill No. 351 of this session is hereby amended to read as follows:

Sec. 2. NRS 683A.100 is hereby amended to read as follows:

683A.100 In addition to persons excluded by the terms thereof, the definitions of an agent, broker, solicitor or managing general agent ~~[shall not be deemed to]~~ **do not** include any of the following:

1. Salaried employees rendering solely clerical and administrative services in the office of the employer.
2. Salaried administrative and clerical employees of agents and brokers performing any functions in the office and under the supervision of the employer and receiving no commissions.

3. Salaried employees of insurers, organizations employed by insurers or the state industrial insurance system engaged in inspecting, rating or classifying risks, or in general supervision of agents, and not in the solicitation or writing of insurance.

4. Officers of insurers or of an association of insurers engaged in the performance of their usual and customary executive duties, exclusive of field solicitation of insurance other than rendering assistance to or on behalf of a licensed agent but receiving no commission or other compensation directly dependent upon the amount of business transacted.

5. Persons completing or delivering declarations or certificates of coverage under running inland marine insurance contracts evidencing coverage thereunder, if:

(a) Such persons receive no commissions directly or indirectly on such insurance; and

(b) Such persons or their employers have an insurable interest in the risk evidenced by the certificate or declaration.

6. Persons who secure and furnish information for the purposes of group life insurance, group or blanket health insurance or annuity coverages, or for enrolling individuals under such plans or issuing certificates thereunder or otherwise assisting in administering such plans where no commission is paid for such services.

7. Service representatives.

8. Employees of a short-term lessor of passenger vehicles who engage solely in the solicitation and sale of insurance requested by a lessee pursuant to NRS 482.3158 in accordance with section 1 of Senate Bill No. 351 of this session.

Sec. 126.5. Section 12 of Senate Bill No. 92 of this session is hereby amended to read as follows:

Sec. 12. NRS 616B.167 is hereby amended to read as follows:
616B.167 The manager:

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

2. May perform all acts necessary or convenient in the exercise of any power, authority or jurisdiction over the system, either in the administration of the system or in connection with the business of insurance to be carried on by the system under the provisions of chapters 616A to 616D, inclusive, ***or chapter 617*** of NRS, including the establishment of premium rates.

3. May appoint not more than five persons ***H*** engaged in management ***H*** who report directly to the manager or an assistant manager. The manager shall designate these positions ***H*** and may not change them without the approval of the personnel commission. These persons are entitled to receive annual salaries fixed by the manager.

Sec. 127. 1. NRS 616B.087 and 616B.088 are hereby repealed.

2. NRS 218.2725, 616A.275, 616A.325, 616B.014, 616B.050, 616B.056, 616B.059, 616B.062, 616B.065, 616B.068, 616B.071, 616B.074, 616B.077, 616B.083, 616B.089, 616B.092, 616B.095, 616B.104, 616B.107, 616B.167, 616B.170, 616B.173, 616B.176, 616B.179, 616B.182, 616B.188, 616B.191, 616B.197, 616B.209, 616B.211, 616B.212, 616B.218, 616B.239, 616B.242, 616B.245, 616B.248, 616B.251, 616B.254, 616B.257, 616B.260, 616B.263, 616B.266, 616B.269, 616B.389, 616B.515, 616B.518, 616B.521, 616B.524, 616B.530, 616B.533, 616B.536, 616B.540, 616C.565, 617.167 and 679B.223 are hereby repealed.

Sec. 127.5. 1. There is hereby appropriated from the state general fund to the office of the governor to pay that portion of the cost of carrying out the provisions of sections 86.2 to 86.9, inclusive, of this act that is not related to providing assistance to consumers and injured employees concerning workers' compensation:

For the fiscal year 1999-2000.....\$212,404

For the fiscal year 2000-2001.....\$251,001

2. The sums appropriated by subsection 1 are available for either fiscal year and may be transferred for use from one fiscal year to the other upon the recommendation of the governor and with the approval of the interim finance committee.

3. Any balance of the sum appropriated by subsection 1 for fiscal year 1999-2000 remaining at the end of that fiscal year that is not transferred for use to fiscal year 2000-2001 pursuant to subsection 2 must not be committed for expenditure after June 30, 2000, and reverts to the state general fund as soon as all payments of money committed have been made. Any balance of the sums appropriated by subsection 1 remaining at the end of fiscal year 2000-2001 must not be committed for expenditure after June 30, 2001, and reverts to the state general fund as soon as all payments of money committed have been made.

4. The sums appropriated by subsection 1 must be:

(a) Expended in accordance with the allotment, transfer, work program and budget provisions of NRS 353.150 to 353.245, inclusive; and

(b) Work programmed for the 2 separate fiscal years, 1999-2000 and 2000-2001, as required by NRS 353.215. Work programs may be revised with the approval of the governor upon the recommendation of the chief of the budget division of the department of administration and in accordance with the provisions of the State Budget Act.

5. Transfers to and from salary allotments, travel allotments, operating expense allotments, equipment allotments and other allotments must be allowed and made in accordance with the provisions of NRS 353.215 to 353.225, inclusive, and after separate consideration of the merits of each request.

Sec. 128. 1. On or before August 1, 1999, the manager of the state industrial insurance system may take such actions as are necessary to establish a domestic mutual insurance company in this state to:

(a) Insure employers against liability for injuries and occupational diseases for which their employees may be entitled to receive compensation pursuant to chapters 616A to 617, inclusive, of NRS and the federal Longshore and Harbor Workers' Compensation Act, 33 U.S.C. §§ 901 et seq.;

(b) Provide employer's liability insurance incidental to and provided in connection with the insurance specified in paragraph (a); and

(c) Transact such other kinds of property and casualty insurance for which the company is otherwise qualified under the provisions of Title 57 of NRS.

2. If the manager establishes a domestic mutual insurance company pursuant to subsection 1:

(a) On or before September 1, 1999, that company shall file with the commissioner of insurance all documents and information required, pursuant to chapters 680A and 692B of NRS, to obtain:

(1) A certificate of authority to transact industrial insurance in this state; and

(2) An order authorizing the company to issue nonassessable policies of insurance pursuant to NRS 693A.250.

(b) The governor shall appoint an advisory committee to adopt the initial bylaws of the company. The advisory committee must be composed of representatives of employers who are insured by the state industrial insurance system on the effective date of this section. To the extent practicable:

(1) The members of the advisory committee must include representatives of employers designated by the manager as small, medium and large employers.

(2) The members of the advisory committee must include representatives of employers whose places of employment are located in the various regions of the state.

(3) The members of the advisory committee must include representatives of employers with different occupations, industries or operations.

(4) No two members of the advisory committee may represent the same employer.

A majority vote of the members of the advisory committee is required to adopt the initial bylaws of the company. Upon the adoption of the initial bylaws, the advisory committee shall cause a copy of those bylaws to be delivered to the chief executive officer of the company. The provisions of this paragraph do not prohibit the amendment of the initial bylaws of the company in accordance with the provisions of chapter 693A of NRS and the applicable provisions of the general statutes of this state relating to private corporations.

3. On or before December 31, 1999, the commissioner of insurance shall review all the documents and information submitted pursuant to paragraph (a) of subsection 2 to determine whether the domestic mutual insurance company established pursuant to subsection 1 qualifies for:

- (a) A certificate of authority to transact industrial insurance in this state; and
- (b) The authority to issue nonassessable policies of insurance pursuant to NRS 693A.250.

In making these determinations, the commissioner shall consider the receipt of assets and the assumption of debts and liabilities described in subsection 2 of section 129 of this act to have occurred.

Sec. 129. 1. On or before December 31, 1999, if the governor determines that:

- (a) The state industrial insurance system has purchased a sufficient amount of reinsurance to enable it to operate in a financially responsible manner;
- (b) The manager of the state industrial insurance system has established a domestic mutual insurance company pursuant to section 128 of this act;
- (c) The state industrial insurance system has received a private letter ruling from the Internal Revenue Service which states substantially that the Internal Revenue Service will not consider the domestic mutual insurance company established by the manager pursuant to section 128 of this act to have recognized any gain or income if it receives the assets and assumes the debts and liabilities of the state industrial insurance system pursuant to subsection 2; and

- (d) The commissioner of insurance has determined that the domestic mutual insurance company established by the manager pursuant to section 128 of this act qualifies:

- (1) For a certificate of authority to transact industrial insurance in this state; and
 - (2) For the authority to issue nonassessable policies of insurance pursuant to NRS 693A.250,

the governor shall issue a proclamation stating that the events described in paragraphs (a) to (d), inclusive, have occurred.

2. If the governor issues a proclamation pursuant to subsection 1, on January 1, 2000:

- (a) The manager of the state industrial insurance system may transfer to the chief executive officer of the domestic mutual insurance company established pursuant to section 128 of this act the premiums and other money paid to the state industrial insurance system, including contributions and penalties, all property and securities acquired through the use of money in the state insurance fund, all interests and dividends earned upon money from the state insurance fund that were deposited or invested, and all other properties received, collected or acquired by the state industrial insurance system before January 1, 2000;

(b) If the manager transfers the assets of the system pursuant to paragraph (a):

(1) The domestic mutual insurance company to whom the assets are so transferred shall assume all debts and liabilities, known and unknown, of the state industrial insurance system and the state insurance fund and shall issue an endorsement to each outstanding policy evidencing the equity ownership interest of the policyholders in the domestic mutual insurance company pursuant to chapter 693A of NRS;

(2) The division of state lands of the state department of conservation and natural resources shall transfer the title to all real property held by the division in the name of the State of Nevada pursuant to NRS 616B.176 to the domestic mutual insurance company;

(3) The division of state library and archives of the department of museums, library and arts shall release all records of the state industrial insurance system held by the division to the domestic mutual insurance company; and

(4) The commissioner of insurance shall issue:

(I) A certificate of authority to the domestic mutual insurance company for the purpose of transacting industrial insurance in this state; and

(II) An order authorizing the domestic mutual insurance company to issue nonassessable policies of insurance pursuant to NRS 693A.250;

(c) If the manager does not transfer the assets of the system pursuant to paragraph (a), he shall take such actions as are necessary to dissolve the domestic mutual insurance company established pursuant to section 128 of this act; and

(d) The manager shall notify the director of the legislative counsel bureau of his actions taken pursuant to this section.

Sec. 130. 1. A classified employee of the state industrial insurance system who:

(a) Is employed by the system on July 1, 1999; and

(b) Is laid off by the state industrial insurance system before January 1, 2000,

is entitled to the rights to reemployment provided by chapter 284 of NRS and the regulations adopted pursuant thereto, including, without limitation, the right to be placed on an appropriate reemployment list maintained by the department of personnel and to be allowed a preference on that list. The department of personnel shall maintain such an employee on the reemployment list for at least 24 months after the effective date of the layoff or until he is reemployed by the executive branch of state government, whichever occurs earlier.

2. If the state industrial insurance system lays off an employee described in subsection 1 before January 1, 2000, it shall:

(a) Give the employee at least 60 days' written notice before the effective date of the layoff; and

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

3. As used in this section, “rights to reemployment” does not include the right to displace another person employed by the executive branch of state government in lieu of being laid off.

Sec. 131. 1. If a domestic mutual insurance company receives the assets and assumes the debts and liabilities of the state industrial system on January 1, 2000, pursuant to section 129 of this act, a person who:

(a) Is employed on January 1, 2000, by that company;

(b) Was employed as a classified employee by the state industrial insurance system on June 30, 1999; and

(c) Is laid off by the company on or after January 1, 2000, but before January 1, 2003,

is entitled to the rights to reemployment provided by chapter 284 of NRS and the regulations adopted pursuant thereto, including, without limitation, the right to be placed on an appropriate reemployment list maintained by the department of personnel and to be allowed a preference on that list. The department of personnel shall maintain such an employee on the reemployment list for at least 24 months after the effective date of the layoff or until he is reemployed by the executive branch of state government, whichever occurs earlier.

2. If the domestic mutual insurance company lays off an employee described in subsection 1 on or before December 31, 2002, it shall:

(a) Give the employee at least 60 days’ written notice before the effective date of the layoff; and

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

3. As used in this section, “rights to reemployment” does not include the right to displace another person employed by the executive branch of state government in lieu of being laid off.

Sec. 132. 1. A person who is employed by the state industrial insurance system on July 1, 1999:

(a) May request the department of personnel to place his name on an appropriate reemployment list maintained by the department and is entitled to be allowed a preference on that list. Upon receipt of such a request, the department shall maintain such an employee on the reemployment list until July 1, 2001, or until he is reemployed by the executive branch of state government, whichever occurs earlier.

(b) Notwithstanding the provisions of chapter 284 of NRS or the regulations adopted pursuant thereto, is not subject to any probationary period otherwise applicable to his initial reemployment to a position in the classified service of the state.

2. If a domestic mutual insurance company receives the assets and assumes the debts and liabilities of the state industrial system on January 1, 2000, pursuant to section 129 of this act, a person who is employed on January 1, 2000, by that company:

(a) May request the department of personnel to place his name on an appropriate reemployment list maintained by the department and is entitled to be allowed a preference on that list. Upon receipt of such a request, the department shall maintain such an employee on the reemployment list until January 1, 2002, or until he is reemployed by the executive branch of state government, whichever occurs earlier.

(b) Notwithstanding the provisions of chapter 284 of NRS or the regulations adopted pursuant thereto, is not subject to any probationary period otherwise applicable to his initial reemployment to a position in the classified service of the state.

Sec. 133. If a domestic mutual insurance company receives the assets and assumes the debts and liabilities of the state industrial insurance system on January 1, 2000, pursuant to section 129 of this act and, after January 1, 2000, that company is required to reduce the number of its employees, the chief executive officer of the company shall enter into an agreement with the department of employment, training and rehabilitation for the provision of services and training to an employee of the company who is laid off before January 1, 2002, and requires additional training to obtain other gainful employment. The company shall pay the fees required for those services and training in an amount established by the department, which must not exceed \$2,000,000.

Sec. 134. Except as otherwise required as a result of NRS 286.537:

1. If a domestic mutual insurance company receives the assets and assumes the debts and liabilities of the state industrial insurance system on January 1, 2000, pursuant to section 129 of this act and, after January 1, 2000, that company is required to reduce the number of its employees, the company shall pay the full actuarial cost to purchase credit for not more than 5 years of service pursuant to chapter 286 of NRS, in addition to any years of service previously purchased by the employee pursuant to NRS 286.300, for an employee who:

(a) Will be made eligible to receive an unreduced service retirement allowance pursuant to chapter 286 of NRS by the purchase of the credit; and

(b) Agrees to retire upon completion of the purchase or on or before July 1, 2001, whichever occurs earlier.

2. The public employees' retirement system shall take such action as is necessary to carry out the provisions of subsection 1.

Sec. 135. Any retrospective rating agreement or contract of the state industrial insurance system that exists on June 30, 1999, shall be deemed to be approved by the commissioner of insurance until December 31, 2000, or until the agreement or contract expires or is renewed, reissued or amended, whichever occurs earlier.

Sec. 136. A certificate of insurance issued by the manager of the state industrial insurance system pursuant to NRS 616B.670 to 616B.697, inclusive, on or before December 31, 1999, which has not expired or been revoked before that date, shall be deemed to be a certificate of registration issued by the administrator of the division of industrial relations of the department of business and industry pursuant to NRS 616B.670 to 616B.697, inclusive, as amended by this act.

Sec. 137. Any writ of attachment issued pursuant to the provisions of NRS 616B.239 or any lien created pursuant to the provisions of NRS 616B.251 or 616B.266 before January 1, 2000, may be executed, foreclosed, released, compromised or satisfied on or after that date by any successor organization to the state industrial insurance system.

Sec. 138. 1. If a domestic mutual insurance company receives the assets and assumes the debts and liabilities of the state industrial insurance system on January 1, 2000, pursuant to section 129 of this act, any person employed by the state industrial insurance system on December 31, 1999, shall be deemed to be employed by that company on January 1, 2000. The provisions of this section do not prohibit the company from terminating the employment of such a person after that date.

2. A person employed by that domestic mutual insurance company on January 1, 2000, shall be deemed to be an employee of the state whose employment has been terminated for the purposes of chapter 286 of NRS and NRS 287.041 to 287.049, inclusive, and is entitled to all of the benefits and privileges granted to such an employee pursuant to those provisions and federal law.

Sec. 139. 1. Except as otherwise provided in this section, a regulation adopted by the state industrial insurance system before January 1, 2000, is hereby repealed.

2. A regulation adopted by the state industrial insurance system before January 1, 2000, pursuant to NRS 616B.185 or 616B.694 remains in effect as a regulation of the division of industrial relations of the department of business and industry or the administrator of the division, respectively, until amended or repealed by the administrator.

Sec. 139.2. The amendatory provisions of sections 62.5, 68.4, 68.5 and 68.7 of this act apply to an injured employee who is determined to be eligible for vocational rehabilitation services pursuant to NRS 616C.550 or 616C.555 on or after January 1, 2000, even if the industrial injury of that employee was sustained before January 1, 2000.

Sec. 139.4. 1. The positions of the three persons appointed pursuant to NRS 616B.167 to serve as ombudsmen for the state industrial insurance system and two persons appointed pursuant to NRS 616B.167 to assist those ombudsmen, including, without limitation, the equipment and supplies associated with and necessary to carry out the duties of those positions, are hereby transferred to the office for consumer health assistance created pursuant to section 86.6 of this act.

2. There is hereby appropriated from the fund for workers' compensation and safety established pursuant to NRS 616A.425 to the office of the governor to pay for the salaries and related expenses of the positions transferred to the office for consumer health assistance pursuant to subsection 1:

For fiscal year 1999-2000.....\$262,085

For fiscal year 2000-2001.....\$325,848

3. The position of one person within the health division of the department of human resources that is funded from the budget account for sexually transmitted disease control is hereby transferred to the office for consumer health assistance created pursuant to section 86.6 of this act.

4. The following sums appropriated by the 1999 Nevada Legislature to fund the position transferred to the office for consumer health assistance pursuant to subsection 3 are hereby transferred to the office of the governor to pay the salary and related expenses of that position:

For fiscal year 1999-2000.....\$36,248

For fiscal year 2000-2001.....\$50,314

5. The position of one person within the division of health care financing and policy of the department of human resources that is funded from the budget account for the Nevada Check-Up Program is hereby transferred to the office for consumer health assistance created pursuant to section 86.6 of this act.

6. The following sums are authorized for expenditure by the office for consumer health assistance created pursuant to section 86.6 of this act:

For fiscal year 1999-2000.....\$11,047

For fiscal year 2000-2001.....\$14,925

7. The sums transferred, appropriated or authorized for expenditure pursuant to this section must be:

(a) Expended in accordance with the allotment, transfer, work program and budget provisions of NRS 353.150 to 353.245, inclusive; and

(b) Work programmed for the 2 separate fiscal years, 1999-2000 and 2000-2001, as required by NRS 353.215. Work programs may be revised with the approval of the governor upon the recommendation of the chief of the budget division of the department of administration and in accordance with the provisions of the State Budget Act.

8. Transfers to and from salary allotments, travel allotments, operating expense allotments, equipment allotments and other allotments must be allowed and made in accordance with the provisions of NRS 353.215 to 353.225, inclusive, and after separate consideration of the merits of each request.

Sec. 140. 1. This section, section 27, subsection 1 of section 127, and sections 128 and 129 of this act become effective upon passage and approval.

2. Sections 2, 3, 12.5, 86.1, 86.2, 86.6 to 86.9, inclusive, 96.5, 116, 122, 126.3, 127.5 and 135 of this act become effective on July 1, 1999.

3. Section 86.4 of this act becomes effective on July 1, 1999, only if Assembly Bill No. 660 of this session is enacted by the legislature.

4. Sections 20.5, 35, 89, 117 and 139.4 of this act become effective at 12:01 a.m. on July 1, 1999.

5. Sections 20, 24, 25, 26 and 96 and subsection 1 of section 132 of this act become effective on the date the governor issues a proclamation pursuant to subsection 1 of section 129 of this act.

6. Sections 29 and 126.5 of this act become effective on the date the governor issues a proclamation pursuant to subsection 1 of section 129 of this act, only if the governor issues the proclamation before October 1, 1999.

7. Section 29.5 of this act becomes effective:

(a) At 12:01 a.m. on October 1, 1999, only if the governor issues a proclamation pursuant to subsection 1 of section 129 of this act on October 1, 1999; or

(b) On the date the governor issues a proclamation pursuant to subsection 1 of section 129 of this act, only if the governor issues the proclamation after October 1, 1999.

8. Sections 49.5, 52.5, 53.5, 57.2, 57.4, 62.1 to 62.5, inclusive, 68.2 to 68.8, inclusive, 80.5 and 139.2 of this act become effective on January 1, 2000.

9. Sections 1, 4 to 12, inclusive, 13 to 19, inclusive, 21, 22, 23, 28, 30 to 34, inclusive, 36 to 49, inclusive, 50, 51, 52, 53, 54 to 57, inclusive, 58 to 62, inclusive, 64 to 68, inclusive, 69 to 80, inclusive, 81 to 86, inclusive, 87, 88, 90 to 95, inclusive, 97 to 115, inclusive, 118 to 121, inclusive, 123 to 126, inclusive, subsection 2 of section 127, 130, 131, subsection 2 of section 132, 133, 134, 136 to 139, inclusive, and 141 of this act become effective on January 1, 2000, only if, on that date, the manager of the state industrial insurance system transfers the assets of the state industrial insurance system to a domestic mutual insurance company pursuant to section 129 of this act.

10. Section 63 of this act becomes effective at 12:01 a.m. on January 1, 2000, only if, on that date, the manager of the state industrial insurance system transfers the assets of the state industrial insurance system to a domestic mutual insurance company pursuant to section 129 of this act.

11. Sections 20, 96, 116 and 122 of this act expire by limitation on January 1, 2000, if the manager of the state industrial insurance system transfers the assets of the state industrial insurance system to a domestic mutual insurance company pursuant to section 129 of this act.

12. Section 8 of this act expires by limitation on June 30, 2003.

13. Section 100 of this act expires by limitation on May 1, 2013.

Sec. 141. The legislative counsel shall:

1. In preparing the reprint and supplements to the Nevada Revised Statutes, appropriately correct any obsolete or incorrect reference to the state industrial insurance system or the manager of the system.

2. In preparing supplements to the Nevada Administrative Code, appropriately correct any obsolete or incorrect reference to the state industrial insurance system or the manager of the system.

~