
SENATE BILL NO. 38—COMMITTEE ON COMMERCE AND LABOR

PREFILED JANUARY 27, 1999

(ON BEHALF OF LEGISLATIVE COMMITTEE ON WORKERS' COMPENSATION)

Referred to Committee on Commerce and Labor

SUMMARY—Makes various changes concerning duties and powers of insurers who provide industrial insurance. (BDR 53-379)

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

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

AN ACT relating to industrial insurance; requiring certain records of an employer who is insured by a private carrier to be open to inspection by that private carrier; expanding the types of organizations or associations of employers to which private carriers may provide industrial insurance; changing the period within which an insurer must provide notice that an employer has changed insurers or allowed his industrial insurance to lapse; requiring an insurer to notify certain claimants of circumstances under which a claim for workers' compensation may be closed automatically; providing a penalty; and providing other matters properly relating thereto.

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

- 1 **Section 1.** NRS 616A.485 is hereby amended to read as follows:
2 616A.485 1. The books, records and payrolls of an employer insured
3 by the system must be open to inspection by the administrator, the system or
4 its auditor or agent or by auditors of the department of taxation to
5 determine:
6 (a) The accuracy of the payroll;
7 (b) The number of persons employed; and
8 (c) Any other information necessary for the administration of chapters
9 616A to 617, inclusive, of NRS.
10 2. The books, records and payroll of an employer who is self-insured, a
11 member of an association of self-insured public or private employers or

1 insured by a private carrier must be open to inspection by the administrator
2 or his auditor or agent in the manner prescribed in subsection 1.

3 **3. The books, records and payroll of an employer who is insured by a**
4 **private carrier must be open to inspection by that private carrier or its**
5 **auditor or agent in the manner prescribed in subsection 1.**

6 **Sec. 2.** NRS 616B.026 is hereby amended to read as follows:

7 616B.026 1. An insurer, other than a self-insured employer or an
8 association of self-insured public or private employers, shall provide to each
9 employer to whom the insurer provides industrial insurance, **whether or not**
10 **the employer is a member of a group that is provided with industrial**
11 **insurance pursuant to NRS 616B.036**, a certificate of insurance which
12 indicates that the employer has obtained a policy of industrial insurance.

13 2. A certificate of insurance provided by an insurer pursuant to
14 subsection 1 must include, without limitation:

- 15 (a) The name of the insurer;
- 16 (b) The name of the insured;
- 17 (c) The number of the policy; and
- 18 (d) The period for which the policy is effective.

19 **Sec. 3.** NRS 616B.036 is hereby amended to read as follows:

20 616B.036 1. The system and private carriers may provide industrial
21 insurance for an organization or association of employers as a group if:

- 22 (a) The members of the ~~{group or}~~ organization **or association** are
- 23 engaged in a common trade or business; and
- 24 (b) The formation and operation of a program of industrial insurance for
- 25 the organization or association will substantially assist in the handling of
- 26 claims and the prevention of accidents for the employers as a group.

27 **2. Notwithstanding the provisions of subsection 1, a private carrier**
28 **may provide industrial insurance for an organization or association of**
29 **employers as a group whose members are not engaged in a common trade**
30 **or business if:**

31 **(a) The organization or association of employers is formed and**
32 **maintained for purposes other than obtaining industrial insurance; and**

33 **(b) The contract or other agreement pursuant to which the private**
34 **carrier will provide industrial insurance for the organization or**
35 **association provides that:**

36 **(1) A separate policy will be issued to each member of the**
37 **organization or association; and**

38 **(2) The organization or association and each of its members are not**
39 **liable for the cost of the administration of claims or the compensation**
40 **payable pursuant to the provisions of chapters 616A to 616D, inclusive, or**
41 **chapter 617 of NRS.**

42 **3.** The commissioner must approve each ~~{group or}~~ organization **or**
43 **association** before a policy of industrial insurance may be issued to it ~~f-~~

1 ~~—3.] as a group pursuant to subsection 1 or 2.~~

2 **4.** The commissioner shall adopt regulations for the qualification of
3 ~~{groups for industrial insurance.}~~ **organizations or associations of**
4 **employers described in subsections 1 and 2.**

5 **Sec. 4.** NRS 616B.460 is hereby amended to read as follows:

6 616B.460 1. An employer may elect to purchase industrial insurance
7 from a private carrier for his employees pursuant to chapters 616A to 617,
8 inclusive, of NRS.

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

11 (a) Given at least 10 days' notice to the administrator of the change of
12 insurer; and

13 (b) Furnished evidence satisfactory to the administrator that the payment
14 of compensation has otherwise been secured.

15 3. Each private carrier and the system shall notify the administrator if
16 an employer has changed his insurer or has allowed his insurance to lapse,
17 within ~~{24 hours or by the end of the next working day}~~ **15 days** after the
18 insurer has notice of the change or lapse.

19 **Sec. 5.** NRS 616C.235 is hereby amended to read as follows:

20 616C.235 1. Except as otherwise provided in subsection 2:

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

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

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

36 2. If the medical benefits required to be paid for a claim are less than
37 \$500, the claim closes automatically if the claimant does not receive
38 **additional** medical treatment for the injury for at least 12 months ~~{ }~~ **after**
39 **the claim is opened.** The claimant may not appeal the closing of such a
40 claim. **The insurer shall send to each claimant who receives less than**
41 **\$500 in medical benefits within 6 months after the claim is opened a**
42 **written notice that explains the circumstances under which a claim may**

1 *be closed automatically pursuant to this subsection. The written notice*
2 *must be:*

3 *(a) Sent by first-class mail addressed to the last known address of the*
4 *claimant; and*

5 *(b) A document that is separate from any other document or form that*
6 *is used by the insurer.*

7 *The closure of a claim pursuant to this subsection is not effective unless*
8 *notice is given as required by this subsection.*

9 **Sec. 6.** NRS 616D.250 is hereby amended to read as follows:

10 616D.250 1. Any employer insured by the system who refuses to
11 submit his books, records and payroll for inspection, as provided by NRS
12 616A.485, to a representative of the system or the administrator, or to an
13 auditor from the department of taxation ~~[-]~~ presenting written authority for
14 the inspection, is subject to a penalty of \$1,000 for each offense, to be
15 collected by a civil action in the name of the system or the administrator.

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

22 3. The person who gives such refusal is guilty of a misdemeanor.

23 **Sec. 7.** 1. This section and section 5 of this act become effective on
24 July 1, 1999.

25 2. Sections 1 to 4, inclusive, and 6 become effective at 12:01 a.m. on
26 July 1, 1999.