SENATE BILL NO. 93–COMMITTEE ON COMMERCE AND LABOR

(ON BEHALF OF LEGISLATIVE COMMITTEE ON WORKERS' COMPENSATION)

FEBRUARY 3, 1999

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing administration of state industrial insurance system. (BDR 53-393)

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

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

AN ACT relating to the state industrial insurance system; creating a board of directors for the system; establishing the powers, duties and membership of the board; establishing provisions relating to the conduct of the business of the board; providing for the compensation of the members of the board; 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. Chapter 616A of NRS is hereby amended by adding thereto a new section to read as follows:

"Board" means the board of directors of the state industrial insurance system created pursuant to section 4 of this act.

Sec. 2. 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 1 of this act,*** have the meanings ascribed to them in those sections.

Sec. 3. Chapter 616B of NRS is hereby amended by adding thereto the provisions set forth as sections 4 to 11, inclusive, of this act.

Sec. 4. ***1. The board of directors of the state industrial insurance system is hereby created. The board consists of nine members who are appointed as follows:***

(a) Three members appointed by the majority leader of the senate, in consultation with the minority leader of the senate.

(b) Three members appointed by the speaker of the assembly, in consultation with the minority leader of the assembly.

(c) Three members appointed by the governor.

2. Each person who is appointed to serve as a member of the board:

(a) Must be a policyholder of the system or an employee of a policyholder; and

(b) Must not be a legislator or an officer, employee or agent of the judicial branch of this state.

3. In addition to the requirements set forth in subsection 2, at least one of the three persons appointed to serve as a member of the board by the majority leader of the senate, the speaker of the assembly and the governor, respectively, must have previous experience in investments, risk management, occupational safety, casualty insurance or law.

4. After the initial terms, members shall serve terms of 4 years, except when appointed to fill unexpired terms. A person may not serve as a member of the board more than two full terms consecutively.

5. A vacancy in the membership of the board must be filled for the remainder of the unexpired term in the following manner:

(a) If the member who vacated the seat was appointed by the majority leader of the senate or the speaker of the assembly:

(1) If the legislature is in session, by appointment of the majority leader of the senate or the speaker of the assembly, as applicable; or

(2) If the legislature is not in session, by appointment of the legislative commission.

(b) If the member who vacated the seat was appointed by the governor, by appointment of the governor.

Sec. 5. ***1. The board shall elect a chairman from among its members.***

2. The chairman shall hold office for a term of 1 year beginning on July 1 of each year.

3. A chairman may not serve more than two full terms consecutively.

4. If a vacancy occurs in the chairmanship, the members of the board shall elect a chairman from among its members for the remainder of the unexpired term.

Sec. 6. ***The chairman of the board shall:***

1. Schedule the meetings of the board; and

2. Ensure that the meetings of the board are conducted in an efficient manner.

Sec. 7. ***1. The board shall meet at least quarterly and may meet by a call of the chairman or a majority of the members of the board.***

2. Five members of the board constitute a quorum to transact all business, and a majority of those present must concur on any decision.

Sec. 8. ***Each member of the board is entitled to receive for his attendance at meetings of the board:***

1. Compensation of at least $80 per day, as fixed by the board; and

2. The per diem allowance and travel expenses provided for state officers and employees generally.

Sec. 9. ***The board shall:***

1. Approve annual and biennial budgets of the system.

2. Approve investment policies of the system.

3. Appoint an independent certified accountant who shall provide an annual audit of the state insurance fund and report to the board.

4. Before each legislative session, report to the legislature on any recommendation for legislation that the board deems appropriate.

Sec. 10. ***The board may adopt regulations:***

1. Necessary and proper for the governance and operation of the board; and

2. To carry out the powers and duties of the board set forth in this chapter.

Sec. 11. ***There is no liability in a private capacity on the part of the board or any member thereof while carrying out the duties of the board.***

Sec. 12. NRS 616B.014 is hereby amended to read as follows:

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

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

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

(c) Any proprietary information of the system.

2. The system may disclose such confidential information:

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

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

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

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

3. A person who obtains such confidential information pursuant to subsection 2 shall not disclose:

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

(b) Any proprietary information of the system,

except pursuant to a lawful order of a court of competent jurisdiction.

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

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

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

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

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

(e) Any worksheets relating to the financial condition of the system, except a financial statement resulting from an audit of the system conducted pursuant to **[**~~NRS 616B.056~~**]** ***section 9 of this act*** and a final report of an audit conducted by the legislative auditor.

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

Sec. 13. NRS 616B.056 is hereby amended to read as follows:

616B.056 The manager shall:

1. **[**~~Approve annual and biennial budgets of the system.~~

~~2. Approve investment policies of the system.~~

~~3.~~**]** Approve the appointment of investment counselors and custodians of investments.

[~~4.~~**]** ***2.*** Approve the designation of banks as collection depositories.

[~~5.~~**]** ***3.*** Approve the appointment of an independent actuary and arrange for an annual actuarial valuation and report of the soundness of the system and the state insurance fund as prepared by the independent actuary.

[~~6. Appoint an independent certified accountant who shall provide an annual audit of the state insurance fund and report to the manager.~~

~~7.~~**]** ***4.*** Before each legislative session, report to the legislature on the operation of the system ***.*** **[**~~and any recommendation for legislation which he deems appropriate.~~**]**

Sec. 14. NRS 616B.062 is hereby amended to read as follows:

616B.062 1. The **[**~~governor~~**]** ***board*** shall appoint a manager to be in charge of the operation of the system.

2. The manager is the chief executive officer of the system and ***, in consultation with the board,*** is responsible for all duties of the system.

3. The manager shall serve at the pleasure of the **[**~~governor.~~**]** ***board.***

4. The manager must:

(a) Be a graduate of a 4-year college or university with a degree in business administration or public administration or equivalent degree; and

(b) Possess at least 5 years' experience in a high level administrative or executive capacity, with responsibility for a variety of administrative functions such as retirement, insurance, investment or fiscal operations.

5. Before undertaking the duties of the office, the manager shall qualify by giving an official bond in an amount and with sureties approved by the ~~[governor.]~~ ***board.*** The manager shall file the bond with the secretary of state. The premium for the bond must be paid by the system.

Sec. 15. NRS 616B.065 is hereby amended to read as follows:

616B.065 1. The manager shall select assistant managers ~~[who]~~ ***whose appointments are effective upon confirmation by the board. Assistant managers*** are in the unclassified service of the state and are entitled to receive annual salaries fixed by the ~~[manager.]~~ ***board.***

2. The assistant managers shall serve at the pleasure of the manager ~~[.]~~ ***, subject to the review of the board.***

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. 16. 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.]~~ ***board.***

Sec. 17. NRS 616B.167 is hereby amended to read as follows:

616B.167 The manager:

1. ~~[Has]~~ ***Subject to the authority of the board, 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]~~ ***pursuant to*** the provisions of chapters 616A to 616D, inclusive, of NRS, including ***, without limitation,*** the establishment of premium rates ~~[.]~~ ***and the adoption of regulations.***

3. May appoint in the unclassified service of the state no more than five persons, engaged in management, who report directly to the manager or an assistant manager. The ~~[manager]~~ ***board*** 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.]~~ ***board.***

Sec. 18. As soon as is practicable after July 1, 1999:

1. The majority leader of the senate shall, in consultation with the minority leader of the senate, appoint to the board of directors of the state industrial insurance system:

(a) One person to a term that expires on June 30, 2001.

(b) One person to a term that expires on June 30, 2003.

(c) One person to a term that expires on June 30, 2005.

2. The speaker of the assembly shall, in consultation with the minority leader of the assembly, appoint to the board of directors of the state industrial insurance system:

(a) One person to a term that expires on June 30, 2001.

(b) One person to a term that expires on June 30, 2003.

(c) One person to a term that expires on June 30, 2005.

3. The governor shall appoint to the board of directors of the state industrial insurance system:

(a) One person to a term that expires on June 30, 2001.

(b) One person to a term that expires on June 30, 2003.

(c) One person to a term that expires on June 30, 2005.

Sec. 19. This act becomes effective on July 1, 1999.

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