

(REPRINTED WITH ADOPTED AMENDMENTS)
FIRST REPRINT A.B. 160

ASSEMBLY BILL NO. 160—COMMITTEE ON COMMERCE AND LABOR

FEBRUARY 15, 2001

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing industrial insurance. (BDR 53-1097)

FISCAL NOTE: Effect on Local Government: No.
 Effect on the State: No.

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

AN ACT relating to insurance; providing that certain owners of corporations and companies may elect to reject coverage for themselves for industrial insurance and occupational diseases under certain circumstances; clarifying that a sole proprietor is not required to obtain industrial insurance or coverage for occupational diseases before performing work under a contract with the state or a political subdivision of the state or a metropolitan police department under certain circumstances; clarifying that the state or a political subdivision of the state or a metropolitan police department is not an employer of and is not liable to a sole proprietor or his employees under certain circumstances; 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.230 is hereby amended to read as follows:
2 616A.230 “Employer” means:
3 1. ~~The~~ ***Except as otherwise provided in subsection 4 of NRS***
4 ***616B.627, the*** state, and each county, city, school district, and all public
5 and quasi-public corporations therein without regard to the number of
6 persons employed.
7 2. Every person, firm, voluntary association ~~+~~ and private
8 corporation, including any public service corporation, which has in service
9 any person under a contract of hire.
10 3. The legal representative of any deceased employer.
11 4. The Nevada rural housing authority.
12 5. An owner or principal contractor who establishes and administers a
13 consolidated insurance program pursuant to NRS 616B.710, with respect to
14 the employees covered under that consolidated insurance program.
15 **Sec. 2.** NRS 616B.618 is hereby amended to read as follows:
16 616B.618 ~~Where~~ ***Except as otherwise provided in subsection 4 of***
17 ***NRS 616B.627, when*** the state or a county, city, school district,



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1 metropolitan police department, or other political subdivision, or a
2 contractor under such a governmental entity is the employer, the provisions
3 of chapters 616A to 616D, inclusive, of NRS for the payment of
4 compensation and the amount thereof for any injury sustained by an
5 employee are conclusive, compulsory and obligatory upon both employer
6 and employee without regard to the number of persons in the service of any
7 such employer.

8 **Sec. 3.** NRS 616B.624 is hereby amended to read as follows:

9 616B.624 1. If a quasi-public or private corporation or a limited-
10 liability company is required to be insured pursuant to chapters 616A to
11 616D, inclusive, of NRS, an officer of the corporation or a manager of the
12 company who:

13 (a) Receives pay for services performed as an officer, manager or
14 employee of the corporation or company shall be deemed for the purposes
15 of those chapters to receive a minimum pay of \$6,000 per year the policy
16 of industrial insurance for the employer is effective and a maximum pay of
17 \$36,000 per year the policy of industrial insurance is effective.

18 (b) Does not receive pay for services performed as an officer, manager
19 or employee of the corporation or company shall be deemed for the
20 purposes of those chapters to receive a minimum pay of \$500 per month or
21 \$6,000 per year the policy of industrial insurance is effective.

22 2. An officer or manager who does not receive pay for services
23 performed as an officer, manager or employee of the corporation or
24 company may elect to reject coverage *for himself* by filing written notice
25 thereof with the corporation or company and the insurer. The rejection is
26 effective upon receipt of the notice by the insurer.

27 3. *An officer or manager of such a corporation or company who:*

28 (a) *Owens the corporation or company;*

29 (b) *Operates the corporation or company exclusively from his primary*
30 *residence; and*

31 (c) *Receives pay for the services performed,*
32 *may elect to reject coverage for himself by filing written notice thereof*
33 *with the insurer. The rejection is effective upon receipt of the notice by*
34 *the insurer.*

35 4. An officer or manager who has rejected coverage may rescind that
36 rejection by filing written notice thereof with the corporation or company
37 and the insurer. The rescission is effective upon receipt of the notice by the
38 insurer. ~~HH~~ *Except as otherwise provided in subsection 3, if* an officer or
39 manager who has rejected coverage receives pay for services performed as
40 an officer, manager or employee of the corporation or company, the officer
41 or manager shall be deemed to have rescinded that rejection.

42 ~~HH~~ 5. A nonprofit corporation whose officers do not receive pay for
43 services performed as officers or employees of the corporation may elect to
44 reject coverage for its current officers and all future officers who do not
45 receive such pay by filing written notice thereof with the corporation and
46 the insurer. The rejection is effective upon receipt of the notice by the
47 insurer.

48 ~~HH~~ 6. A nonprofit corporation which has rejected coverage for its
49 officers who do not receive pay for services performed as officers or



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1 employees of the corporation may rescind that rejection by filing written
2 notice thereof with the corporation and the insurer. The rescission is
3 effective upon receipt of the notice by the insurer. If an officer of a
4 nonprofit corporation which has rejected coverage receives pay for services
5 performed as an officer or employee of the corporation, the corporation
6 shall be deemed to have rescinded that rejection.

7 **Sec. 4.** NRS 616B.627 is hereby amended to read as follows:

8 616B.627 ~~{Before}~~

9 *1. Except as otherwise provided in this section, before* any person,
10 firm or corporation commences work under any contract with the state or
11 any political subdivision thereof, or a metropolitan police department, the
12 contractor shall furnish to the state agency, political subdivision or
13 metropolitan police department having charge of the letting of the contract
14 a certificate of the insurer certifying that the contractor has complied with
15 the provisions of chapters 616A to 616D, inclusive, of NRS. A *state*
16 *agency*, political subdivision or metropolitan police department ~~{shall not}~~
17 *may* furnish coverage for industrial insurance for a contractor ~~{except as~~
18 ~~otherwise agreed}~~ *as specified* in the contract.

19 *2. In lieu of furnishing a certificate of an insurer pursuant to the*
20 *provisions of subsection 1, a sole proprietor who does not use the services*
21 *of his employees, if any, in the performance of a contract with the state*
22 *or any political subdivision thereof, or a metropolitan police department,*
23 *may submit to a state agency, political subdivision or metropolitan police*
24 *department specified in subsection 1 an affidavit indicating that the sole*
25 *proprietor:*

26 *(a) In accordance with the provisions of NRS 616B.659, has not*
27 *electd to be included within the terms, conditions and provisions of*
28 *chapters 616A to 616D, inclusive, of NRS; and*

29 *(b) Is otherwise in compliance with those terms, conditions and*
30 *provisions.*

31 *3. If a sole proprietor submits an affidavit specified in subsection 2 to*
32 *a state agency, political subdivision or metropolitan police department*
33 *specified in subsection 1, the state agency, political subdivision or*
34 *metropolitan police department shall not require the sole proprietor to*
35 *obtain industrial insurance for himself during any period in which he*
36 *performs work under the contract for which he submitted the affidavit.*

37 *4. A state agency, political subdivision or metropolitan police*
38 *department that lets a contract to a sole proprietor in accordance with*
39 *this section:*

40 *(a) Must not, for any purpose, be considered to be the employer of the*
41 *sole proprietor or his employees, if any; and*

42 *(b) Is not liable as a principal contractor to the sole proprietor or his*
43 *employees, if any, for any compensation or other damages as a result of*
44 *an industrial injury or occupational disease incurred in the performance*
45 *of the contract.*

46 **Sec. 5.** NRS 617.110 is hereby amended to read as follows:

47 617.110 "Employer" means:

48 1. ~~{The}~~ *Except as otherwise provided in subsection 4 of NRS*
49 *617.210, the* state and each county, city, school district, and all public and



1 quasi-public corporations therein, without regard to the number of persons
2 employed.

3 2. Every person, firm, voluntary association ~~†~~ and private
4 corporation, including any public service corporation, which has in service
5 any employee under a contract of hire.

6 3. The legal representative of any deceased employer.

7 4. The Nevada rural housing authority.

8 **Sec. 6.** NRS 617.207 is hereby amended to read as follows:

9 617.207 1. If a quasi-public or private corporation or limited-liability
10 company is required to be insured pursuant to this chapter, an officer of the
11 corporation or a manager of the company who:

12 (a) Receives pay for service performed shall be deemed for the purposes
13 of this chapter to receive a minimum pay of \$6,000 per year the policy of
14 industrial insurance for the employer is effective and a maximum pay of
15 \$36,000 per year the policy of industrial insurance is effective.

16 (b) Does not receive pay for services performed shall be deemed for the
17 purposes of this chapter to receive a minimum pay of \$500 per month or
18 \$6,000 per year the policy of industrial insurance is effective.

19 2. An officer or manager who does not receive pay for services
20 performed may elect to reject coverage *for himself* by filing written notice
21 thereof with the corporation or company and the insurer. The rejection is
22 effective upon receipt of the notice by the insurer.

23 3. *An officer or manager of such a corporation or company who:*

24 (a) *Owns the corporation or company;*

25 (b) *Operates the corporation or company exclusively from his primary*
26 *residence; and*

27 (c) *Receives pay for the services performed,*
28 *may elect to reject coverage for himself by filing written notice thereof*
29 *with the insurer. The rejection is effective upon receipt of the notice by*
30 *the insurer.*

31 4. An officer or manager who has rejected coverage may rescind that
32 rejection by filing written notice thereof with the corporation or company
33 and the insurer. The rescission is effective upon receipt of the notice by the
34 insurer.

35 **Sec. 7.** NRS 617.210 is hereby amended to read as follows:

36 617.210 ~~†Before†~~

37 1. *Except as otherwise provided in this section, before* any person,
38 firm or corporation commences work under any contract with the state or
39 any political subdivision thereof, *or a metropolitan police department,* the
40 contractor shall furnish to the state agency, political subdivision or
41 metropolitan police department having charge of the letting of the contract
42 a certificate of the insurer certifying that the contractor has complied with
43 the provisions of this chapter. A *state agency,* political subdivision ~~†shall~~
44 ~~not†~~ *or metropolitan police department may* furnish coverage under this
45 chapter for a contractor ~~†except as otherwise agreed†~~ *as specified* in the
46 contract.

47 2. *In lieu of furnishing a certificate of an insurer pursuant to the*
48 *provisions of subsection 1, a sole proprietor who does not use the services*
49 *of his employees, if any, in the performance of a contract with the state*



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1 *or any political subdivision thereof, or a metropolitan police department,*
2 *may submit to a state agency, political subdivision or metropolitan police*
3 *department an affidavit indicating that the sole proprietor:*
4 *(a) In accordance with the provisions of NRS 617.225, has not elected*
5 *to be included within the terms, conditions and provisions of this*
6 *chapter; and*
7 *(b) Is otherwise in compliance with those terms, conditions and*
8 *provisions.*
9 *3. If a sole proprietor submits an affidavit specified in subsection 2 to*
10 *a state agency, political subdivision or metropolitan police department*
11 *specified in subsection 1, the state agency, political subdivision or*
12 *metropolitan police department shall not require the sole proprietor to*
13 *obtain coverage for himself under this chapter during any period in*
14 *which he performs work under the contract for which he submitted the*
15 *affidavit.*
16 *4. A state agency, political subdivision or metropolitan police*
17 *department that lets a contract to a sole proprietor pursuant to subsection*
18 *1:*
19 *(a) Shall be deemed not to be the employer of the sole proprietor or his*
20 *employees, if any; and*
21 *(b) Is not liable as a principal contractor to the sole proprietor or his*
22 *employees, if any, for any compensation or other damages as a result of*
23 *an industrial injury or occupational disease incurred in the performance*
24 *of the contract.*
25 **Sec. 8.** This act becomes effective on July 1, 2001.

