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ASSEMBLY BILL NO. 43—COMMITTEE ON COMMERCE AND LABOR

PREFILED JANUARY 26, 2001

(ON BEHALF OF LEGISLATIVE COMMITTEE ON  
WORKERS' COMPENSATION (NRS 218.5375))

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Referred to Committee on Commerce and Labor

SUMMARY—Revises formula for assessments related to program of workers' compensation.  
(BDR 53-877)

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.

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AN ACT relating to workers' compensation; requiring that the formula for the assessments to support the uninsured employers' claim fund, the subsequent injury fund for self-insured employers, the subsequent injury fund for associations of self-insured public or private employers, the subsequent injury fund for private carriers and the fund for workers' compensation and safety be based on premiums to be received by industrial insurers; 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.430 is hereby amended to read as follows:

2     616A.430 1. There is hereby established as a special revenue fund in  
3 the state treasury the uninsured employers' claim fund, which may be used  
4 only for the purpose of making payments in accordance with the provisions  
5 of NRS 616C.220 and 617.401. The administrator shall administer the fund  
6 and shall credit any excess money toward the assessments of the insurers  
7 for the succeeding years.

8     2. All assessments, penalties, bonds, securities and all other properties  
9 received, collected or acquired by the administrator for the uninsured  
10 employers' claim fund must be delivered to the custody of the state  
11 treasurer.

12     3. All money and securities in the fund must be held by the state  
13 treasurer as custodian thereof to be used solely for workers' compensation.

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

1 5. The state treasurer shall invest money of the fund in the same  
2 manner and in the same securities in which he is authorized to invest  
3 money of the state general fund. Income realized from the investment of  
4 the assets of the fund must be credited to the fund.

5 6. The administrator shall adopt regulations for the establishment and  
6 administration of assessment rates, payments and penalties, based upon  
7 expected annual ~~expenditures for claims.~~ *premiums to be received.*  
8 Assessment rates must reflect the relative hazard of the employments  
9 covered by the insurers, and must be based upon expected annual  
10 ~~expenditures for claims.~~ *premiums to be received. For purposes of this*  
11 *subsection, "expected annual premiums to be received" by a self-insured*  
12 *employer or an association of self-insured public or private employers*  
13 *shall be deemed to be 105 percent of the average expenditures for claims*  
14 *for that employer or association for the preceding 3 years or, if data is*  
15 *not available to determine a 3-year average, the lowest of three quotes,*  
16 *which the employer or association must obtain from three different*  
17 *private carriers, for the purchase of industrial insurance for the*  
18 *employees of that employer or the employees of all the employers who are*  
19 *members of that association.*

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

24 **Sec. 2.** NRS 616B.554 is hereby amended to read as follows:

25 616B.554 1. There is hereby established as a special revenue fund in  
26 the state treasury the subsequent injury fund for self-insured employers,  
27 which may be used only to make payments in accordance with the  
28 provisions of NRS 616B.557 and 616B.560. The board shall administer the  
29 fund based upon recommendations made by the administrator pursuant to  
30 subsection 8.

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

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

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

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

44 6. The board shall adopt regulations for the establishment and  
45 administration of assessment rates, payments and penalties. Assessment  
46 rates must reflect the relative hazard of the employments covered by self-  
47 insured employers, and must be based upon expected annual ~~expenditures~~  
48 ~~for claims for payments from the subsequent injury fund for self-insured~~  
49 ~~employers.~~ *premiums to be received. For purposes of this subsection,*

1 *“expected annual premiums to be received” by a self-insured employer*  
2 *shall be deemed to be 105 percent of the average expenditures for claims*  
3 *for that employer for the preceding 3 years or, if data is not available to*  
4 *determine a 3-year average, the lowest of three quotes, which the*  
5 *employer must obtain from three different private carriers, for the*  
6 *purchase of industrial insurance for the employees of that employer.*

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

12 8. The administrator shall:

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

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

18 **Sec. 3.** NRS 616B.575 is hereby amended to read as follows:

19 616B.575 1. There is hereby established as a special revenue fund in  
20 the state treasury the subsequent injury fund for associations of self-insured  
21 public or private employers, which may be used only to make payments in  
22 accordance with the provisions of NRS 616B.578 and 616B.581. The  
23 board shall administer the fund based upon recommendations made by the  
24 administrator pursuant to subsection 8.

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

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

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

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

39 6. The board shall adopt regulations for the establishment and  
40 administration of assessment rates, payments and penalties. Assessment  
41 rates must reflect the relative hazard of the employments covered by  
42 associations of self-insured public or private employers, and must be based  
43 upon expected annual ~~expenditures for claims for payments from the~~  
44 ~~subsequent injury fund for associations of self-insured public or private~~  
45 ~~employers.] premiums to be received. For purposes of this subsection,~~  
46 *“expected annual premiums to be received” by an association of self-*  
47 *insured public or private employers shall be deemed to be 105 percent of*  
48 *the average expenditures for claims for that association for the preceding*  
49 *3 years or, if data is not available to determine a 3-year average, the*

1 *lowest of three quotes, which the association must obtain from three*  
2 *different private carriers, for the purchase of industrial insurance for the*  
3 *employees of all the employers who are members of that association.*

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

9 8. The administrator shall:

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

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

15 **Sec. 4.** NRS 616B.584 is hereby amended to read as follows:

16 616B.584 1. There is hereby established as a special revenue fund in  
17 the state treasury the subsequent injury fund for private carriers, which may  
18 be used only to make payments in accordance with the provisions of NRS  
19 616B.587 and 616B.590. The administrator shall administer the fund.

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

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

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

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

33 6. The administrator shall adopt regulations for the establishment and  
34 administration of assessment rates, payments and penalties. Assessment  
35 rates must reflect the relative hazard of the employments covered by  
36 private carriers and must be based upon expected annual ~~expenditures for~~  
37 ~~claims for payments from the subsequent injury fund for private carriers.]~~  
38 *premiums to be received.*

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

43 **Sec. 5.** NRS 616C.265 is hereby amended to read as follows:

44 616C.265 1. Except as otherwise provided in NRS 616C.280, every  
45 employer operating under chapters 616A to 616D, inclusive, of NRS, alone  
46 or together with other employers, may make arrangements to provide  
47 accident benefits as defined in those chapters for injured employees.

2. Employers electing to make such arrangements shall notify the administrator of the election and render a detailed statement of the arrangements made, which arrangements do not become effective until approved by the administrator.

3. Every employer who maintains a hospital of any kind for his employees, or who contracts for the hospital care of injured employees, shall, on or before January 30 of each year, make a written report to the administrator for the preceding year, which must contain a statement showing:

(a) The total amount of hospital fees collected, showing separately the amount contributed by the employees and the amount contributed by the employers;

(b) An itemized account of the expenditures, investments or other disposition of such fees; and

(c) What balance, if any, remains.

4. Every employer who provides accident benefits pursuant to this section:

(a) Shall, in accordance with regulations adopted by the administrator, make a written report to the division of his actual and expected annual expenditures for claims and such other information as the division deems necessary to calculate an estimated or final annual assessment ~~H~~ *and shall, to the extent that the regulations refer to the responsibility of insurers to make such reports, be deemed to be an insurer.*

(b) Shall ~~be deemed to be an insurer for the purposes of~~ *pay the assessments collected pursuant to NRS 232.680 . [and the regulations adopted by the division pursuant to that section.]*

5. The reports required by the provisions of subsections 3 and 4 must be verified:

(a) If the employer is a natural person, by the employer;

(b) If the employer is a partnership, by one of the partners;

(c) If the employer is a corporation, by the secretary, president, general manager or other executive officer of the corporation; or

(d) If the employer has contracted with a physician or chiropractor for the hospital care of injured employees, by the physician or chiropractor.

6. No employee is required to accept the services of a physician or chiropractor provided by his employer, but may seek professional medical services of his choice as provided in NRS 616C.090. Expenses arising from such medical services must be paid by the employer who has elected to provide benefits, pursuant to the provisions of this section, for his injured employees.

7. Every employer who fails to notify the administrator of such election and arrangements, or who fails to render the financial reports required, is liable for accident benefits as provided by NRS 616C.255.

**Sec. 6.** 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,

1 and that portion of the cost of the office for consumer health assistance  
2 established pursuant to NRS 223.550 that is related to providing assistance  
3 to consumers and injured employees concerning workers' compensation,  
4 must be paid from assessments payable by each ~~insurer, including each~~  
5 ~~employer~~:

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

7 (b) *Employer* who provides accident benefits for injured employees  
8 pursuant to NRS 616C.265, based upon expected annual expenditures for  
9 claims. ~~[for injuries occurring on or after July 1, 1999.]~~

10 *For purposes of this subsection, "expected annual premiums to be*  
11 *received" by a self-insured employer or an association of self-insured*  
12 *public or private employers shall be deemed to be 105 percent of the*  
13 *average expenditures for claims for that employer or association for the*  
14 *preceding 3 years or, if data is not available to determine a 3-year*  
15 *average, the lowest of three quotes, which the employer or association*  
16 *must obtain from three different private carriers, for the purchase of*  
17 *industrial insurance for the employees of that employer or the employees*  
18 *of all the employers who are members of that association.*

19 2. The division shall adopt regulations which establish *the* formulas  
20 ~~for~~ *for the* assessment which *must* result in an equitable distribution of  
21 costs among the insurers and employers who provide accident benefits for  
22 injured employees. The formulas may ~~utilize~~ *use* actual expenditures for  
23 claims ~~for~~

24 ~~of self-insured employers and associations of self-insured public or~~  
25 ~~private employers.~~

26 3. Federal grants may partially defray the costs of the division.

27 ~~[3.]~~ 4. Assessments made against insurers by the division after the  
28 adoption of regulations must be used to defray all costs and expenses of  
29 administering the program of workers' compensation, including the  
30 payment of:

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

33 (b) All salaries and other expenses of administering NRS 616A.435 to  
34 616A.460, inclusive, the offices of the hearings division of the department  
35 of administration and the programs of self-insurance and review of  
36 premium rates by the commissioner of insurance.

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

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

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

44 (f) All salaries and expenses of the members of the legislative  
45 committee on workers' compensation and any other expenses incurred by  
46 the committee in carrying out its duties pursuant to NRS 218.5375 to  
47 218.5378, inclusive.

1 (g) That portion of the salaries and other expenses of the office for  
2 consumer health assistance established pursuant to NRS 223.550 that is  
3 related to providing assistance to consumers and injured employees  
4 concerning workers' compensation.  
5 **Sec. 7.** This act becomes effective on July 1, 2001.

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