

ASSEMBLY BILL NO. 47—COMMITTEE ON COMMERCE AND LABOR

PREFILED JANUARY 26, 2001

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

Referred to Committee on Commerce and Labor

SUMMARY—Makes various changes concerning policies of industrial insurance.
(BDR 53-769)FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State: No.

~

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

AN ACT relating to industrial insurance; requiring an employer to ensure that a copy of its policy of industrial insurance is available for inspection by certain state officials; requiring self-insured employers and associations of self-insured public or private employers to ensure that their certificates of qualification are available for inspection by certain state officials; revising the provisions governing notification by employers and private carriers of cancellations, issuances and other actions concerning policies of industrial insurance; 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.495 is hereby amended to read as follows:
2 616A.495 1. Each employer shall ensure that ~~†~~
3 ~~—(a) A certificate of insurance provided pursuant to NRS 616B.026;~~
4 ~~—(b) A certificate† a copy of his:~~
5 ~~(a) Policy of industrial insurance, including the declaration page, if~~
6 ~~the employer is insured by a private carrier;~~
7 ~~(b) Certificate~~ issued by the commissioner pursuant to NRS 616B.312
8 ~~††, if the employer is self-insured; or~~
9 (c) ~~†A certificate issued to an association of self-insured public or~~
10 ~~private employers†~~ *Certificate issued* by the commissioner pursuant to
11 NRS 616B.359 and *of* a certificate or letter issued by ~~†such an†~~ *the*
12 association *of self-insured public or private employers* verifying that the
13 employer is a member in good standing of the association, ~~†is posted in a~~



* A B 4 7 R 1 *

1 ~~conspicuous location~~ if the employer is a member of an association of
2 self-insured public or private employers,
3 is available at all times for inspection by the administrator or his auditor
4 or agent or an investigator of the attorney general at each of the
5 employer's places of business, including, without limitation, each location
6 at which the employer has directed one or more employees to perform
7 work.

8 2. An employer insured by a private carrier, self-insured employer or
9 employer who is a member of an association of self-insured public or
10 private employers who violates the provisions of subsection 1 is guilty of a
11 misdemeanor.

12 **Sec. 2.** Chapter 616B of NRS is hereby amended by adding thereto a
13 new section to read as follows:

14 1. An employer who cancels a policy of industrial insurance issued to
15 him by a private carrier shall notify the administrator in writing within
16 20 days after the cancellation, specifying the date on which the
17 cancellation became effective, unless the employer's subsequent insurer
18 is a private carrier who has already notified the administrator pursuant
19 to subsection 2 that it has issued a new policy to that employer. The
20 notice must be served personally or sent by first-class mail or electronic
21 transmission to the administrator. If the employer has secured insurance
22 with another insurer that could cause double coverage, the date on which
23 cancellation of the previous policy became effective must be the effective
24 date of the new insurance.

25 2. A private carrier shall notify the administrator in writing within 15
26 days after the private carrier:

- 27 (a) Issues a policy of industrial insurance.
28 (b) Renews a policy of industrial insurance.
29 (c) Reinstates a policy of industrial insurance that had been
30 temporarily canceled.
31 (d) Cancels or does not renew a policy of industrial insurance.

32 3. If the administrator believes that a private carrier has inaccurately
33 reported the information required pursuant to subsection 2 and notifies
34 the private carrier of the alleged inaccuracy, the private carrier shall
35 within 30 calendar days after receiving the notification:

- 36 (a) Investigate the alleged inaccuracy; and
37 (b) Submit to the administrator accurate information or information
38 proving that the previously submitted information was accurate.

39 4. During the period of investigation by the private carrier, the
40 administrator may not impose any administrative fines, issue a notice of
41 correction or take any other corrective action against the private carrier.
42 If the private carrier is able to prove that the information originally
43 submitted to the administrator or, if applicable, his designated agent, was
44 accurate, the administrator may not impose any administrative fines,
45 issue a notice of correction or take any other corrective action against
46 the private carrier. As used in this subsection, "designated agent" means
47 an agent who is authorized by the administrator to receive, compile and
48 forward to the administrator the information required pursuant to
49 subsection 2.



* A B 4 7 R 1 *

1 **Sec. 3.** NRS 616B.033 is hereby amended to read as follows:

2 616B.033 1. Every policy of insurance issued pursuant to chapters
3 616A to 617, inclusive, of NRS must contain a provision for the
4 requirements of subsection 5 and a provision that insolvency or bankruptcy
5 of the employer or his estate, or discharge therein, or any default of the
6 employer does not relieve the insurer from liability for compensation
7 resulting from an injury otherwise covered under the policy issued by the
8 insurer.

9 2. No statement in an employer's application for a policy of industrial
10 insurance voids the policy as between the insurer and employer unless the
11 statement is false and would have materially affected the acceptance of the
12 risk if known by the insurer, but in no case does the invalidation of a policy
13 as between the insurer and employer affect the insurer's obligation to
14 provide compensation to claimants arising before the cancellation of the
15 policy. If the insurer is required pursuant to this subsection to provide
16 compensation under an invalid policy, the insurer is subrogated to the
17 claimant's rights against the employer.

18 3. If an insurer ~~for employer~~ intends to cancel ~~for-renew~~ a policy of
19 insurance issued by the insurer pursuant to chapters 616A to 617, inclusive,
20 of NRS, the insurer ~~for employer~~ must give notice to that effect in writing
21 to the ~~administrator and to the other party~~ *employer* fixing the date on
22 which it is proposed that the cancellation ~~for-renewal~~ becomes effective ~~+~~
23 *, which must be at least 30 days after the date on which the notice is*
24 *personally delivered or mailed to the employer, except in the case of*
25 *cancellation for failure to pay a premium when due.* The notices must
26 comply with the provisions of NRS 687B.310 to 687B.355, inclusive, and
27 must be served personally on or sent by first-class mail or electronic
28 transmission to the ~~administrator and the other party~~ *employer*. If the
29 employer has secured insurance with another insurer which would cause
30 double coverage, the cancellation must be made effective as of the
31 effective date of the other insurance.

32 4. As between any claimant and the insurer, no defense based on any
33 act or omission of the insured employer, if different from the insurer, may
34 be raised by the insurer.

35 5. For the purposes of chapters 616A to 617, inclusive, of NRS, as
36 between the employee and the insurer:

37 (a) Except as otherwise provided in NRS 616C.065, notice or
38 knowledge of the injury to or by the employer is notice or knowledge to or
39 by the insurer;

40 (b) Jurisdiction over the employer is jurisdiction over the insurer; and

41 (c) The insurer is bound by and subject to any judgments, findings of
42 fact, conclusions of law, awards, decrees, orders or decisions rendered
43 against the employer in the same manner and to the same extent as the
44 employer.

45 **Sec. 4.** NRS 616B.224 is hereby amended to read as follows:

46 616B.224 1. Every private or public employer who is not a self-
47 insured employer or a member of an association of self-insured public or
48 private employers shall, at intervals and on or before dates established by
49 his insurer, furnish the insurer with:



1 (a) A true and accurate payroll showing:
2 (1) The total amount paid to employees for services performed;
3 (2) The amount of tips reported to him by every employee pursuant to
4 26 U.S.C. § 6053(a) whose tips in cash totaled \$20 or more; and
5 (3) A segregation of employment in accordance with the
6 requirements of the commissioner; and
7 (b) Any premium due pursuant to the terms of the policy of industrial
8 insurance.
9 The payroll reports and any premium may be furnished to the insurer on
10 different dates, as established by the insurer.
11 2. The failure of any employer to comply with the provisions of this
12 section operates as a rejection of chapters 616A to 616D, inclusive, and
13 chapter 617 of NRS. The insurer shall , *within the period specified in*
14 *subsection 2 of section 2 of this act*, notify the administrator of each such
15 rejection ~~within the period specified in NRS 616B.460~~ *by notifying the*
16 *administrator of its cancellation or decision not to renew the policy of*
17 *that employer.*
18 3. The insurer shall notify any employer or his representative by first-
19 class mail of any failure on his part to comply with the provisions of this
20 section. The notice or its omission does not modify or waive the
21 requirements or effective rejection of chapters 616A to 616D, inclusive,
22 and chapter 617 of NRS as otherwise provided in those chapters.
23 4. To the extent permitted by federal law, the insurer shall vigorously
24 pursue the collection of premiums that are due under the provisions of
25 chapters 616A to 616D, inclusive, and chapter 617 of NRS even if an
26 employer's debts have been discharged in a bankruptcy proceeding.
27 **Sec. 5.** NRS 616B.460 is hereby amended to read as follows:
28 616B.460 1. An employer may elect to purchase industrial insurance
29 from a private carrier for his employees pursuant to chapters 616A to 617,
30 inclusive, of NRS.
31 2. An employer ~~may~~ *who cancels a policy of industrial insurance to*
32 *elect to purchase insurance from an insurer other than his present insurer* ~~if~~
33 ~~the employer has:~~
34 ~~—(a) Given at least 10 days' notice to the administrator of the change of~~
35 ~~insurer; and~~
36 ~~—(b) Furnished evidence satisfactory to the administrator that the~~
37 ~~payment of compensation has otherwise been secured.~~
38 ~~—3. Each private carrier shall notify the administrator if an employer has~~
39 ~~changed his insurer or has allowed his insurance to lapse, within 15 days~~
40 ~~after the insurer has notice of the change or lapse.~~ *shall comply with the*
41 *reporting requirements of section 2 of this act.*
42 **Sec. 6.** NRS 616B.026 is hereby repealed.
43 **Sec. 7.** The amendatory provisions of this act do not apply to offenses
44 committed before July 1, 2001.



* A B 4 7 R 1 *

- 1 **Sec. 8.** This act becomes effective on July 1, 2001.

TEXT OF REPEALED SECTION

616B.026 Certificate of industrial insurance: Issuance by certain insurers; contents.

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

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

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

