

ASSEMBLY BILL NO. 48—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 53-768)

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 industrial insurance; providing a definition of “policy year” for the purpose of industrial insurance; requiring that the assessments payable by private carriers to support the uninsured employers’ claim fund, the subsequent injury fund for private carriers and the fund for workers’ compensation and safety be based upon expected annual premiums to be received by private carriers; specifying the circumstances under which a policy of industrial insurance may exclude coverage for certain employees covered by a consolidated insurance program; allowing certain employers to report information concerning tips received by their employees by a computerized program or process; revising the criteria for the assessment rates for the subsequent injury fund for self-insured employers and associations of self-insured public or private employers; authorizing a private carrier to require a sole proprietor seeking coverage to submit to a physical examination; eliminating the requirement that unpaid premiums bear interest at the rate of 1 percent monthly; 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.** Chapter 616A of NRS is hereby amended by adding
- 2 thereto a new section to read as follows:
- 3 *“Policy year” means the 12-month period during which a policy of*
- 4 *industrial insurance is effective.*
- 5 **Sec. 2.** NRS 616A.025 is hereby amended to read as follows:
- 6 616A.025 As used in chapters 616A to 616D, inclusive, of NRS,
- 7 unless the context otherwise requires, the words and terms defined in NRS



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1 616A.030 to 616A.360, inclusive, *and section 1 of this act* have the  
2 meanings ascribed to them in those sections.

3 **Sec. 3.** NRS 616A.430 is hereby amended to read as follows:

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

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

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

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

18 5. The state treasurer shall invest money of the fund in the same  
19 manner and in the same securities in which he is authorized to invest  
20 money of the state general fund. Income realized from the investment of  
21 the assets of the fund must be credited to the fund.

22 6. *The administrator shall assess each insurer, including each*  
23 *employer who provides accident benefits for injured employees pursuant*  
24 *to NRS 616C.265, an amount to be deposited in the uninsured employers'*  
25 *claim fund. To establish the amount of the assessment, the administrator*  
26 *shall determine the amount of money necessary to maintain an*  
27 *appropriate balance in the fund for each fiscal year and shall allocate a*  
28 *portion of that amount to be payable by private carriers, a portion to be*  
29 *payable by self-insured employers, a portion to be payable by associations*  
30 *of self-insured public or private employers and a portion to be payable by*  
31 *the employers who provide accident benefits pursuant to NRS 616C.265,*  
32 *based upon the expected annual expenditures for claims of each group of*  
33 *insurers. After allocating the amounts payable, the administrator shall*  
34 *apply an assessment rate to the:*

35 *(a) Private carriers that reflects the relative hazard of the*  
36 *employments covered by the private carriers, results in an equitable*  
37 *distribution of costs among the private carriers and is based upon*  
38 *expected annual premiums to be received;*

39 *(b) Self-insured employers that results in an equitable distribution of*  
40 *costs among the self-insured employers and is based upon expected*  
41 *annual expenditures for claims;*

42 *(c) Associations of self-insured public or private employers that*  
43 *results in an equitable distribution of costs among the associations of*  
44 *self-insured public or private employers and is based upon expected*  
45 *annual expenditures for claims; and*

46 *(d) Employers who provide accident benefits pursuant to NRS*  
47 *616C.265 that reflects the relative hazard of the employments covered by*  
48 *those employers, results in an equitable distribution of costs among the*



1 *employers and is based upon expected annual expenditures for*  
2 *claims.*

3 The administrator shall adopt regulations for the establishment and  
4 administration of *the* assessment rates, payments and *any* penalties ~~[-based~~  
5 ~~upon expected annual expenditures for claims. Assessment rates must~~  
6 ~~reflect the relative hazard of the employments covered by the insurers, and~~  
7 ~~must be based upon expected annual expenditures for claims.]~~ *that the*  
8 *administrator determines are necessary to carry out the provisions of this*  
9 *subsection. As used in this subsection, the term "group of insurers"*  
10 *includes the group of employers who provide accident benefits for*  
11 *injured employees pursuant to NRS 616C.265.*

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

16 **Sec. 4.** NRS 616B.031 is hereby amended to read as follows:

17 616B.031 ~~[-An]~~

18 *1. Except as otherwise provided in subsection 2, an* insurer shall not  
19 issue a policy of industrial insurance to an employer that does not cover  
20 each employee of that employer who satisfies the definition of employee  
21 set forth in NRS 616A.105 to 616A.225, inclusive.

22 *2. If the employer is a contractor or subcontractor who is engaged in*  
23 *the construction of a project that is covered by a consolidated insurance*  
24 *program established pursuant to NRS 616B.710 to 616B.737, inclusive,*  
25 *an insurer may issue a policy of industrial insurance to that employer*  
26 *which does not cover an employee who:*

27 *(a) Is assigned to participate in the construction of the project that is*  
28 *covered by the consolidated insurance program; and*

29 *(b) Works exclusively at the site of the construction project that is*  
30 *covered by the consolidated insurance program.*

31 **Sec. 5.** NRS 616B.222 is hereby amended to read as follows:

32 616B.222 To determine the total amount paid to employees for  
33 services performed, the maximum amount paid to any one employee  
34 during ~~[-the year in which]~~ a policy ~~[-of industrial insurance is effective]~~  
35 *year* shall be deemed to be \$36,000.

36 **Sec. 6.** NRS 616B.227 is hereby amended to read as follows:

37 616B.227 1. ~~[-An]~~ *Except as otherwise provided in subsection 2, an*  
38 employer shall:

39 (a) Make a copy of each report that an employee files with the employer  
40 pursuant to 26 U.S.C. § 6053(a) to report the amount of his tips to the  
41 United States Internal Revenue Service; *and*

42 (b) Submit the copy to his private carrier upon request and retain  
43 another copy for his records or, if the employer is self-insured or a member  
44 of an association of self-insured public or private employers, retain the  
45 copy for his records. ~~[-and]~~

46 ~~[-(c) If he]~~

47 *2. An employer who maintains his records concerning payroll by a*  
48 *computerized program or process that can produce a report on all*  
49 *employees which indicates:*



1 (a) The amount of tips reported by each employee pursuant to 26  
2 U.S.C. § 6053(a); or

3 (b) The amount of tips allocated to each employee pursuant to a  
4 formula applied by the employer, whether by agreement of the employees  
5 or by imposition of the employer,  
6 may satisfy the requirements of subsection 1 by submitting a copy of the  
7 report to his private carrier and maintaining another copy of the report  
8 for his records.

9 3. An employer who is not self-insured or a member of an association  
10 of self-insured public or private employers ~~it~~ shall pay the private carrier  
11 the premiums for the reported tips at the same rate as he pays on regular  
12 wages.

13 ~~{2. The division shall adopt regulations specifying the form of the~~  
14 ~~declaration required pursuant to subsection 1.~~

15 ~~—3.4~~ 4. The private carrier, self-insured employer or association of self-  
16 insured public or private employers shall calculate compensation for an  
17 employee on the basis of wages paid by the employer plus the amount of  
18 tips reported by the employee pursuant to 26 U.S.C. § ~~16053-1~~ 6053(a).  
19 Reports made after the date of injury may not be used for the calculation of  
20 compensation.

21 ~~14-1~~ 5. An employer shall notify his employees of the requirement to  
22 report income from tips to calculate his federal income tax and to include  
23 the income in the computation of benefits pursuant to chapters 616A to  
24 616D, inclusive, and chapter 617 of NRS.

25 ~~15-1~~ 6. The administrator shall adopt such regulations as are necessary  
26 to carry out the provisions of this section.

27 Sec. 7. NRS 616B.554 is hereby amended to read as follows:

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

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

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

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

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

47 6. The board shall adopt regulations for the establishment and  
48 administration of assessment rates, payments and penalties. Assessment  
49 rates must ~~reflect the relative hazard of the employments covered by~~



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1 *result in an equitable distribution of costs among the* self-insured  
2 employers ~~†~~ and must be based upon expected annual expenditures for  
3 claims for payments from the subsequent injury fund for self-insured  
4 employers.  
5 7. The commissioner shall assign an actuary to review the  
6 establishment of assessment rates. The rates must be filed with the  
7 commissioner 30 days before their effective date. Any self-insured  
8 employer who wishes to appeal the rate so filed must do so pursuant to  
9 NRS 679B.310.  
10 8. The administrator shall:  
11 (a) Evaluate any claim submitted to the board for payment or  
12 reimbursement from the subsequent injury fund for self-insured employers  
13 and recommend to the board any appropriate action to be taken concerning  
14 the claim; and  
15 (b) Submit to the board any other recommendations relating to the fund.  
16 **Sec. 8.** NRS 616B.575 is hereby amended to read as follows:  
17 616B.575 1. There is hereby established as a special revenue fund in  
18 the state treasury the subsequent injury fund for associations of self-insured  
19 public or private employers, which may be used only to make payments in  
20 accordance with the provisions of NRS 616B.578 and 616B.581. The  
21 board shall administer the fund based upon recommendations made by the  
22 administrator pursuant to subsection 8.  
23 2. All assessments, penalties, bonds, securities and all other properties  
24 received, collected or acquired by the board for the subsequent injury fund  
25 for associations of self-insured public or private employers must be  
26 delivered to the custody of the state treasurer.  
27 3. All money and securities in the fund must be held by the state  
28 treasurer as custodian thereof to be used solely for workers' compensation  
29 for employees of members of associations of self-insured public or private  
30 employers.  
31 4. The state treasurer may disburse money from the fund only upon  
32 written order of the board.  
33 5. The state treasurer shall invest money of the fund in the same  
34 manner and in the same securities in which he is authorized to invest state  
35 general funds which are in his custody. Income realized from the  
36 investment of the assets of the fund must be credited to the fund.  
37 6. The board shall adopt regulations for the establishment and  
38 administration of assessment rates, payments and penalties. Assessment  
39 rates must ~~reflect the relative hazard of the employments covered by~~  
40 *result in an equitable distribution of costs among the* associations of self-  
41 insured public or private employers ~~†~~ and must be based upon expected  
42 annual expenditures for claims for payments from the subsequent injury  
43 fund for associations of self-insured public or private employers.  
44 7. The commissioner shall assign an actuary to review the  
45 establishment of assessment rates. The rates must be filed with the  
46 commissioner 30 days before their effective date. Any association of self-  
47 insured public or private employers that wishes to appeal the rate so filed  
48 must do so pursuant to NRS 679B.310.



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1 8. The administrator shall:

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

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

7 **Sec. 9.** NRS 616B.584 is hereby amended to read as follows:

8 616B.584 1. There is hereby established as a special revenue fund in  
9 the state treasury the subsequent injury fund for private carriers, which may  
10 be used only to make payments in accordance with the provisions of NRS  
11 616B.587 and 616B.590. The administrator shall administer the fund.

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

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

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

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

25 6. The administrator shall adopt regulations for the establishment and  
26 administration of assessment rates, payments and penalties. Assessment  
27 rates must reflect the relative hazard of the employments covered by  
28 private carriers, *must result in an equitable distribution of costs among*  
29 *the private carriers* and must be based upon expected annual ~~expenditures~~  
30 ~~for claims for payments from the subsequent injury fund for private~~  
31 ~~carriers.~~ *premiums to be received.*

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

36 **Sec. 10.** NRS 616B.624 is hereby amended to read as follows:

37 616B.624 1. If a quasi-public or private corporation or a limited-  
38 liability company is required to be insured pursuant to chapters 616A to  
39 616D, inclusive, of NRS, an officer of the corporation or a manager of the  
40 company who:

41 (a) Receives pay for services performed as an officer, manager or  
42 employee of the corporation or company shall be deemed for the purposes  
43 of those chapters to receive a minimum pay of \$6,000 per *policy* year ~~the~~  
44 ~~policy of industrial insurance for the employer is effective~~ and a  
45 maximum pay of \$36,000 per *policy* year . ~~the policy of industrial~~  
46 ~~insurance is effective.~~

47 (b) Does not receive pay for services performed as an officer, manager  
48 or employee of the corporation or company shall be deemed for the



1 purposes of those chapters to receive a minimum pay of \$500 per month or  
2 \$6,000 per *policy* year. ~~the policy of industrial insurance is effective.~~  
3 2. An officer or manager who does not receive pay for services  
4 performed as an officer, manager or employee of the corporation or  
5 company may elect to reject coverage for himself by filing written notice  
6 thereof with the corporation or company and the insurer. The rejection is  
7 effective upon receipt of the notice by the insurer.  
8 3. An officer or manager of such a corporation or company who:  
9 (a) Owns the corporation or company;  
10 (b) Operates the corporation or company exclusively from his primary  
11 residence; and  
12 (c) Receives pay for the services performed,  
13 may elect to reject coverage for himself by filing written notice thereof  
14 with the insurer. The rejection is effective upon receipt of the notice by the  
15 insurer.  
16 4. An officer or manager who has rejected coverage may rescind that  
17 rejection by filing written notice thereof with the corporation or company  
18 and the insurer. The rescission is effective upon receipt of the notice by the  
19 insurer. Except as otherwise provided in subsection 3, if an officer or  
20 manager who has rejected coverage receives pay for services performed as  
21 an officer, manager or employee of the corporation or company, the officer  
22 or manager shall be deemed to have rescinded that rejection.  
23 5. A nonprofit corporation whose officers do not receive pay for  
24 services performed as officers or employees of the corporation may elect to  
25 reject coverage for its current officers and all future officers who do not  
26 receive such pay by filing written notice thereof with the corporation and  
27 the insurer. The rejection is effective upon receipt of the notice by the  
28 insurer.  
29 6. A nonprofit corporation which has rejected coverage for its officers  
30 who do not receive pay for services performed as officers or employees of  
31 the corporation may rescind that rejection by filing written notice thereof  
32 with the corporation and the insurer. The rescission is effective upon  
33 receipt of the notice by the insurer. If an officer of a nonprofit corporation  
34 which has rejected coverage receives pay for services performed as an  
35 officer or employee of the corporation, the corporation shall be deemed to  
36 have rescinded that rejection.  
37 **Sec. 11.** NRS 616B.659 is hereby amended to read as follows:  
38 616B.659 1. A sole proprietor may elect to be included within the  
39 terms, conditions and provisions of chapters 616A to 616D, inclusive, of  
40 NRS to secure for himself compensation equivalent to that to which an  
41 employee is entitled for any accidental injury sustained by the sole  
42 proprietor which arises out of and in the course of his self-employment by  
43 filing a written notice of election with the administrator and a private  
44 carrier.  
45 2. A *private carrier may require a* sole proprietor who elects to accept  
46 the terms, conditions and provisions of chapters 616A to 616D, inclusive,  
47 of NRS ~~shall~~ to submit to a physical examination before his coverage  
48 commences. ~~The~~ *If a private carrier requires such a physical*  
49 *examination, the private carrier* shall prescribe the scope of the



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1 examination and shall consider it for rating purposes. The cost of the  
2 physical examination must be paid by the sole proprietor.

3 3. A sole proprietor who elects to submit to the provisions of chapters  
4 616A to 616D, inclusive, of NRS shall pay to the private carrier premiums  
5 in such manner and amounts as may be prescribed by the regulations of the  
6 commissioner.

7 4. If a sole proprietor fails to pay all premiums required by the  
8 regulations of the commissioner, the failure operates as a rejection of  
9 chapters 616A to 616D, inclusive, of NRS.

10 5. A sole proprietor who elects to be included pursuant to the  
11 provisions of chapters 616A to 616D, inclusive, of NRS remains subject to  
12 all terms, conditions and provisions of those chapters and all regulations of  
13 the commissioner until he files written notice with the administrator and  
14 the private carrier that he withdraws his election.

15 6. For the purposes of chapters 616A to 616D, inclusive, of NRS, a  
16 sole proprietor shall be deemed to be receiving a wage of \$300 per month  
17 unless, at least 90 days before any injury for which he requests coverage,  
18 he files written notice with the administrator and the private carrier that he  
19 elects to pay an additional amount of premiums for additional coverage. If  
20 the private carrier receives the additional premiums it requires for such  
21 additional coverage, the sole proprietor shall be deemed to be receiving a  
22 wage of \$1,800 per month.

23 **Sec. 12.** NRS 616B.730 is hereby amended to read as follows:

24 616B.730 1. A consolidated insurance program must not provide  
25 industrial insurance coverage, a comprehensive program of safety or for  
26 the administration of claims for industrial insurance for an employee of a  
27 contractor or subcontractor who is engaged in the construction of the  
28 project that is covered by the consolidated insurance program at any time  
29 that such an employee does not work at the site of the construction project.

30 2. A contractor or subcontractor who is engaged in the construction of  
31 a project that is covered by a consolidated insurance program shall  
32 maintain separate industrial insurance coverage for its employees who:

33 (a) Are not assigned to participate in the construction of the project; or

34 (b) Are assigned to participate in the construction of the project but who  
35 do not work *exclusively* at the site of the project.

36 3. The owner or principal contractor of a construction project shall  
37 reimburse a contractor or subcontractor who bids successfully on the  
38 construction project for the cost of providing separate industrial insurance  
39 coverage for an employee if:

40 (a) The contractor or subcontractor set the amount of his bid in a  
41 reasonable, good faith belief that the employee would work *exclusively*  
42 at the site of the construction project and would therefore be *fully* covered by  
43 the consolidated insurance program; and

44 (b) Because of changed circumstances not reasonably foreseeable at the  
45 time the bid was submitted, the employee worked in whole or in part at a  
46 location other than the site of the construction project, requiring the  
47 contractor or subcontractor to obtain separate industrial insurance coverage  
48 for that employee.



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1     **Sec. 13.** NRS 616C.265 is hereby amended to read as follows:  
2     616C.265 1. Except as otherwise provided in NRS 616C.280, every  
3     employer operating under chapters 616A to 616D, inclusive, of NRS, alone  
4     or together with other employers, may make arrangements to provide  
5     accident benefits as defined in those chapters for injured employees.  
6     2. Employers electing to make such arrangements shall notify the  
7     administrator of the election and render a detailed statement of the  
8     arrangements made, which arrangements do not become effective until  
9     approved by the administrator.  
10    3. Every employer who maintains a hospital of any kind for his  
11    employees, or who contracts for the hospital care of injured employees,  
12    shall, on or before January 30 of each year, make a written report to the  
13    administrator for the preceding year, which must contain a statement  
14    showing:  
15    (a) The total amount of hospital fees collected, showing separately the  
16    amount contributed by the employees and the amount contributed by the  
17    employers;  
18    (b) An itemized account of the expenditures, investments or other  
19    disposition of such fees; and  
20    (c) What balance, if any, remains.  
21    4. Every employer who provides accident benefits pursuant to this  
22    section:  
23    (a) Shall, in accordance with regulations adopted by the administrator,  
24    make a written report to the division of his actual and expected annual  
25    expenditures for claims and such other information as the division deems  
26    necessary to calculate an estimated or final annual assessment ~~[-]~~ *and shall,*  
27    *to the extent that the regulations refer to the responsibility of insurers to*  
28    *make such reports, be deemed to be an insurer.*  
29    (b) Shall ~~[-] be deemed to be an insurer for the purposes of [-] pay the~~  
30    assessments collected pursuant to NRS 232.680 and ~~[-] the regulations~~  
31    ~~adopted by the division pursuant to that section. [-]~~ *616A.430.*  
32    5. The reports required by the provisions of subsections 3 and 4 must  
33    be verified:  
34    (a) If the employer is a natural person, by the employer;  
35    (b) If the employer is a partnership, by one of the partners;  
36    (c) If the employer is a corporation, by the secretary, president, general  
37    manager or other executive officer of the corporation; or  
38    (d) If the employer has contracted with a physician or chiropractor for  
39    the hospital care of injured employees, by the physician or chiropractor.  
40    6. No employee is required to accept the services of a physician or  
41    chiropractor provided by his employer, but may seek professional medical  
42    services of his choice as provided in NRS 616C.090. Expenses arising  
43    from such medical services must be paid by the employer who has elected  
44    to provide benefits, pursuant to the provisions of this section, for his  
45    injured employees.  
46    7. Every employer who fails to notify the administrator of such  
47    election and arrangements, or who fails to render the financial reports  
48    required, is liable for accident benefits as provided by NRS 616C.255.



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1     **Sec. 14.** NRS 616D.120 is hereby amended to read as follows:  
2     616D.120 1. Except as otherwise provided in this section, if the  
3 administrator determines that an insurer, organization for managed care,  
4 health care provider, third-party administrator or employer has:  
5     (a) Through fraud, coercion, duress or undue influence:  
6         (1) Induced a claimant to fail to report an accidental injury or  
7 occupational disease;  
8         (2) Persuaded a claimant to settle for an amount which is less than  
9 reasonable;  
10        (3) Persuaded a claimant to settle for an amount which is less than  
11 reasonable while a hearing or an appeal is pending; or  
12        (4) Persuaded a claimant to accept less than the compensation found  
13 to be due him by a hearing officer, appeals officer, court of competent  
14 jurisdiction, written settlement agreement, written stipulation or the  
15 division when carrying out its duties pursuant to chapters 616A to 617,  
16 inclusive, of NRS;  
17     (b) Refused to pay or unreasonably delayed payment to a claimant of  
18 compensation found to be due him by a hearing officer, appeals officer,  
19 court of competent jurisdiction, written settlement agreement, written  
20 stipulation or the division when carrying out its duties pursuant to chapters  
21 616A to 616D, inclusive, or chapter 617 of NRS, if the refusal or delay  
22 occurs:  
23         (1) Later than 10 days after the date of the settlement agreement or  
24 stipulation;  
25         (2) Later than 30 days after the date of the decision of a court,  
26 hearing officer, appeals officer or division, unless a stay has been granted;  
27 or  
28         (3) Later than 10 days after a stay of the decision of a court, hearing  
29 officer, appeals officer or division has been lifted;  
30     (c) Refused to process a claim for compensation pursuant to chapters  
31 616A to 616D, inclusive, or chapter 617 of NRS;  
32     (d) Made it necessary for a claimant to initiate proceedings pursuant to  
33 chapters 616A to 616D, inclusive, or chapter 617 of NRS for compensation  
34 found to be due him by a hearing officer, appeals officer, court of  
35 competent jurisdiction, written settlement agreement, written stipulation or  
36 the division when carrying out its duties pursuant to chapters 616A to  
37 616D, inclusive, or chapter 617 of NRS;  
38     (e) Failed to comply with the division's regulations covering the  
39 payment of an assessment relating to the funding of costs of administration  
40 of chapters 616A to 617, inclusive, of NRS;  
41     (f) Failed to provide or unreasonably delayed payment to an injured  
42 employee or reimbursement to an insurer pursuant to NRS 616C.165; or  
43     (g) Intentionally failed to comply with any provision of, or regulation  
44 adopted pursuant to, this chapter or chapter 616A, 616B, 616C or 617 of  
45 NRS,  
46 the administrator shall impose an administrative fine of \$1,000 for each  
47 initial violation, or a fine of \$10,000 for a second or subsequent violation.  
48     2. Except as otherwise provided in chapters 616A to 616D, inclusive,  
49 or chapter 617 of NRS, if the administrator determines that an insurer,



1 organization for managed care, health care provider, third-party  
2 administrator or employer has failed to comply with any provision of this  
3 chapter or chapter 616A, 616B, 616C or 617 of NRS, or any regulation  
4 adopted pursuant thereto, the administrator may take any of the following  
5 actions:

6 (a) Issue a notice of correction for:

7 (1) A minor violation, as defined by regulations adopted by the  
8 division; or

9 (2) A violation involving the payment of compensation in an amount  
10 which is greater than that required by any provision of this chapter or  
11 chapter 616A, 616B, 616C or 617 of NRS, or any regulation adopted  
12 pursuant thereto.

13 The notice of correction must set forth with particularity the violation  
14 committed and the manner in which the violation may be corrected. The  
15 provisions of this section do not authorize the administrator to modify or  
16 negate in any manner a determination or any portion of a determination  
17 made by a hearing officer, appeals officer or court of competent  
18 jurisdiction or a provision contained in a written settlement agreement or  
19 written stipulation.

20 (b) Impose an administrative fine for:

21 (1) A second or subsequent violation for which a notice of correction  
22 has been issued pursuant to paragraph (a); or

23 (2) Any other violation of this chapter or chapter 616A, 616B, 616C  
24 or 617 of NRS, or any regulation adopted pursuant thereto, for which a  
25 notice of correction may not be issued pursuant to  
26 paragraph (a).

27 The fine imposed may not be greater than \$250 for an initial violation, or  
28 more than \$1,000 for any second or subsequent violation.

29 (c) Order a plan of corrective action to be submitted to the administrator  
30 within 30 days after the date of the order.

31 3. If the administrator determines that a violation of any of the  
32 provisions of paragraphs (a) to (d), inclusive, of subsection 1 has occurred,  
33 the administrator shall order the insurer, organization for managed care,  
34 health care provider, third-party administrator or employer to pay to the  
35 claimant a benefit penalty in an amount that is not less than \$5,000 and not  
36 greater than \$25,000. To determine the amount of the benefit penalty, the  
37 administrator shall consider the degree of physical harm suffered by the  
38 injured employee or his dependents as a result of the violation of paragraph  
39 (a), (b), (c) or (d) of subsection 1, the amount of compensation found to be  
40 due the claimant and the number of fines and benefit penalties previously  
41 imposed against the insurer, organization for managed care, health care  
42 provider, third-party administrator or employer pursuant to this section. If  
43 this is the third violation within 5 years for which a benefit penalty has  
44 been imposed against the insurer, organization for managed care, health  
45 care provider, third-party administrator or employer, the administrator shall  
46 also consider the degree of economic harm suffered by the injured  
47 employee or his dependents as a result of the violation of paragraph (a),  
48 (b), (c) or (d) of subsection 1. Except as otherwise provided in this section,  
49 the benefit penalty is for the benefit of the claimant and must be paid



1 directly to him within 10 days after the date of the administrator's  
2 determination. If the claimant is the injured employee and he dies before  
3 the benefit penalty is paid to him, the benefit penalty must be paid to his  
4 estate. Proof of the payment of the benefit penalty must be submitted to the  
5 administrator within 10 days after the date of his determination unless an  
6 appeal is filed pursuant to NRS 616D.140. Any compensation to which the  
7 claimant may otherwise be entitled pursuant to chapters 616A to 616D,  
8 inclusive, or chapter 617 of NRS must not be reduced by the amount of any  
9 benefit penalty received pursuant to this subsection.

10 4. In addition to any fine or benefit penalty imposed pursuant to this  
11 section, the administrator may assess against an insurer who violates any  
12 regulation concerning the reporting of claims expenditures *or premiums*  
13 *received that are* used to calculate an assessment, an administrative  
14 penalty of up to twice the amount of any underpaid assessment.

15 5. If:

16 (a) The administrator determines that a person has violated any of the  
17 provisions of NRS 616D.200, 616D.220, 616D.240, 616D.300, 616D.310  
18 or 616D.350 to 616D.440, inclusive; and

19 (b) The fraud control unit for industrial insurance established pursuant  
20 to NRS 228.420 notifies the administrator that the unit will not prosecute  
21 the person for that violation,  
22 the administrator shall impose an administrative fine of not more than  
23 \$10,000.

24 6. Two or more fines of \$1,000 or more imposed in 1 year for acts  
25 enumerated in subsection 1 must be considered by the commissioner as  
26 evidence for the withdrawal of:

27 (a) A certificate to act as a self-insured employer.

28 (b) A certificate to act as an association of self-insured public or private  
29 employers.

30 (c) A certificate of registration as a third-party administrator.

31 7. The commissioner may, without complying with the provisions of  
32 NRS 616B.327 or 616B.431, withdraw the certification of a self-insured  
33 employer, association of self-insured public or private employers or third-  
34 party administrator if, after a hearing, it is shown that the self-insured  
35 employer, association of self-insured public or private employers or third-  
36 party administrator violated any provision of subsection 1.

37 **Sec. 15.** NRS 617.207 is hereby amended to read as follows:

38 617.207 1. If a quasi-public or private corporation or limited-liability  
39 company is required to be insured pursuant to this chapter, an officer of the  
40 corporation or a manager of the company who:

41 (a) Receives pay for service performed shall be deemed for the purposes  
42 of this chapter to receive a minimum pay of \$6,000 per *policy* year ~~{the~~  
43 ~~policy of industrial insurance for the employer is effective}~~ and a  
44 maximum pay of \$36,000 per *policy* year . ~~{the policy of industrial~~  
45 ~~insurance is effective.}~~

46 (b) Does not receive pay for services performed shall be deemed for the  
47 purposes of this chapter to receive a minimum pay of \$500 per month or  
48 \$6,000 per *policy* year . ~~{the policy of industrial insurance is effective.}~~



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

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

- (a) Owns the corporation or company;
- (b) Operates the corporation or company exclusively from his primary residence; and
- (c) Receives pay for the services performed,

may elect to reject coverage for himself by filing written notice thereof with the insurer. The rejection is effective upon receipt of the notice by the insurer.

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

**Sec. 16.** NRS 617.225 is hereby amended to read as follows:

617.225 1. A sole proprietor may elect to be included within the terms, conditions and provisions of this chapter to secure for himself compensation equivalent to that to which an employee is entitled for any occupational disease contracted by the sole proprietor which arises out of and in the course of his self-employment by filing a written notice of election with the administrator and a private carrier.

2. A private carrier may require a sole proprietor who elects to accept the terms, conditions and provisions of this chapter ~~to~~ submit to a physical examination by a physician selected by the private carrier before the commencement of coverage and on a yearly basis thereafter. ~~He~~ *If a private carrier requires such a physical examination, the private carrier shall prescribe the scope of the examination and shall consider it for rating purposes. The cost of the physical examination must be paid by the sole proprietor.*

3. A sole proprietor who elects to submit to the provisions of this chapter shall pay to the private carrier premiums in such manner and amounts as may be prescribed by the regulations of the commissioner.

4. If a sole proprietor fails to pay all premiums required by the regulations of the commissioner, the failure operates as a rejection of this chapter.

5. A sole proprietor who elects to be included under the provisions of this chapter remains subject to all terms, conditions and provisions of this chapter and all regulations of the commissioner until he files a written notice with the private carrier and the administrator that he withdraws his election.

6. For purposes of this chapter, a sole proprietor shall be deemed to be an employee receiving a wage of \$300 per month.

**Sec. 17.** 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



\* A B 4 8 R 2 \*

1 committee on workers' compensation created pursuant to NRS 218.5375,  
2 and that portion of the cost of the office for consumer health assistance  
3 established pursuant to NRS 223.550 that is related to providing assistance  
4 to consumers and injured employees concerning workers' compensation,  
5 must be paid from assessments payable by each insurer, including each  
6 employer who provides accident benefits for injured employees pursuant to  
7 NRS 616C.265. ~~H~~

8 *2. The administrator shall assess each insurer, including each*  
9 *employer who provides accident benefits for injured employees pursuant*  
10 *to NRS 616C.265. To establish the amount of the assessment, the*  
11 *administrator shall determine the amount of money necessary for each of*  
12 *the expenses set forth in subsections 1 and 4 of this section and*  
13 *subsection 3 of NRS 616A.425 and determine the amount that is payable*  
14 *by the private carriers, the self-insured employers, the associations of*  
15 *self-insured public or private employers and the employers who provide*  
16 *accident benefits pursuant to NRS 616C.265 for each of the programs.*  
17 *For the expenses from which more than one group of insurers receives*  
18 *benefit, the administrator shall allocate a portion of the amount*  
19 *necessary for that expense to be payable by each of the relevant group of*  
20 *insurers, based upon the expected annual expenditures for claims of*  
21 *each group of insurers. After allocating the amounts payable among*  
22 *each group of insurers for all the expenses from which each group*  
23 *receives benefit, the administrator shall apply an assessment rate to the:*

24 *(a) Private carriers that reflects the relative hazard of the*  
25 *employments covered by the private carriers, results in an equitable*  
26 *distribution of costs among the private carriers and is based upon*  
27 *expected annual premiums to be received;*

28 *(b) Self-insured employers that results in an equitable distribution of*  
29 *costs among the self-insured employers and is based upon expected*  
30 *annual expenditures for claims;*

31 *(c) Associations of self-insured public or private employers that*  
32 *results in an equitable distribution of costs among the associations of*  
33 *self-insured public or private employers and is based upon expected*  
34 *annual expenditures for claims; and*

35 *(d) Employers who provide accident benefits pursuant to NRS*  
36 *616C.265 that reflect the relative hazard of the employments covered by*  
37 *those employers, results in an equitable distribution of costs among the*  
38 *employers and is based upon expected annual expenditures for claims. ~~for~~*  
39 *~~injuries occurring on or after July 1, 1999. The division~~*

40 *The administrator shall adopt regulations which establish ~~formulas of~~*  
41 *~~assessment which result in an equitable distribution of costs among the~~*  
42 *~~insurers and employers who provide accident benefits for injured~~*  
43 *~~employees. The formulas may utilize~~ the formula for the assessment and*  
44 *for the administration of payment, and any penalties that the*  
45 *administrator determines are necessary to carry out the provisions of this*  
46 *subsection. The formula may use actual expenditures for claims.*

47 ~~[2-]~~ *As used in this subsection, the term "group of insurers" includes*  
48 *the group of employers who provide accident benefits for injured*  
49 *employees pursuant to NRS 616C.265.*



1     3. Federal grants may partially defray the costs of the division.  
2     ~~13-1~~ 4. Assessments made against insurers by the division after the  
3     adoption of regulations must be used to defray all costs and expenses of  
4     administering the program of workers' compensation, including the  
5     payment of:  
6     (a) All salaries and other expenses in administering the division,  
7     including the costs of the office and staff of the administrator.  
8     (b) All salaries and other expenses of administering NRS 616A.435 to  
9     616A.460, inclusive, the offices of the hearings division of the department  
10    of administration and the programs of self-insurance and review of  
11    premium rates by the commissioner of insurance.  
12    (c) The salary and other expenses of a full-time employee of the  
13    legislative counsel bureau whose principal duties are limited to conducting  
14    research and reviewing and evaluating data related to industrial insurance.  
15    (d) All salaries and other expenses of the fraud control unit for  
16    industrial insurance established pursuant to NRS 228.420.  
17    (e) Claims against uninsured employers arising from compliance with  
18    NRS 616C.220 and 617.401.  
19    (f) All salaries and expenses of the members of the legislative  
20    committee on workers' compensation and any other expenses incurred by  
21    the committee in carrying out its duties pursuant to NRS 218.5375 to  
22    218.5378, inclusive.  
23    (g) That portion of the salaries and other expenses of the office for  
24    consumer health assistance established pursuant to NRS 223.550 that is  
25    related to providing assistance to consumers and injured employees  
26    concerning workers' compensation.  
27    **Sec. 18.** NRS 616B.236 is hereby repealed.  
28    **Sec. 19.** 1. This section and sections 1 to 9, inclusive, 11 to 14,  
29    inclusive, and 16, 17 and 18 of this act become effective on July 1, 2001.  
30    2. Sections 10 and 15 of this act become effective at 12:01 a.m. on  
31    July 1, 2001.

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**TEXT OF REPEALED SECTION**

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**616B.236 Accrual of interest on unpaid premiums.** Except as otherwise provided in NRS 616D.200, when any premium of an employer remains unpaid on the date on which it becomes due, as prescribed by NRS 616B.224, it bears interest at the rate of 1 percent for each month or portion of a month thereafter until payment of the premium, plus accrued interest, is received by the insurer.

