

SENATE BILL NO. 44—SENATOR SCHNEIDER

PREFILED JANUARY 24, 2001

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing consolidated insurance programs.
(BDR 53-445)

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; defining the term “construction project” for the purpose of a consolidated insurance program; limiting the type of construction project that may be insured through a consolidated insurance program; prohibiting a consolidated insurance program from covering more than one construction project; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 616B of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 5, inclusive, of this act:

Sec. 2. *As used in NRS 616B.710 to 616B.737, inclusive, and sections 2 to 5, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3, 4 and 5 of this act have the meanings ascribed to them in those sections.*

Sec. 3. *“Construction project” means a project to construct or do construction work on a fixed work or structure.*

Sec. 4. *“Fixed work” includes irrigation, drainage, water supply, water power, flood control, harbors, railroads, highways, tunnels, airports and airways, sewers and sewage disposal systems, bridges, inland waterways, pipelines for transmission of petroleum and other liquid or gaseous substances, refineries, chemical plants and industrial plants requiring a specialized engineering knowledge and skill, power plants, piers and foundations.*

Sec. 5. *“Structure” means a building or other structure designed for the support, shelter and enclosure of persons, animals, chattels or movable property of any kind, the construction of which requires the use of more than two unrelated building trades or crafts.*

Sec. 6. NRS 616B.710 is hereby amended to read as follows:

616B.710 1. A private company, public entity or utility may:

(a) Establish and administer a consolidated insurance program to provide industrial insurance coverage for employees of contractors and subcontractors who are engaged in a construction project of which the private company, public entity or utility is the owner or principal contractor, if the ~~estimated~~:

(1) *Estimated* total cost of the construction project is equal to or greater than the threshold amount established by the commissioner pursuant to subsection 3; *and*

(2) *Diameter of the site for the construction project is not more than 1 mile;* and

(b) As a condition precedent to the award of a contract to perform work on the construction project, require that contractors and subcontractors who will be engaged in the construction of the project participate in the consolidated insurance program.

2. If a private company, public entity or utility:

(a) Establishes and administers a consolidated insurance program; and

(b) Pursuant to the contract for the construction of the project, owes a periodic payment to a contractor or subcontractor whose employees are covered under the consolidated insurance program, the private company, public entity or utility shall not withhold such a periodic payment on the basis that the contractor or subcontractor has not signed an employer's report of industrial injury or occupational disease as required pursuant to NRS 616C.045.

3. The commissioner shall establish the threshold amount that the estimated total cost of a construction project must be equal to or greater than before a consolidated insurance program may be established and administered for that project pursuant to this section. The base amount for the threshold must initially be ~~[\$150,000,000]~~ *\$250,000,000* and thereafter must be an amount equal to ~~[\$150,000,000]~~ *\$250,000,000* as adjusted by the commissioner on June 30 of each year to reflect the present value of that amount with respect to the construction cost index.

4. As used in this section:

(a) "Construction cost index" means the construction cost index published by the Engineering News-Record as a measure of inflation.

(b) "Estimated total cost" means the estimated cost to complete all parts of a construction project, including, without limitation, the cost of:

(1) Designing the *construction* project;

(2) ~~[Acquiring the real property on which the project will be constructed;]~~ *Constructing or doing the required construction work on the fixed work or structure;*

(3) Connecting the *construction* project to utilities; *and*

(4) Excavating and carrying out underground improvements for the *construction* project. ~~It and~~

~~(5) Acquiring equipment and furnishings for the project.]~~

The term does not include the cost of any fees or charges associated with acquiring the money necessary to complete the *construction* project ~~It~~, *the cost of acquiring any real property on which the construction project*

will be located or the cost of acquiring equipment or furnishings, that are not necessary for the completion of the construction work, for the fixed work or structure.

Sec. 7. NRS 616B.720 is hereby amended to read as follows:

616B.720 A contract for the provision of industrial insurance that is authorized pursuant to NRS 616B.712 must include, without limitation:

1. Provisions that require compliance with each of the requirements relating to safety and the administration of claims for industrial insurance at the site of the construction project that are set forth in NRS 616B.725 and 616B.727;

2. The names and qualifications of the persons appointed to oversee issues of safety and the administration of claims for industrial insurance at the site of the construction project pursuant to NRS 616B.725 and 616B.727;

3. The terms and conditions pursuant to which the contract provides industrial insurance coverage. The terms and conditions must include, without limitation:

(a) A definition of the site of the construction project that:

(1) *Includes an area with a diameter of not more than 1 mile;*

(2) Delineates clearly the area within which coverage is provided; and

~~[(2)]~~ (3) Is reasonably contiguous to the actual physical site of the ~~[construction project;]~~ *fixed work or structure being constructed or the portion of the fixed work or structure upon which construction work is being performed;* and

(b) A description of the scope and details of the construction project and the duration of industrial insurance coverage that is provided for the project;

4. A list in which the owner, principal contractor, construction manager, contractors and subcontractors of the construction project are set forth as named insureds; and

5. A provision setting forth the penalties to which the owner, principal contractor, construction manager, contractors and subcontractors of the construction project may be subject if such persons or entities fail to comply with the provisions relating to safety and the administration of claims for industrial insurance that are required pursuant to NRS 616B.725 and 616B.727.

Sec. 8. Section 27 of chapter 582, Statutes of Nevada 1999, at page 3152, is hereby amended to read as follows:

Sec. 27. 1. This section and section 26.5 of this act become effective upon passage and approval.

2. Sections 1 to 10, inclusive, and 12 to 26, inclusive, of this act become effective on October 1, 1999.

~~3. Section 10 of this act expires by limitation on September 30, 2001.~~

~~4. Section 11 of this act becomes effective on October 1, 2001.~~

Sec. 9. Section 11 of chapter 582, Statutes of Nevada 1999, at page 3142, is hereby repealed.

1 **Sec. 10.** This act becomes effective on July 1, 2001.

TEXT OF REPEALED SECTION

Section 11 of chapter 582, Statutes of Nevada 1999:

Sec. 11. *A consolidated insurance program may cover more than one construction project.*

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SB44