

SENATE BILL NO. 319—SENATOR SHAFFER

MARCH 17, 2003

Referred to Committee on Commerce and Labor

SUMMARY—Makes various changes to provisions regulating insurance. (BDR 57-599)

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

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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; changing the location where the Commissioner of Insurance may conduct a hearing; providing an exception to the counter-signature requirement for certain types of insurance; revising the membership of certain boards; providing that any refund of an assessment by the Division of Industrial Relations of the Department of Business and Industry must include payment for interest earned; requiring the Commissioner of Insurance to conduct a study relating to the Investments of Insurers Model Act adopted by the National Association of Insurance Commissioners; 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 679B.330 is hereby amended to read as
2 follows:
3 679B.330 1. The Commissioner may hold a hearing in
4 ~~{Carson City,}~~ *Reno*, Nevada, or any other place of convenience to
5 parties and witnesses, as the Commissioner determines. The
6 Commissioner, his deputy or assistant, or a person appointed by
7 the Commissioner, shall preside at the hearing, and shall expedite
8 the hearing and all procedures involved therein.
9 2. The Commissioner may appoint a person who is not
10 associated with the Division to conduct a hearing if the hearing



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1 requires a disinterested or impartial hearing officer. A person so
2 appointed shall comply with the provisions which govern hearings
3 conducted by the Commissioner. An order issued by such a person
4 has the same effect as an order issued by the Commissioner.

5 3. Testimony may be taken orally or by deposition, and any
6 party has the same right to introduce evidence by interrogatories or
7 deposition as he would have in a district court.

8 4. Upon good cause shown the Commissioner shall permit to
9 become a party to the hearing by intervention, if timely, only such
10 persons, not original parties thereto, whose pecuniary interests are to
11 be directly and immediately affected by the Commissioner's order
12 made upon the hearing.

13 5. The Commissioner shall cause a record of the proceedings to
14 be made. If transcribed, a copy of the record must be part of the
15 Commissioner's record of the hearing and a copy must be furnished
16 to any other party to the hearing, at the request and expense of the
17 other party. If no such record is transcribed, the Commissioner shall
18 prepare a summary record of the proceedings and evidence.

19 **Sec. 2.** NRS 680A.310 is hereby amended to read as follows:

20 680A.310 NRS 680A.300 does not apply to any of the
21 following:

22 1. Life insurance and annuities.

23 2. Health insurance.

24 3. Policies covering property in transit while in the possession
25 or custody of any common carrier, or the rolling stock or other
26 property of any common carrier employed by it in the operation and
27 maintenance of its plant and business as a common carrier of freight
28 or passengers, or both.

29 4. Reinsurance or retrocessions made by or for authorized
30 insurers.

31 5. Bid bonds issued in connection with any public or private
32 contract.

33 6. A policy issued to a risk retention group, as defined in NRS
34 695E.110, or to a member of a risk retention group.

35 **7. *A policy issued to a person who is not resident of this state.***

36 **Sec. 3.** NRS 686C.140 is hereby amended to read as follows:

37 686C.140 1. The Board of Directors of the Association
38 consists of not less than five nor more than nine members, serving
39 terms as established in the plan of operation.

40 **2.** The members of the Board who represent insurers must be
41 selected by member insurers subject to the approval of the
42 Commissioner. ***One of the members of the Board must be the***
43 ***officer of a domestic insurer.***

44 **3.** Two public representatives must be appointed to the Board
45 by the Commissioner. A public representative may not be an officer,



1 director or employee of an insurer or engaged in the business of
2 insurance.

3 **4.** Vacancies on the Board must be filled for the remaining
4 period of the term by majority vote of the members of the Board,
5 subject to the approval of the Commissioner, for members who
6 represent insurers, and by the Commissioner for public
7 representatives.

8 **5.** To select the initial Board of Directors, and initially organize
9 the Association, the Commissioner shall give notice to all member
10 insurers of the time and place of the organizational meeting. In
11 determining voting rights at the organizational meeting, each
12 member insurer is entitled to one vote in person or by proxy. If the
13 Board of Directors is not selected within 60 days after notice of the
14 organizational meeting, the Commissioner may appoint the initial
15 members to represent insurers in addition to the public
16 representatives.

17 ~~**6.**~~ **6.** In approving selections or in appointing members to the
18 Board, the Commissioner shall consider, among other things,
19 whether all member insurers are fairly represented.

20 ~~**7.**~~ **7.** Members of the Board may be reimbursed from the
21 assets of the Association for expenses incurred by them as members
22 of the Board of Directors but members of the Board may not
23 otherwise be compensated by the Association for their services.

24 **Sec. 4.** NRS 687A.050 is hereby amended to read as follows:

25 687A.050 1. The Board of Directors of the Association shall
26 consist of not fewer than five nor more than nine persons. The
27 members of the Board shall be appointed by the Commissioner and
28 shall serve at his discretion. Vacancies on the Board shall be filled
29 in the same manner as initial appointments.

30 2. A majority of the members appointed shall be the designated
31 representatives of member insurers. *One of the members appointed*
32 *as a designated representative of the member insurers must be the*
33 *officer of a domestic insurer.* The Commissioner shall consider
34 among other things whether all member insurers are fairly
35 represented.

36 3. Members of the Board may be reimbursed from the assets of
37 the Association for expenses incurred by them as members of the
38 Board of Directors.

39 **Sec. 5.** Chapter 687B of NRS is hereby amended by adding
40 thereto a new section to read as follows:

41 *Unless otherwise provided by a specific statute, if a signature is*
42 *required of any person, the person may provide as the signature of*
43 *the person:*

- 44 1. *An original signature;*
45 2. *A facsimile signature; or*



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1 **3. An electronic signature pursuant to the provisions of**
2 **chapter 719 of NRS.**

3 **Sec. 6.** NRS 687B.160 is hereby amended to read as follows:
4 687B.160 1. Every insurance policy must be executed in the
5 name of and on behalf of the insurer by its officer, attorney in fact,
6 employee or representative duly authorized by the insurer.

7 2. ~~[A facsimile signature of any]~~ **Any** such executing individual
8 may ~~[be used]~~ **use**, in lieu of an original signature ~~[]~~ :

9 **(a) A facsimile signature; or**
10 **(b) An electronic signature pursuant to the provisions of**
11 **chapter 719 of NRS.**

12 3. An insurance contract issued before, on or after January 1,
13 1972, which is otherwise valid is not rendered invalid by reason of
14 the apparent execution thereof on behalf of the insurer by the
15 imprinted facsimile signature of an individual not authorized so to
16 execute as of the date of the policy.

17 **Sec. 7.** NRS 232.680 is hereby amended to read as follows:

18 232.680 1. The cost of carrying out the provisions of NRS
19 232.550 to 232.700, inclusive, and of supporting the Division, a
20 full-time employee of the Legislative Counsel Bureau and the Fraud
21 Control Unit for Industrial Insurance established pursuant to NRS
22 228.420, and that portion of the cost of the Office for Consumer
23 Health Assistance established pursuant to NRS 223.550 that is
24 related to providing assistance to consumers and injured employees
25 concerning workers' compensation, must be paid from assessments
26 payable by each insurer, including each employer who provides
27 accident benefits for injured employees pursuant to NRS 616C.265.

28 2. The Administrator shall assess each insurer, including each
29 employer who provides accident benefits for injured employees
30 pursuant to NRS 616C.265. To establish the amount of the
31 assessment, the Administrator shall determine the amount of money
32 necessary for each of the expenses set forth in subsections 1 and 4 of
33 this section and subsection 3 of NRS 616A.425 and determine the
34 amount that is payable by the private carriers, the self-insured
35 employers, the associations of self-insured public or private
36 employers and the employers who provide accident benefits
37 pursuant to NRS 616C.265 for each of the programs. For the
38 expenses from which more than one group of insurers receives
39 benefit, the Administrator shall allocate a portion of the amount
40 necessary for that expense to be payable by each of the relevant
41 group of insurers, based upon the expected annual expenditures for
42 claims of each group of insurers. After allocating the amounts
43 payable among each group of insurers for all the expenses from
44 which each group receives benefit, the Administrator shall apply an
45 assessment rate to the:



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1 (a) Private carriers that reflects the relative hazard of the
2 employments covered by the private carriers, results in an equitable
3 distribution of costs among the private carriers and is based upon
4 expected annual premiums to be received;

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

8 (c) Associations of self-insured public or private employers that
9 results in an equitable distribution of costs among the associations
10 of self-insured public or private employers and is based upon
11 expected annual expenditures for claims; and

12 (d) Employers who provide accident benefits pursuant to NRS
13 616C.265 that reflect the relative hazard of the employments
14 covered by those employers, results in an equitable distribution of
15 costs among the employers and is based upon expected annual
16 expenditures for claims.

17 The Administrator shall adopt regulations that establish the formula
18 for the assessment and for the administration of payment, and any
19 penalties that the Administrator determines are necessary to carry
20 out the provisions of this subsection. The formula may use actual
21 expenditures for claims. As used in this subsection, the term "group
22 of insurers" includes the group of employers who provide accident
23 benefits for injured employees pursuant to NRS 616C.265.

24 3. Federal grants may partially defray the costs of the Division.

25 4. Assessments made against insurers by the Division after the
26 adoption of regulations must be used to defray all costs and
27 expenses of administering the program of workers' compensation,
28 including the payment of:

29 (a) All salaries and other expenses in administering the Division,
30 including the costs of the office and staff of the Administrator.

31 (b) All salaries and other expenses of administering NRS
32 616A.435 to 616A.460, inclusive, the offices of the Hearings
33 Division of the Department of Administration and the programs of
34 self-insurance and review of premium rates by the Commissioner of
35 Insurance.

36 (c) The salary and other expenses of a full-time employee of the
37 Legislative Counsel Bureau whose principal duties are limited to
38 conducting research and reviewing and evaluating data related to
39 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
43 with NRS 616C.220 and 617.401.

44 (f) That portion of the salaries and other expenses of the Office
45 for Consumer Health Assistance established pursuant to NRS



1 223.550 that is related to providing assistance to consumers and
2 injured employees concerning workers' compensation.

3 *5. If the Division refunds any part of an assessment, the*
4 *Division shall include in that refund any interest earned by the*
5 *Division from the refunded part of the assessment.*

6 **Sec. 8.** NRS 616A.425 is hereby amended to read as follows:

7 616A.425 1. There is hereby established in the State Treasury
8 the Fund for Workers' Compensation and Safety as an enterprise
9 fund. All money received from assessments levied on insurers and
10 employers by the Administrator pursuant to NRS 232.680 must be
11 deposited in this Fund.

12 2. All assessments, penalties, bonds, securities and all other
13 properties received, collected or acquired by the Division for
14 functions supported in whole or in part from the Fund must be
15 delivered to the custody of the State Treasurer for deposit to the
16 credit of the Fund.

17 3. All money and securities in the Fund must be used to defray
18 all costs and expenses of administering the program of workmen's
19 compensation, including the payment of:

20 (a) All salaries and other expenses in administering the Division
21 of Industrial Relations, including the costs of the office and staff of
22 the Administrator.

23 (b) All salaries and other expenses of administering NRS
24 616A.435 to 616A.460, inclusive, the offices of the Hearings
25 Division of the Department of Administration and the programs of
26 self-insurance and review of premium rates by the Commissioner.

27 (c) The salary and other expenses of a full-time employee of the
28 Legislative Counsel Bureau whose principal duties are limited to
29 conducting research and reviewing and evaluating data related to
30 industrial insurance.

31 (d) All salaries and other expenses of the Fraud Control Unit for
32 Industrial Insurance established pursuant to NRS 228.420.

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

35 (f) That portion of the salaries and other expenses of the Office
36 for Consumer Health Assistance established pursuant to NRS
37 223.550 that is related to providing assistance to consumers and
38 injured employees concerning workers' compensation.

39 4. The State Treasurer may disburse money from the Fund only
40 upon written order of the Controller.

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



1 6. The Commissioner shall assign an actuary to review the
2 establishment of assessment rates. The rates must be filed with the
3 Commissioner 30 days before their effective date. Any insurer or
4 employer who wishes to appeal the rate so filed must do so pursuant
5 to NRS 679B.310.

6 7. *If the Division refunds any part of an assessment, the*
7 *Division shall include in that refund any interest earned by the*
8 *Division from the refunded part of the assessment.*

9 **Sec. 9.** 1. The Commissioner of Insurance shall conduct a
10 study to review whether the State of Nevada should enact, in the
11 interest of the public:

12 (a) The Defined Limits Version of the Investments of Insurers
13 Model Act adopted by the National Association of Insurance
14 Commissioners;

15 (b) The Defined Standards Version of the Investments of
16 Insurers Model Act adopted by the National Association of
17 Insurance Commissioners; or

18 (c) Other legislation regulating the investments of insurers.

19 2. The Commissioner shall seek to obtain all relevant
20 information from public and private sources as part of this study.
21 Any such information obtained by the Commissioner may only be
22 used for the purposes of conducting this study.

23 3. The Commissioner shall complete this study and submit a
24 copy of his findings and recommendations on or before January 1,
25 2005, to the Director of the Legislative Counsel Bureau for
26 distribution to the 73rd Session of the Nevada Legislature.

