
ASSEMBLY BILL NO. 186—COMMITTEE ON ELECTIONS,
PROCEDURES, ETHICS, AND CONSTITUTIONAL AMENDMENTS

(ON BEHALF OF THE INTERIM STUDY COMMITTEE ON NEVADA'S
INDUSTRIAL INSURANCE PROGRAM)

MARCH 9, 2005

Referred to Committee on Elections, Procedures, Ethics,
and Constitutional Amendments

SUMMARY—Directs Legislative Commission to appoint committee to study issues relating to compensation paid under industrial insurance to certain injured employees and their dependents and authorizes one-time payment to certain injured employees and their dependents. (BDR S-251)

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

~

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

AN ACT relating to industrial insurance; directing the Legislative Commission to appoint a committee to study the manner in which regular increases in compensation may be provided to certain claimants and dependents of claimants who are entitled to receive compensation for a permanent total disability under industrial insurance; providing for a one-time payment of compensation to those claimants and dependents; requiring the Administrator of the Division of Industrial Relations of the Department of Business and Industry to impose an assessment; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Under existing law, if an injured employee suffers from a permanent total
- 2 disability caused by an industrial injury or occupational disease that occurs on or
- 3 after January 1, 2004, the injured employee is entitled to receive an annual
- 4 cost-of-living increase in the amount of compensation being paid for the permanent
- 5 total disability. (NRS 616C.473)



This bill requires the Legislative Commission to appoint an interim committee to study the possible methods that may be used to provide similar increases in compensation to each injured employee who suffers from a permanent total disability caused by an industrial injury or occupational disease that occurred before January 1, 2004. This bill requires the Division of Industrial Relations of the Department of Business and Industry to assist the committee in conducting the study. If requested by the committee, the Division must provide the committee with the services of an actuary. The Division may collect from each entity providing industrial insurance in this State an assessment to defray the costs incurred by the Division in providing assistance and services to the committee.

In 2003, the Legislature authorized a one-time payment of additional compensation to each injured employee receiving compensation for a permanent total disability for which a final determination had been made before January 1, 1996. The payment was funded by a one-time assessment imposed on each entity providing industrial insurance in this State. (Section 3 of Chapter 452, Statutes of Nevada 2003, at page 2794)

This bill authorizes a similar one-time payment of additional compensation to each injured employee who suffers from a permanent total disability and who is not entitled to receive an annual cost-of-living increase pursuant to NRS 616C.473. The payment is funded by a one-time assessment imposed on each entity providing industrial insurance in this State.

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

Section 1. 1. As soon as practicable after July 1, 2005, the Legislative Commission shall appoint a committee consisting of six Legislators to conduct an interim study of the manner in which regular increases in compensation may be provided to each claimant and dependent of a claimant who is entitled to receive compensation for a permanent total disability but who is not entitled to an annual increase in that compensation pursuant to NRS 616C.473.

2. The Legislative Commission shall appoint to the committee three members of the Senate and three members of the Assembly who are acquainted with the statutory program for industrial insurance in this State.

3. The study must include, without limitation:

(a) The estimated number of claimants and dependents of claimants who may be entitled to receive the increases in compensation specified in subsection 1;

(b) The estimated cost of providing the increases in compensation to those claimants and dependents of claimants and to any group of those claimants or dependents identified by the committee;

(c) A statement discussing the advisability of making lump-sum payments for the increases in compensation;

(d) A statement indicating any prospective sources of money for paying for the increases in compensation;



(e) A schedule of proposed dates for providing the increases in compensation;

(f) A proposed formula or other method for determining the amount of the increases in compensation, including a determination of whether the amount of any such increase should be based upon:

(1) The amount of compensation that the claimant or dependent of the claimant is receiving as of the date of the increase; or

(2) Retroactively applying any such increase beginning on the date of the injury for which the claimant or dependent of the claimant is receiving compensation and ending on the effective date of the increase; and

(g) If the compensation received by the claimant or dependent of the claimant for a permanent total disability is offset by any payment or benefit received pursuant to the Social Security Act, 42 U.S.C. §§ 651 et seq., or the Public Employees' Retirement System, a statement discussing:

(1) The effect of the offset against the compensation received by the claimant or dependent of the claimant for the permanent total disability;

(2) The effect of the offset on any increase in compensation received by the claimant or dependent of the claimant pursuant to section 3 of chapter 452, Statutes of Nevada 2003, or section 3 of this act; and

(3) The advisability of amending any law or regulation relating to the offset.

4. In conducting the study, the committee shall consider any comments or other information submitted to the committee by experts in the area of industrial insurance and by various representatives of injured workers, employers and insurers.

5. Any recommended legislation proposed by the committee must be approved by a majority of the members of the Senate and a majority of the members of the Assembly who are appointed to the committee.

6. The Legislative Commission shall submit a report of the results of the study and any recommendations for legislation to the 74th Session of the Nevada Legislature.

Sec. 2. 1. The Division shall provide assistance and services to the committee in conducting the study required pursuant to section 1 of this act.

2. If requested by the Chairman of the committee, the Division shall obtain the services of an actuary who is employed by the State of Nevada or an actuary who is an independent contractor hired by the Division to assist the committee in conducting the study.



3. The Administrator may assess each insurer, including each employer who provides accident benefits for injured employees pursuant to NRS 616C.265, an amount that, as determined by the Administrator, is required to defray the costs incurred by the Division in providing any assistance or services to the committee pursuant to this section. If the Administrator imposes such an assessment, the Administrator shall submit to each insurer assessed pursuant to this subsection a written notice setting forth the amount of the assessment. Within 90 days after receiving the written notice, the insurer shall remit the assessment to the Administrator. Any money collected by the Administrator from the assessment must be accounted for separately by the Administrator.

4. An insurer who pays an assessment pursuant to this section shall charge and collect from each policyholder of the insurer a fee to cover the amount of the assessment. Such a fee is in addition to any premium charged to the policyholder for industrial insurance and must not be included in the amount of any such premium. The insurer shall bill the policyholder separately for the fee or include the fee as a separate charge on the policy.

5. The Administrator may impose an assessment pursuant to this section only once.

Sec. 3. 1. If a claimant or a dependent of a claimant is entitled to receive compensation pursuant to chapters 616A to 617, inclusive, of NRS for a permanent total disability and the claimant or dependent is not entitled to an annual increase in that compensation pursuant to NRS 616C.473, the claimant or dependent is entitled to a single payment for that permanent total disability in an amount determined by the Administrator pursuant to subsection 4.

2. As soon as practicable after July 1, 2005, the Administrator shall assess each insurer, including each employer who provides accident benefits for injured employees pursuant to NRS 616C.265, an amount that, as determined by the Administrator, is required to obtain a total of \$500,000. As soon as practicable after determining that amount, the Administrator shall submit to each insurer assessed pursuant to this subsection a written notice setting forth the amount of the assessment. Within 90 days after receiving the written notice, the insurer shall remit the assessment to the Administrator. Any money collected by the Administrator from the assessment must be accounted for separately by the Administrator.

3. An insurer who pays an assessment pursuant to this section shall charge and collect from each policyholder of the insurer a fee to cover the amount of the assessment. Such a fee is in addition to any premium charged to the policyholder for industrial insurance and must not be included in the amount of any such premium. The



1 insurer shall bill the policyholder separately for the fee or include
2 the fee as a separate charge on the policy.

3 4. The Administrator shall adopt regulations establishing a
4 method for the equitable distribution of the money collected from
5 the assessment pursuant to this section. The regulations must
6 provide for payments that result in the largest proportional share of
7 the money collected from the assessment being paid to claimants
8 and dependents who receive the lowest amount of compensation
9 pursuant to chapters 616A to 617, inclusive, of NRS for the
10 permanent total disability. The Administrator may adopt any other
11 regulations that are necessary to carry out the provisions of this
12 section.

13 5. The Administrator shall make the payment required by this
14 section to each claimant and dependent of the claimant who is
15 entitled to the payment not later than July 1, 2006. Any payment
16 received by the claimant or dependent of the claimant pursuant to
17 this section is in addition to any compensation to which the claimant
18 or dependent of the claimant is otherwise entitled by law.

19 **Sec. 4.** If any words and terms used in this act are defined in
20 NRS 616A.030 to 616A.360, inclusive, or 617.030 to 617.150,
21 inclusive, the words and terms must be given the meanings ascribed
22 to them in NRS 616A.030 to 616A.360, inclusive, or 617.030 to
23 617.150, inclusive, as applicable. The provisions of this act must be
24 interpreted and enforced by the Administrator as if those provisions
25 were part of chapters 616A to 617, inclusive, of NRS.

26 **Sec. 5.** This act becomes effective on July 1, 2005.



