

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—Authorizes payment of additional compensation for
permanent total disability to certain injured
employees and their dependents. (BDR S-251)

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 industrial insurance; providing for a payment of
additional compensation to certain claimants and
dependents of claimants who are entitled to receive
compensation for a permanent total disability under
industrial insurance; 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 cost-of-
- 4 living increase in the amount of compensation being paid for the permanent total
- 5 disability. (NRS 616C.473)
- 6 This bill authorizes a payment of additional compensation to each injured
- 7 employee who suffers from a permanent total disability and who is not entitled to
- 8 receive an annual cost-of-living increase pursuant to NRS 616C.473. The payment
- 9 is funded by the income realized from the investment of the assets of the Uninsured
- 10 Employers’ Claim Account and, if necessary, assessments imposed on each entity
- 11 providing industrial insurance in this State.



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

Section 1. NRS 616A.430 is hereby amended to read as follows:

616A.430 1. There is hereby established in the State Treasury the Uninsured Employers' Claim Account in the Fund for Workers' Compensation and Safety, which may be used only for the purpose of making payments in accordance with the provisions of NRS 616C.220 ~~[and 617.401.]~~ , *617.401 and section 2 of this act*. The Administrator shall administer the Account and shall credit any excess money toward the assessments of the insurers for the succeeding years.

2. All assessments, penalties, bonds, securities and all other properties received, collected or acquired by the Administrator for the Uninsured Employers' Claim Account must be delivered to the custody of the State Treasurer.

3. All money and securities in the Account must be held by the State Treasurer as custodian thereof to be used solely for workers' compensation.

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

5. The State Treasurer shall invest money of the Account in the same manner and in the same securities in which he is authorized to invest money of the State General Fund. Income realized from the investment of the assets of the Account must be credited to the Account.

6. The Administrator shall assess each insurer, including each employer who provides accident benefits for injured employees pursuant to NRS 616C.265, an amount to be deposited in the Uninsured Employers' Claim Account. To establish the amount of the assessment, the Administrator shall determine the amount of money necessary to maintain an appropriate balance in the Account for each fiscal year , *including, without limitation, any amount of money that the Administrator has determined is required to fund the payments required pursuant to section 2 of this act*, and shall allocate a portion of that amount to be payable by private carriers, a portion to be payable by self-insured employers, a portion to be payable by associations of self-insured public or private employers and a portion to be payable by the employers who provide accident benefits pursuant to NRS 616C.265, based upon the expected annual expenditures for claims of each group of insurers. ~~[After]~~ *Except as*



1 *otherwise provided in section 2 of this act, after* allocating the
2 amounts payable, the Administrator shall apply an assessment rate
3 to the:

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

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

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

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

20 ➤ The Administrator shall adopt regulations for the establishment
21 and administration of the assessment rates, payments and any
22 penalties that the Administrator determines are necessary to carry
23 out the provisions of this subsection. As used in this subsection, the
24 term "group of insurers" includes the group of employers who
25 provide accident benefits for injured employees pursuant to
26 NRS 616C.265.

27 7. The Commissioner shall assign an actuary to review the
28 establishment of assessment rates. The rates must be filed with the
29 Commissioner 30 days before their effective date. Any insurer who
30 wishes to appeal the rate so filed must do so pursuant to
31 NRS 679B.310.

32 **Sec. 2.** Chapter 616C of NRS is hereby amended by adding
33 thereto a new section to read as follows:

34 *1. If a claimant or a dependent of a claimant is entitled to*
35 *receive compensation pursuant to chapters 616A to 617, inclusive,*
36 *of NRS for a permanent total disability and the claimant or*
37 *dependent is not entitled to an annual increase in that*
38 *compensation pursuant to NRS 616C.473, the claimant or*
39 *dependent is entitled to an annual payment for that permanent*
40 *total disability in an amount determined by the Administrator*
41 *pursuant to subsection 4, but such annual payments may not*
42 *exceed \$1,200 per claimant or dependent. The total payments*
43 *made pursuant to this section may not exceed \$500,000 per year.*

44 *2. Each year the Administrator shall withdraw from the*
45 *Uninsured Employers' Claim Account established pursuant to*



1 *NRS 616A.430 an amount of the income realized from the*
2 *investment of the assets in the Account that is necessary to fund*
3 *the payments calculated pursuant to subsection 4. If there is not*
4 *sufficient income realized from the investment of the assets in the*
5 *Account to fund all the payments for the year, the Administrator*
6 *shall assess to each insurer, including each employer who*
7 *provides accident benefits for injured employees pursuant to NRS*
8 *616C.265, an amount that, as determined by the Administrator, is*
9 *required to obtain the amount necessary to fund the payments*
10 *when such assessments are combined with the income realized*
11 *from the investment of the assets in the Account. Any money*
12 *collected by the Administrator from the assessment must be*
13 *accounted for separately by the Administrator.*

14 3. *An insurer who pays an assessment pursuant to this*
15 *section shall charge and collect from each policyholder of the*
16 *insurer a fee to cover the amount of the assessment. Such a fee is*
17 *in addition to any premium charged to the policyholder for*
18 *industrial insurance and must not be included in the amount of*
19 *any such premium. The insurer shall bill the policyholder*
20 *separately for the fee or include the fee as a separate charge on*
21 *the policy. The Administrator may reduce the amount of the*
22 *assessment that an insurer must pay to the Uninsured Employers'*
23 *Claim Account pursuant to NRS 616A.430 by the amount assessed*
24 *by the Administrator to the insurer pursuant to this section.*

25 4. *The Administrator shall adopt regulations establishing a*
26 *method for the equitable distribution of the money collected from*
27 *the assessment pursuant to this section. The regulations must*
28 *provide for payments that result in the largest proportional share*
29 *of the money collected from the assessment being paid to*
30 *claimants and dependents who receive the lowest amount of*
31 *compensation pursuant to chapters 616A to 617, inclusive, of NRS*
32 *for the permanent total disability. The Administrator may adopt*
33 *any other regulations that are necessary to carry out the*
34 *provisions of this section.*

35 5. *The Administrator shall make the payment required by this*
36 *section to each claimant and dependent of the claimant who is*
37 *entitled to the payment not later than October 1 of each year. Any*
38 *payment received by the claimant or dependent of the claimant*
39 *pursuant to this section is in addition to any compensation to*
40 *which the claimant or dependent of the claimant is otherwise*
41 *entitled by law.*

42 **Sec. 3.** This act becomes effective on July 1, 2005.

