

SENATE BILL NO. 500—COMMITTEE ON GOVERNMENT AFFAIRS

MARCH 26, 2007

Referred to Committee on Commerce and Labor

SUMMARY—Authorizes contracts between legal services organizations and local governmental agencies for the provision of insurance. (BDR 23-1367)

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 insurance; authorizing legal services organizations to contract with local governmental agencies for the provision of insurance; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Under existing law, local governmental agencies are authorized to provide
2 group life, accident and health insurance for their employees. (NRS 287.010) This
3 bill authorizes a legal services organization to contract with a local governmental
4 agency in the county in which the legal services organization is located for the
5 provision of insurance to the officers and employees of the legal services
6 organization. Such a contract must require the officers and employees of the legal
7 services organization to pay the premiums for the insurance and does not become
8 effective unless approved by the Commissioner of Insurance.

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

1 **Section 1.** NRS 287.010 is hereby amended to read as follows:
2 287.010 1. The governing body of any county, school
3 district, municipal corporation, political subdivision, public
4 corporation or other local governmental agency of the State of
5 Nevada may:
6 (a) Adopt and carry into effect a system of group life, accident
7 or health insurance, or any combination thereof, for the benefit of its
8 officers and employees, and the dependents of officers and



1 employees who elect to accept the insurance and who, where
2 necessary, have authorized the governing body to make deductions
3 from their compensation for the payment of premiums on the
4 insurance.

5 (b) Purchase group policies of life, accident or health insurance,
6 or any combination thereof, for the benefit of such officers and
7 employees, and the dependents of such officers and employees, as
8 have authorized the purchase, from insurance companies authorized
9 to transact the business of such insurance in the State of Nevada,
10 and, where necessary, deduct from the compensation of officers and
11 employees the premiums upon insurance and pay the deductions
12 upon the premiums.

13 (c) Provide group life, accident or health coverage through a
14 self-insurance reserve fund and, where necessary, deduct
15 contributions to the maintenance of the fund from the compensation
16 of officers and employees and pay the deductions into the fund. The
17 money accumulated for this purpose through deductions from the
18 compensation of officers and employees and contributions of the
19 governing body must be maintained as an internal service fund as
20 defined by NRS 354.543. The money must be deposited in a state or
21 national bank or credit union authorized to transact business in the
22 State of Nevada. Any independent administrator of a fund created
23 under this section is subject to the licensing requirements of chapter
24 683A of NRS, and must be a resident of this State. Any contract
25 with an independent administrator must be approved by the
26 Commissioner of Insurance as to the reasonableness of
27 administrative charges in relation to contributions collected and
28 benefits provided. The provisions of NRS 689B.030 to 689B.050,
29 inclusive, 689B.287 and 689B.575 apply to coverage provided
30 pursuant to this paragraph, except that the provisions of NRS
31 689B.0359 do not apply to such coverage.

32 (d) Defray part or all of the cost of maintenance of a self-
33 insurance fund or of the premiums upon insurance. The money for
34 contributions must be budgeted for in accordance with the laws
35 governing the county, school district, municipal corporation,
36 political subdivision, public corporation or other local governmental
37 agency of the State of Nevada.

38 2. If a school district offers group insurance to its officers and
39 employees pursuant to this section, members of the board of trustees
40 of the school district must not be excluded from participating in the
41 group insurance. If the amount of the deductions from compensation
42 required to pay for the group insurance exceeds the compensation to
43 which a trustee is entitled, the difference must be paid by the trustee.

44 **3. In any county in which a legal services organization exists,**
45 **the governing body of the county, or of any school district,**



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1 *municipal corporation, political subdivision, public corporation or*
2 *other local governmental agency of the State of Nevada in the*
3 *county, may enter into a contract with the legal services*
4 *organization pursuant to which the officers and employees of the*
5 *legal services organization, and the dependents of those officers*
6 *and employees, are eligible for any life, accident or health*
7 *insurance provided pursuant to this section to the officers and*
8 *employees, and the dependents of the officers and employees, of*
9 *the county, school district, municipal corporation, political*
10 *subdivision, public corporation or other local governmental*
11 *agency.*

12 *4. If a contract is entered into pursuant to subsection 3, the*
13 *officers and employees of the legal services organization:*

14 *(a) Shall be deemed, solely for the purposes of this section, to*
15 *be officers and employees of the county, school district, municipal*
16 *corporation, political subdivision, public corporation or other*
17 *local governmental agency with which the legal services*
18 *organization has contracted; and*

19 *(b) Must be required by the contract to pay the premiums or*
20 *contributions for all insurance which they elect to accept or of*
21 *which they authorize the purchase.*

22 *5. A contract that is entered into pursuant to subsection 3:*

23 *(a) Must be submitted to the Commissioner of Insurance for*
24 *approval not less than 30 days before the date on which the*
25 *contract is to become effective.*

26 *(b) Does not become effective unless approved by the*
27 *Commissioner.*

28 *(c) Shall be deemed to be approved if not disapproved by the*
29 *Commissioner within 30 days after its submission.*

30 *6. As used in this section, "legal services organization"*
31 *means an organization that operates a program for legal aid and*
32 *receives money pursuant to NRS 19.031.*

33 **Sec. 2.** This act becomes effective on July 1, 2007.

