

ASSEMBLY BILL NO. 118—ASSEMBLYMAN CARPENTER

PREFILED JANUARY 27, 2009

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing associations of self-insured employers. (BDR 53-695)

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 associations of self-insured employers; revising the type of financial statement that proposed members of an association must provide with an application for certification; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 **Section 1** of this bill revises the requirements for items that must accompany an
2 application for certification as an association of self-insured employers by requiring
3 a compiled financial statement, rather than a reviewed financial statement, for each
4 proposed member. (NRS 616B.350)

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

1 **Section 1.** NRS 616B.350 is hereby amended to read as
2 follows:
3 616B.350 1. A group of five or more employers may not act
4 as an association of self-insured public employers unless the group:
5 (a) Is composed of employers engaged in the same or similar
6 classifications of employment; and
7 (b) Has been issued a certificate to act as such an association by
8 the Commissioner.
9 2. A group of five or more employers may not act as an
10 association of self-insured private employers unless each member of
11 the group:



(a) Is a member or associate member of a bona fide trade association, as determined by the Commissioner, which:

(1) Is incorporated in this State; and

(2) Has been in existence for at least 5 years; and

(b) Has been issued a certificate to act as such an association by the Commissioner.

3. An association of public or private employers that wishes to be issued a certificate must file with the Commissioner an application for certification.

4. The application must include:

(a) The name of the association.

(b) The address of:

(1) The principal office of the association.

(2) The location where the books and records of the association will be maintained.

(c) The date the association was organized.

(d) The name and address of each member of the association.

(e) The names of the initial members of the board of trustees and the name of the initial association's administrator.

(f) Such other information as the Commissioner may require.

5. The application must be accompanied by:

(a) A nonrefundable filing fee of \$1,000.

(b) Proof of compliance with NRS 616B.353.

(c) Proof that the association or its third-party administrator is licensed or otherwise authorized to conduct business in this State pursuant to title 57 of NRS.

(d) A copy of the agreements entered into with the association's administrator and a third-party administrator.

(e) A copy of the bylaws of the association.

(f) A copy of an agreement jointly and severally binding the association and each member of the association to secure the payment of all compensation due pursuant to chapters 616A to 617, inclusive, of NRS.

(g) A pro forma financial statement prepared by an independent certified public accountant in accordance with generally accepted accounting principles that shows the financial ability of the association to pay all compensation due pursuant to chapters 616A to 617, inclusive, of NRS.

(h) A ~~reviewed~~ **compiled** financial statement prepared by an independent certified public accountant for each proposed member of the association or evidence of the ability of the association or its proposed members to provide a solvency bond pursuant to subsection 3 of NRS 616B.353.

(i) Proof that each member of the association will make the initial payment to the association required pursuant to NRS



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1 616B.416 on a date specified by the Commissioner. The payment
2 shall be deemed to be a part of the assessment required to be paid by
3 each member for the first year of self-insurance if certification is
4 issued to the association.

5 6. Except as otherwise provided in NRS 239.0115, any
6 financial information relating to a member of an association
7 received by the Commissioner pursuant to the provisions of this
8 section is confidential and must not be disclosed.

9 7. For the purposes of this section, "associate member of a
10 bona fide trade association" means a supplier whose business, as
11 determined by the Commissioner:

12 (a) Is limited to a specific industry; and

13 (b) Primarily involves providing a product or service that is
14 directly used or consumed by substantially all of the members of the
15 trade association or bears a direct relationship to the business of the
16 members of the association.

