

Amendment No. 767

Senate Amendment to Assembly Bill No. 215 First Reprint	(BDR 54-893)
Proposed by: Senate Committee on Commerce and Labor	
Amends: Summary: Yes Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes	

ASSEMBLY ACTION		Initial and Date	SENATE ACTION		Initial and Date
Adopted	<input type="checkbox"/>	Lost <input type="checkbox"/>	Adopted	<input type="checkbox"/>	Lost <input type="checkbox"/>
Concurred In	<input type="checkbox"/>	Not <input type="checkbox"/>	Concurred In	<input type="checkbox"/>	Not <input type="checkbox"/>
Receded	<input type="checkbox"/>	Not <input type="checkbox"/>	Receded	<input type="checkbox"/>	Not <input type="checkbox"/>

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) *green bold italic underlining* is new language proposed in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill that is proposed to be retained in this amendment; and (6) *green bold dashed underlining* is newly added transitory language.

DP/WLK



Date: 5/16/2009

A.B. No. 215—Requires a contractor or an applicant for an original or a renewal of a contractor’s license to obtain and maintain certain liability insurance. (BDR 54-893)



ASSEMBLY BILL NO. 215—ASSEMBLYMAN OCEGUERA

FEBRUARY 26, 2009

Referred to Committee on Commerce and Labor

SUMMARY—Requires a contractor or an applicant for an original or a renewal of a contractor's license to obtain and maintain certain liability insurance ~~or~~ or to self-insure. (BDR 54-893)

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

~

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

AN ACT relating to contractors; requiring licensed contractors and applicants for issuance or renewal of a contractor's license to obtain and provide proof of liability insurance ~~or~~ or to provide proof of tangible net assets sufficient to self-insure; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Section 1 of this bill requires a contractor who is actively licensed pursuant to chapter 624 of NRS or an applicant for an original or renewal license under that chapter to obtain, maintain and provide proof of insurance, with coverage having specified limits of liability or to self-insure by providing proof of tangible net assets equal to those same specified limits, for claims ~~for injury to persons or damage to property~~ which may arise from or in connection with the work of the contractor or applicant or his agents, representatives, employees or subcontractors. Section 1 also authorizes the State Contractors' Board to adopt regulations for the verification of liability insurance and to inspect the books and records of a licensee who is self-insured.

Section 1.2 of this bill revises provisions relating to the confidentiality of a licensee's information to provide that information relating to the tangible net worth of a licensee or an applicant for a contractor's license is also confidential.

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

Section 1. Chapter 624 of NRS is hereby amended by adding thereto a new section to read as follows:

1. Before granting an original or renewal of a contractor's license to an applicant, the Board shall require that the applicant submit to the Board proof of liability insurance that provides coverage for liability for products and completed operations against claims ~~for injury to persons or damage to property~~ which may arise from or in connection with work that is subject to regulation pursuant to this chapter supplied, provided or performed by the applicant or his agents,

representatives, employees or subcontractors in an amount not less than the amount set forth in subsection 2.

2. To satisfy the requirements of this section, a licensee or an applicant for a contractor's license shall ~~obtain~~ :

(a) Obtain and provide proof of liability insurance that provides coverage for liability for products and completed operations, including, without limitation, excess or umbrella policies, as defined in subsection 6 of NRS 687B.145, with coverage that has limits of liability not less than:

~~(1)~~ (1) If the Board places on the license a limit on contracting or bidding to contract in an amount less than \$1,000,000, \$300,000 in the aggregate and \$100,000 for each occurrence;

~~(2)~~ (2) If the Board places on the license a limit on contracting or bidding to contract in an amount \$1,000,000 or greater but less than \$10,000,000, \$2,000,000 in the aggregate and \$1,000,000 for each occurrence; and

~~(3)~~ (3) If the Board places on the license a limit on contracting or bidding to contract in an amount that is \$10,000,000 or greater or is unlimited, \$3,000,000 in the aggregate and \$3,000,000 for each occurrence ~~or~~;

(b) Self-insure by establishing to the satisfaction of the Board that the licensee or applicant has sufficient financial resources to satisfy the requirements set forth in subparagraphs (1), (2) and (3) of paragraph (a). For the purposes of this paragraph, a licensee or an applicant for a contractor's license has sufficient financial resources if he provides to the Board a statement of tangible net worth, prepared by an independent certified public accountant, which evidences that the contractor or applicant has a tangible net worth of:

(1) If the Board places on the license a limit on contracting or bidding to contract in an amount less than \$1,000,000, \$300,000;

(2) If the Board places on the license a limit on contracting or bidding to contract in an amount \$1,000,000 or greater but less than \$10,000,000, \$2,000,000; and

(3) If the Board places on the license a limit on contracting or bidding to contract in an amount that is \$10,000,000 or greater or is unlimited, \$3,000,000.

3. If a licensee applies to the Board for a temporary increase in the limit on contracting or bidding to contract which the Board has placed on his license, the Board shall require the licensee to submit proof of insurance with coverage that has limits of liability or a statement of tangible net worth as provided in subsection 2 that correspond to the temporary limit on contracting or bidding to contract. The insurance required pursuant to this subsection may be contingent upon approval by the Board of the temporary increase in the limit on contracting or bidding to contract.

4. A licensee shall maintain the insurance or self-insurance required pursuant to this section at all times during which he holds his license ~~on active status~~.

5. The books and records of a licensee who is self-insured must be open to inspection by the Board or its auditor or agent to determine any information necessary for the administration of this section.

6. The requirements of subsections 1, 2 and 5 do not apply to a licensee whose license is on inactive status.

7. The Board may impose an administrative fine against a licensee in an amount not greater than \$10,000, in addition to any other penalty authorized by this chapter, if the licensee:

(a) ~~Causes~~ Has been determined by a court of competent jurisdiction to have caused injury to persons or damage to property which ~~arose~~ arose from or in connection with ~~work~~ products and completed operations that ~~are~~ are subject

1 to regulation pursuant to this chapter supplied, provided or performed by the
2 licensee or his agents, representatives, employees or subcontractors; and

3 (b) Has failed to comply with the requirements of subsection 2 or 3.

4 8. The Board shall adopt regulations for the verification of insurance
5 required to be obtained and maintained by licensees and applicants for
6 contractor's licenses by this section.

7 9. Each insurer that has executed a contract of insurance for a policy of
8 liability insurance which may be used to meet the requirements of this section
9 shall provide the Board with a record of each such policy issued, amended or
10 terminated in the previous month and the date the event occurred. The record
11 provided pursuant to this subsection must be submitted in a form approved by the
12 Board and may include, without limitation, magnetic tape or any other electronic
13 medium deemed acceptable by the Board. The Board shall notify the
14 Commissioner of Insurance if an insurer:

15 (a) Fails to comply with this subsection; or

16 (b) In complying with this subsection, provides to the Board information that
17 is false, incomplete or misleading.

18 10. For the purposes of this section:

19 (a) "Self-insure" or "self-insurance" means to establish, or the
20 establishment, to the satisfaction of the Board that a licensee or applicant for a
21 contractor's license has the capability to assume the responsibility for the
22 payment of claims for injury to persons or damage to property which arises from
23 or in connection with products and completed operations that are subject to
24 regulation pursuant to this chapter supplied, provided or performed by the
25 licensee or his agents, representatives, employees or subcontractors.

26 (b) "Tangible net worth" means the value of all the assets, minus the value
27 of all the liabilities, of a licensee or an applicant for a contractor's license except:

28 (1) Goodwill or excess cost over the fair market value of assets.

29 (2) Any other items listed in the assets that are deemed unacceptable by
30 the Board because they cannot be justified or because they do not directly support
31 the ability of the licensee or the applicant to pay a claim for injury to persons or
32 damage to property which arises from or in connection with products and
33 completed operations that are subject to regulation pursuant to this chapter
34 supplied, provided or performed by the licensee or his agents, representatives,
35 employees or subcontractors.

36 **Sec. 1.2. NRS 624.110 is hereby amended to read as follows:**

37 624.110 1. The Board may maintain offices in as many localities in the
38 State as it finds necessary to carry out the provisions of this chapter, but it shall
39 maintain one office in which there must be at all times open to public inspection a
40 complete record of applications, licenses issued, licenses renewed and all
41 revocations, cancellations and suspensions of licenses.

42 2. Except as otherwise required in NRS 239.0115 and 624.327, credit reports,
43 references, financial information and data pertaining to ~~the licensee's~~ the net worth
44 and tangible net worth of a licensee or an applicant for a contractor's license are
45 confidential and not open to public inspection.

46 **Sec. 1.3. NRS 624.220 is hereby amended to read as follows:**

47 624.220 1. The Board shall adopt regulations necessary to effect the
48 classification and subclassification of contractors in a manner consistent with
49 established usage and procedure as found in the construction business, and may
50 limit the field and scope of the operations of a licensed contractor to those in which
51 he is classified and qualified to engage as defined by NRS 624.215 and the
52 regulations of the Board.

2. The Board shall limit the field and scope of the operations of a licensed contractor by establishing a monetary limit on a contractor's license, and the limit must be the maximum contract a licensed contractor may undertake on one or more construction contracts on a single construction site or subdivision site for a single client. The Board may take any other action designed to limit the field and scope of the operations of a contractor as may be necessary to protect the health, safety and general welfare of the public. The limit must be determined after consideration of the factors set forth in NRS 624.260 to 624.265, inclusive ~~and~~ *and section 1 of this act*.

3. A licensed contractor may request that the Board increase the monetary limit on his license, either on a permanent basis or for a single construction project. A request submitted to the Board pursuant to this subsection must be in writing on a form prescribed by the Board and accompanied by such supporting documentation as the Board may require. If a request submitted pursuant to this section is for a single construction project, the request must be submitted to the Board at least 2 working days before the date on which the licensed contractor intends to submit his bid for the project.

4. Subject to the provisions of regulations adopted pursuant to subsection 5, nothing contained in this section prohibits a specialty contractor from taking and executing a contract involving the use of two or more crafts or trades, if the performance of the work in the crafts or trades, other than in which he is licensed, is incidental and supplemental to the performance of work in the craft for which the specialty contractor is licensed.

5. The Board shall adopt regulations establishing a specific limit on the amount of asbestos that a licensed contractor with a license that is not classified for the abatement or removal of asbestos may abate or remove pursuant to subsection 4.

Sec. 1.5. (Deleted by amendment.)

Sec. 1.7. NRS 624.3013 is hereby amended to read as follows:

624.3013 The following acts, among others, constitute cause for disciplinary action pursuant to NRS 624.300:

1. Failure to keep records showing all contracts, documents, receipts and disbursements by a licensee of all of his transactions as a contractor and to keep them open for inspection by the Board or Executive Officer for a period of not less than 3 years after the completion of any construction project or operation to which the records refer.

2. Misrepresentation of a material fact by an applicant or licensee in connection with any information or evidence furnished the Board in connection with official matters of the Board.

3. Failure to establish financial responsibility pursuant to NRS 624.220 and 624.260 to 624.265, inclusive, *and section 1 of this act* at the time of renewal of the license or at any other time when required by the Board.

4. Failure to keep in force the bond or cash deposit pursuant to NRS 624.270 for the full period required by the Board.

5. Failure in any material respect to comply with the provisions of this chapter or the regulations of the Board.

Sec. 2. (Deleted by amendment.)

Sec. 3. (Deleted by amendment.)

Sec. 4. (Deleted by amendment.)

Sec. 5. (Deleted by amendment.)

Sec. 6. (Deleted by amendment.)

Sec. 7. (Deleted by amendment.)

Sec. 8. (Deleted by amendment.)

- 1 **Sec. 9.** (Deleted by amendment.)
2 **Sec. 10.** (Deleted by amendment.)
3 **Sec. 11.** (Deleted by amendment.)
4 **Sec. 12.** (Deleted by amendment.)
5 **Sec. 13.** (Deleted by amendment.)
6 **Sec. 14.** This act applies to licenses issued or renewed pursuant to chapter
7 624 of NRS, on or after October 1, 2009.