

SENATE BILL NO. 194—COMMITTEE ON
COMMERCE, LABOR AND ENERGY

FEBRUARY 25, 2015

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions relating to industrial insurance.
(BDR 53-991)

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 industrial insurance; revising the threshold cost of a construction project at which a private company, public entity or utility may establish a consolidated insurance program; requiring the owner or principal contractor of a construction project that is covered by a consolidated insurance program to provide access to the site of the construction project and to documents relating to claims under certain circumstances; revising certain requirements for the issuance of a policy or contract of insurance providing coverage for a consolidated insurance program; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law allows a private company, public entity or utility to establish and administer or to require participation in a consolidated insurance program for industrial insurance on a construction project which meets a minimum threshold amount established by the Commissioner of Insurance, which must initially be set at \$150,000,000. (NRS 616B.710) **Section 1** of this bill fixes this threshold cost for a construction project or series of projects at \$50,000,000.

Existing law requires a private company, public entity or utility that enters into a contract with a private carrier for the provision of industrial insurance coverage for a consolidated insurance program to file a copy of the contract with the Commissioner. **Section 2** of this bill deletes that requirement for a private company.

Existing law requires that each consolidated insurance program have a designated administrator of claims. Existing law also prohibits the administrator from serving as administrator for more than one consolidated insurance program.



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(NRS 616B.727) **Section 3** of this bill removes this prohibition, allowing an administrator of claims to serve as the administrator of claims for the consolidated insurance program of more than one construction project. **Section 3** also requires that any policy or contract of insurance required by a consolidated insurance program be issued by an insurer meeting certain requirements.

Section 2.5 of this bill requires the owner or primary contractor of a construction project to allow the contractor, employer or subcontractor who employs an employee who is engaged in the construction project to have access to the site of the construction project and to any documents relating to claims filed by or on behalf of their injured workers.

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

Section 1. NRS 616B.710 is hereby amended to read as follows:

616B.710 1. A private company, public entity or utility may:

(a) Establish and administer a consolidated insurance program to provide industrial insurance coverage for employees of contractors and subcontractors who are engaged in a construction project *or series of projects* of which the private company, public entity or utility is the owner or principal contractor, if the estimated total cost of the construction project *or series of projects* is equal to or greater than ~~{the threshold amount established by the Commissioner pursuant to subsection 3,}~~ *\$50,000,000*; and

(b) As a condition precedent to the award of a contract to perform work on the construction project ~~{}~~ *or any project that is part of the series of projects*, require that contractors and subcontractors who will be engaged in the construction of the project *or series of projects* participate in the consolidated insurance program.

2. If a private company, public entity or utility:

(a) Establishes and administers a consolidated insurance program; and

(b) Pursuant to the contract for the construction of the project ~~{}~~ *or series of projects*, owes a periodic payment to a contractor or subcontractor whose employees are covered under the consolidated insurance program,

↪ the private company, public entity or utility shall not withhold such a periodic payment on the basis that the contractor or subcontractor has not signed an employer's report of industrial injury or occupational disease as required pursuant to NRS 616C.045.

3. ~~{The Commissioner shall establish the threshold amount that the estimated total cost of a construction project must be equal to or greater than before a consolidated insurance program may be~~



~~established and administered for that project pursuant to this section. The base amount for the threshold must initially be \$150,000,000 and thereafter must be an amount equal to \$150,000,000 as adjusted by the Commissioner on June 30 of each year to reflect the present value of that amount with respect to the construction cost index.~~

~~—4.} As used in this section:~~

~~(a) “Construction cost index” means the construction cost index published by the Engineering News Record as a measure of inflation.~~

~~—(b)} “Estimated total cost” means the estimated cost to complete all parts of a construction project { } or series of projects, including, without limitation, the cost of:~~

~~(1) Designing the project { } or series of projects;~~

~~(2) Acquiring the real property on which the project or series of projects will be constructed;~~

~~(3) Connecting the project or series of projects to utilities;~~

~~(4) Excavating and carrying out underground improvements for the project { } or series of projects; and~~

~~(5) Acquiring equipment and furnishings for the project { } or series of projects.~~

~~➤ The term does not include the cost of any fees or charges associated with acquiring the money necessary to complete the project { } or series of projects.~~

~~(b) “Series of projects” means two or more projects of which the same private company, public entity or utility is the owner or principal contractor and which are specifically identifiable at the time a consolidated insurance program is established.~~

Sec. 2. NRS 616B.712 is hereby amended to read as follows:

616B.712 1. A private carrier who is authorized to transact industrial insurance in this State may contract with a private company, public entity or utility to provide industrial insurance coverage for a consolidated insurance program.

2. A ~~{private company,}~~ public entity or utility that enters into a contract with a private carrier for the provision of industrial insurance coverage for a consolidated insurance program shall file a copy of the contract with the Commissioner at least 60 days before the date on which the construction project is scheduled to begin.

3. The Commissioner shall, within 60 days after receiving a copy of a contract pursuant to subsection 2, review and approve or disapprove the contract. If the Commissioner does not disapprove the contract within 60 days after receiving it, the contract shall be deemed approved.

Sec. 2.5. NRS 616B.725 is hereby amended to read as follows:

616B.725 1. A consolidated insurance program that a private company, public entity or utility is authorized to establish and



1 administer pursuant to NRS 616B.710 must, in the manner set forth
2 in this section, provide for the safety of an employee of a contractor
3 or subcontractor who is engaged in the construction project when
4 such an employee works at the site of the construction project.

5 2. The owner or principal contractor of the construction project
6 shall develop and carry out a safety program that includes, without
7 limitation:

8 (a) The establishment of minimum standards of safety to be
9 observed during construction of the project;

10 (b) The holding of regular meetings to address and discuss
11 issues related to safety;

12 (c) Training of contractors and subcontractors regarding issues
13 and procedures related to safety;

14 (d) Regular inspections of the site of the construction project to
15 identify potential safety hazards and ensure that minimum standards
16 of safety are being observed;

17 (e) The notification of contractors and subcontractors of special
18 hazards that exist at the site of the construction project, including
19 advice on ways in which the contractors and subcontractors can
20 avoid those hazards; and

21 (f) The prompt investigation of any injuries that take place at the
22 site of the construction project which result in death or serious
23 bodily injury.

24 3. The owner or principal contractor of the construction project
25 shall hire or contract with two persons to serve as the primary and
26 alternate coordinators for safety for the construction project. The
27 primary and alternate coordinators for safety must:

28 (a) Possess credentials in the field of safety that the
29 Administrator determines to be adequate to prepare a person to act
30 as a coordinator for safety for a construction project, including,
31 without limitation, credentials issued by : ~~{the-}~~

32 (1) *The* Board of Certified Safety Professionals; or

33 (2) ~~{Insurance Institute of America;}~~ *The Institutes*; or

34 (b) Have at least 3 years of experience in overseeing matters of
35 occupational safety and health in the field of construction that the
36 Administrator determines to be adequate to prepare a person to act
37 as a coordinator for safety for a construction project.

38 4. The primary and alternate coordinators for safety for the
39 construction project:

40 (a) Must not serve as coordinators for safety for another
41 construction project that is covered by a different consolidated
42 insurance program;

43 (b) Shall oversee and enforce the safety program established
44 pursuant to subsection 2, including, without limitation, resolving
45 problems related to the operation of the safety program; and



(c) Shall ensure that the contractors, employers and subcontractors who are engaged in the construction of the project coordinate their efforts regarding issues of occupational safety and health to create and maintain a safe and healthful workplace.

5. The alternate coordinator for safety shall report to the primary coordinator for safety regarding activities that take place at the site of the construction project when the primary coordinator is absent.

6. The owner or principal contractor of the construction project shall ensure that the primary or alternate coordinator for safety for the construction project is physically present at the site of the construction project whenever activity related to construction is taking place at the site.

7. The owner or principal contractor of the construction project shall allow the contractor, employer or subcontractor who employs an employee who is engaged in the construction project to access:

(a) The site of the construction project for the purpose of ensuring the occupational safety and health of the employees of the contractor, employer or subcontractor; and

(b) Any documents relating to claims filed by or on behalf of an employee of the contractor, employer or subcontractor who has been injured on the construction project.

Sec. 3. NRS 616B.727 is hereby amended to read as follows:

616B.727 1. A consolidated insurance program that a private company, public entity or utility is authorized to establish and administer pursuant to NRS 616B.710 must, in the manner set forth in this section, provide for the administration of claims for industrial insurance for an employee of a contractor or subcontractor who is engaged in the construction project when such an employee works at the site of the construction project.

2. The owner or principal contractor of the construction project shall hire or contract with a person to serve as the administrator of claims for industrial insurance for the construction project. ~~{Such a person must not serve as an administrator of claims for industrial insurance for another construction project that is covered by a different consolidated insurance program.}~~

3. *Any policy or contract of insurance providing coverage for a consolidated insurance program must be issued by an insurer who is rated A- or better by A.M. Best with a Financial Size Category of Class VII or larger, or the equivalent as determined by the Commissioner.*

4. The administrator of claims for industrial insurance for the construction project who is hired or with whom the owner or principal contractor contracts pursuant to subsection 2 shall:



(a) Assist an employee who is covered under the consolidated insurance program or, in the event of the employee's death, one of the dependents of the employee, in filing a written notice of injury or death as required pursuant to NRS 616C.015 or a written notice of an occupational disease as required pursuant to NRS 617.342;

(b) Sign and file on behalf of a contractor or subcontractor whose employees are covered under the consolidated insurance program an employer's report of industrial injury or occupational disease as required pursuant to NRS 616C.045 or 617.354;

(c) Ensure that an employee who is covered under the consolidated insurance program and who has been injured or who has incurred an occupational disease while working on the construction project is directed to a medical facility that will provide treatment to the employee under the program;

(d) Handle all issues, to the extent reasonably practicable, relating to claims for industrial insurance at the site of the construction project; and

(e) Hire or contract such assistant administrators as may be necessary to carry out the responsibilities of the administrator of claims pursuant to this section.

~~[4.]~~ 5. The owner or principal contractor of the construction project shall ensure that the administrator of claims for industrial insurance for the construction project or an assistant administrator is physically present at the site of the construction project whenever activity related to construction is taking place at the site.

