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ASSEMBLY BILL NO. 157—ASSEMBLYWOMAN GIUNCHIGLIANI  
(BY REQUEST)

FEBRUARY 18, 2003

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to consolidated insurance programs. (BDR 53-370)

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.

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AN ACT relating to industrial insurance; defining the term “construction project” for the purpose of a consolidated insurance program; limiting the type of construction project that may be insured through a consolidated insurance program; prohibiting a consolidated insurance program from covering more than one construction project; and providing other matters properly relating thereto.

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

- 1     **Section 1.** Chapter 616B of NRS is hereby amended by adding  
2 thereto the provisions set forth as sections 2 to 5, inclusive, of this  
3 act:  
4     **Sec. 2.** *As used in NRS 616B.710 to 616B.737, inclusive, and*  
5 *sections 2 to 5, inclusive, of this act, unless the context otherwise*  
6 *requires, the words and terms defined in sections 3, 4 and 5 of this*  
7 *act have the meanings ascribed to them in those sections.*  
8     **Sec. 3.** *“Construction project” means a project to construct*  
9 *or perform construction work on a fixed work or structure.*  
10    **Sec. 4.** *“Fixed work” includes irrigation, drainage, water*  
11 *supply, water power, flood control, harbors, railroads, highways,*  
12 *tunnels, airports and airways, sewers and sewage disposal systems,*  
13 *bridges, inland waterways, pipelines for transmission of petroleum*



1 *and other liquid or gaseous substances, refineries, chemical plants*  
2 *and industrial plants requiring a specialized engineering*  
3 *knowledge and skill, power plants, piers and foundations.*

4 **Sec. 5.** *“Structure” means a building or other structure*  
5 *designed for the support, shelter and enclosure of persons,*  
6 *animals, chattels or movable property of any kind, the*  
7 *construction of which requires the use of more than two unrelated*  
8 *building trades or crafts. The term does not include a residential*  
9 *dwelling unit as defined in NRS 278.4977.*

10 **Sec. 6.** NRS 616B.710 is hereby amended to read as follows:

11 616B.710 1. A private company, public entity or utility may:

12 (a) Establish and administer a consolidated insurance program to  
13 provide industrial insurance coverage for employees of contractors  
14 and subcontractors who are engaged in a construction project of  
15 which the private company, public entity or utility is the owner or  
16 principal contractor, if the ~~estimated~~:

17 (1) *Estimated* total cost of the construction project is equal to  
18 or greater than the threshold amount established by the  
19 Commissioner pursuant to subsection 3; *and*

20 (2) *Diameter of the site for the construction project is not*  
21 *more than 1 mile;* and

22 (b) As a condition precedent to the award of a contract to  
23 perform work on the construction project, require that contractors  
24 and subcontractors who will be engaged in the construction of the  
25 project participate in the consolidated insurance program.

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

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

29 (b) Pursuant to the contract for the construction of the project,  
30 owes a periodic payment to a contractor or subcontractor whose  
31 employees are covered under the consolidated insurance  
32 program,

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

37 3. The Commissioner shall establish the threshold amount that  
38 the estimated total cost of a construction project must be equal to or  
39 greater than before a consolidated insurance program may be  
40 established and administered for that project pursuant to this section.  
41 The base amount for the threshold must initially be \$150,000,000  
42 and thereafter must be an amount equal to \$150,000,000 as adjusted  
43 by the Commissioner on June 30 of each year to reflect the present  
44 value of that amount with respect to the construction cost index.

45 4. As used in this section:



1 (a) "Construction cost index" means the construction cost index  
2 published by the Engineering News-Record as a measure of  
3 inflation.

4 (b) "Estimated total cost" means the estimated cost to complete  
5 all parts of a construction project, including, without limitation, the  
6 cost of:

- 7 (1) Designing the *construction* project;
- 8 (2) ~~[Acquiring the real property on which the project will be~~  
9 ~~constructed;]~~ *Constructing or performing the required*  
10 *construction work on the fixed work or structure;*
- 11 (3) Connecting the *construction* project to utilities; *and*
- 12 (4) Excavating and carrying out underground improvements  
13 for the *construction* project. ~~;~~ ~~and~~  
14 ~~— (5) Acquiring equipment and furnishings for the~~  
15 ~~project.]~~

16 The term does not include the cost of any fees or charges associated  
17 with acquiring the money necessary to complete the *construction*  
18 project ~~;~~, *the cost of acquiring any real property on which the*  
19 *construction project will be located or the cost of acquiring*  
20 *equipment or furnishings, that are not necessary for the*  
21 *completion of the construction work, for the fixed work or*  
22 *structure.*

23 **Sec. 7.** NRS 616B.717 is hereby amended to read as follows:  
24 616B.717 A consolidated insurance program may *not* cover  
25 more than one construction project.

26 **Sec. 8.** NRS 616B.720 is hereby amended to read as follows:  
27 616B.720 A contract for the provision of industrial insurance  
28 that is authorized pursuant to NRS 616B.712 must include, without  
29 limitation:

30 1. Provisions that require compliance with each of the  
31 requirements relating to safety and the administration of claims for  
32 industrial insurance at the site of the construction project that are set  
33 forth in NRS 616B.725 and 616B.727;

34 2. The names and qualifications of the persons appointed to  
35 oversee issues of safety and the administration of claims for  
36 industrial insurance at the site of the construction project pursuant to  
37 NRS 616B.725 and 616B.727;

38 3. The terms and conditions pursuant to which the contract  
39 provides industrial insurance coverage. The terms and conditions  
40 must include, without limitation:

- 41 (a) A definition of the site of the construction project that:
- 42 (1) *Includes an area with a diameter of not more than 1*  
43 *mile;*
- 44 (2) Delineates clearly the area within which coverage is  
45 provided; and



- 1           ~~[(2)]~~ (3) Is reasonably contiguous to the actual physical site  
2 of the ~~[construction project;]~~ *fixed work or structure being*  
3 *constructed or the portion of the fixed work or structure upon*  
4 *which construction work is being performed;* and  
5       (b) A description of the scope and details of the construction  
6 project and the duration of industrial insurance coverage that is  
7 provided for the project;  
8       4. A list in which the owner, principal contractor, construction  
9 manager, contractors and subcontractors of the construction project  
10 are set forth as named insureds; and  
11       5. A provision setting forth the penalties to which the owner,  
12 principal contractor, construction manager, contractors and  
13 subcontractors of the construction project may be subject if such  
14 persons or entities fail to comply with the provisions relating to  
15 safety and the administration of claims for industrial insurance that  
16 are required pursuant to NRS 616B.725 and 616B.727.  
17       **Sec. 9.** This act becomes effective on July 1, 2003.

