
SENATE BILL NO. 167—COMMITTEE ON COMMERCE AND LABOR

(ON BEHALF OF THE NEVADA LEAGUE OF
CITIES AND MUNICIPALITIES)

FEBRUARY 19, 2003

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to industrial insurance.
(BDR 53-337)

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; authorizing a self-insured public employer under certain circumstances to file a report of its reserves in lieu of filing a bond or another authorized form of security; 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.** NRS 616B.300 is hereby amended to read as
2 follows:

3 616B.300 1. An employer may qualify as a self-insured
4 employer by establishing to the satisfaction of the Commissioner
5 that the employer has sufficient administrative and financial
6 resources to make certain the prompt payment of all compensation
7 under chapters 616A to 616D, inclusive, or chapter 617 of NRS.

8 2. ~~[A]~~ *Except as otherwise provided in this section, a* self-
9 insured employer must, in addition to establishing financial ability
10 to pay, deposit with the Commissioner a bond executed by the *self-*
11 *insured* employer as principal, and by a corporation qualified under
12 the laws of this state as surety, payable to the State of Nevada, and
13 conditioned upon the payment of compensation for injuries and
14 occupational diseases to employees. The bond must be in an amount



1 reasonably sufficient to ensure payment of compensation, but in no
2 event may it be less than 105 percent of the *self-insured* employer's
3 expected annual incurred cost of claims, or less than \$100,000. ~~[In~~
4 ~~arriving at an amount for the expected annual cost of claims, due~~
5 ~~consideration must be given to the past and prospective experience~~
6 ~~of the employer with losses and expenses within this state, to the~~
7 ~~hazard of catastrophic loss, to other contingencies, and to trends~~
8 ~~within the state. In arriving at the amount of the deposit required,~~
9 ~~the commissioner may consider the nature of the employer's~~
10 ~~business, the financial ability of the employer to pay compensation~~
11 ~~and his probable continuity of operation.]~~

12 3. In lieu of a bond , the *self-insured* employer may deposit
13 with the Commissioner a like amount of lawful money of the United
14 States or any other form of security authorized by NRS 100.065. If
15 security is provided in the form of a savings certificate, certificate of
16 deposit or investment certificate, the certificate must state that
17 the amount is unavailable for withdrawal except upon order of the
18 Commissioner.

19 4. The required deposit may be increased or decreased by the
20 Commissioner in accordance with chapter 681B of NRS and his
21 regulations for loss reserves in casualty insurance. If the
22 Commissioner requires ~~[an]~~ *the self-insured* employer to increase
23 ~~[his]~~ *the required* deposit, the Commissioner may specify the form
24 of the additional security. The *self-insured* employer shall comply
25 with such a requirement within 60 days after receiving notice from
26 the Commissioner.

27 5. *In lieu of a bond or another authorized form of security,*
28 *the self-insured employer may file with the Commissioner a copy*
29 *of the report of its reserves required by NRS 616B.009 if the self-*
30 *insured employer:*

- 31 (a) *Is a public employer; and*
32 (b) *Maintains reserves in an amount that is reasonably*
33 *sufficient to ensure payment of compensation, but in no event less*
34 *than the self-insured employer's expected annual incurred cost of*
35 *claims.*

36 6. *The Commissioner may require the self-insured employer*
37 *to increase the amount of its reserves maintained pursuant to*
38 *subsection 5 if the Commissioner determines that the increase is*
39 *necessary to ensure payment of compensation. The self-insured*
40 *employer shall comply with such a requirement within 60 days*
41 *after receiving notice from the Commissioner.*

42 7. *For the purposes of this section:*
43 (a) *In arriving at the amount of the self-insured employer's*
44 *expected annual incurred cost of claims, the Commissioner must*
45 *give due consideration to the past and prospective experience of*



1 *the self-insured employer with losses and expenses within the*
2 *state, to the hazard of catastrophic loss, to other contingencies and*
3 *to trends within the state.*

4 *(b) In arriving at the amount of the deposit or reserves*
5 *required of the self-insured employer, the Commissioner may*
6 *consider the nature of the self-insured employer's business, the*
7 *financial ability of the self-insured employer to pay compensation*
8 *and the probable continuity of operation of the self-insured*
9 *employer's business.*

10 8. The Commissioner shall require the self-insured employer to
11 submit evidence of excess insurance to provide protection against a
12 catastrophic loss. The excess insurance must be written by an
13 insurer authorized to do business in this state. The Commissioner
14 shall consider the excess insurance coverage as a basis for a
15 reduction in the deposit *or reserves* required of ~~an employer.~~
16 ~~—6.]~~ *the self-insured employer.*

17 9. The Account for Self-Insured Employers is hereby created in
18 the State Agency Fund for bonds. All money received by the
19 Commissioner pursuant to this section must be deposited with the
20 State Treasurer to the credit of the Account for Self-Insured
21 Employers. All claims against this Account must be paid as other
22 claims against the State are paid.

23 **Sec. 2.** NRS 616B.318 is hereby amended to read as follows:

24 616B.318 1. The Commissioner shall impose an
25 administrative fine, not to exceed \$1,000 for each violation, and:

26 (a) Shall withdraw the certification of a self-insured employer if:

27 (1) The deposit *or reserves* required pursuant to NRS
28 616B.300 ~~is]~~ *are* not sufficient , and the employer fails to increase
29 the deposit *or reserves* after he has been ordered to do so by the
30 Commissioner;

31 (2) The self-insured employer fails to provide evidence of
32 excess insurance pursuant to NRS 616B.300 within 45 days after he
33 has been so ordered; or

34 (3) The employer becomes insolvent, institutes any voluntary
35 proceeding under the Bankruptcy Act or is named in any
36 involuntary proceeding thereunder.

37 (b) May withdraw the certification of a self-insured employer if:

38 (1) The employer intentionally fails to comply with
39 regulations of the Commissioner regarding reports or other
40 requirements necessary to carry out the purposes of chapters 616A
41 to 616D, inclusive, and chapter 617 of NRS;

42 (2) The employer violates the provisions of subsection 2 of
43 NRS 616B.500 or any regulation adopted by the Commissioner or
44 the Administrator concerning the administration of the employer's
45 plan of self-insurance; or



1 (3) The employer makes a general or special assignment for
2 the benefit of creditors or fails to pay compensation after an order
3 for payment of any claim becomes final.

4 2. Any employer whose certification as a self-insured employer
5 is withdrawn must, on the effective date of the withdrawal, qualify
6 as an employer pursuant to NRS 616B.650.

7 3. The Commissioner may, upon the written request of an
8 employer whose certification as a self-insured employer is
9 withdrawn pursuant to subparagraph (3) of paragraph (a) of
10 subsection 1, reinstate the employer's certificate for a reasonable
11 period to allow the employer sufficient time to provide industrial
12 insurance for his employees.

13 **Sec. 3.** NRS 616B.327 is hereby amended to read as follows:

14 616B.327 1. Except as otherwise provided in NRS 616D.120,
15 before any action may be taken pursuant to subsection 2, the
16 Commissioner ~~{of insurance}~~ shall arrange an informal meeting with
17 the self-insured employer to discuss and seek correction of any
18 conduct which would be grounds for withdrawal of the self-insured
19 employer's certificate of self-insurance.

20 2. Except as otherwise provided in NRS 616D.120, before the
21 withdrawal of the certification of any self-insured employer, the
22 Commissioner ~~{of insurance}~~ shall give written notice to that
23 employer by certified mail that his certification will be withdrawn
24 10 days after receipt of the notice unless, within that time, the
25 employer corrects the conduct set forth in the notice as the reason
26 for the withdrawal or submits a written request for a hearing to the
27 Commissioner . ~~{of insurance.}~~ Before requesting a hearing the
28 employer must make the deposit *or maintain the reserves* required
29 by NRS 616B.300.

30 3. If the employer requests a hearing:

31 (a) The Commissioner ~~{of insurance}~~ shall set a date for a
32 hearing within 20 days after receiving the appeal request, and shall
33 give the employer at least 10 business days' notice of the time and
34 place of the hearing.

35 (b) A record of the hearing must be kept but it need not be
36 transcribed unless requested by the employer with the cost of
37 transcription to be charged to the employer.

38 (c) Within 5 business days after the hearing, the Commissioner
39 ~~{of insurance}~~ shall either affirm or disaffirm the withdrawal and
40 give the employer written notice thereof by certified mail. If
41 withdrawal of certification is affirmed, the withdrawal becomes
42 effective 10 business days after the employer receives notice of the
43 affirmance unless within that period of time the employer corrects
44 the conduct which was ground for the withdrawal or petitions for
45 judicial review of the affirmance.



1 4. If the withdrawal of certification is affirmed following
2 judicial review, the withdrawal becomes effective 5 days after entry
3 of the final decree of affirmance.

4 **Sec. 4.** NRS 616B.333 is hereby amended to read as follows:
5 616B.333 1. If for any reason the status of an employer as a
6 self-insured employer is terminated, the security deposited *or the*
7 *reserves maintained* under NRS 616B.300 must remain on deposit
8 *or be maintained* for a period of at least 36 months in such amount
9 as necessary to secure the outstanding and contingent liability
10 arising from accidental injuries or occupational diseases secured by
11 such security ~~or reserves~~, or to assure the payment of claims for
12 aggravation and payment of claims under NRS 616C.390 based on
13 such accidental injuries or occupational diseases.

14 2. At the expiration of the 36-month period, or such other
15 period as the Commissioner ~~of insurance~~ deems proper, the
16 Commissioner ~~of insurance~~ may accept, in lieu of any security so
17 deposited *or reserves maintained*, a policy of paid-up insurance in a
18 form approved by the Commissioner. ~~of insurance.~~

19 **Sec. 5.** NRS 616B.615 is hereby amended to read as follows:
20 616B.615 1. An employer who is certified as a self-insured
21 employer directly assumes the responsibility for providing
22 compensation due his employees and their beneficiaries under
23 chapters 616A to 617, inclusive, of NRS.

24 2. A self-insured employer is not required to pay the premiums
25 required of other employers pursuant to chapters 616A to 617,
26 inclusive, of NRS but is relieved from other liability for personal
27 injury to the same extent as are other employers.

28 3. The claims of employees and their beneficiaries resulting
29 from injuries while in the employment of self-insured employers
30 must be handled in the manner provided by chapters 616A to 616D,
31 inclusive, of NRS, and the self-insured employer is subject to the
32 regulations of the Division with respect thereto.

33 4. ~~The~~ *Neither the* security deposited *nor the reserves*
34 *maintained* pursuant to NRS 616B.300 ~~does not~~ relieve that
35 employer from responsibility for the administration of claims and
36 payment of compensation under chapters 616A to 616D, inclusive,
37 of NRS.

38 **Sec. 6.** NRS 617.205 is hereby amended to read as follows:
39 617.205 1. An employer who is certified as a self-insured
40 employer directly assumes the responsibility for providing
41 compensation due his employees and their beneficiaries under this
42 chapter.

43 2. A self-insured employer is not required to pay the
44 contributions required of other employers by NRS 617.1665.



1 3. The claims of employees and their beneficiaries resulting
2 from occupational diseases while in the employment of self-insured
3 employers must be handled in the manner provided by this chapter,
4 and the self-insured employer is subject to the regulations of the
5 Division with respect thereto.

6 4. ~~The~~ *Neither the* security deposited *nor the reserves*
7 *maintained* pursuant to NRS 616B.300 ~~does not~~ relieve the
8 employer from responsibility for the administration of claims and
9 payment of compensation under this chapter.

10 5. A self-insured employer qualifying under the provisions of
11 this chapter must comply with the provisions of NRS 616B.300.

