

ASSEMBLY BILL NO. 332—ASSEMBLYMEMBER O’NEILL

MARCH 3, 2025

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to industrial insurance. (BDR 53-325)

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

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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 provisions relating to certain administrators employed by an association of self-insured employers; eliminating assessments relating to a subsequent injury account; prohibiting certain claims against a subsequent injury account; repealing certain provisions relating to the calculation of premium costs and certain audits; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law governs industrial insurers in this State that provide benefits to
2 employees who are injured in the course of employment. (Chapter 616B of NRS)
3 Existing law authorizes certain groups of public or private employers to act as an
4 association of self-insured employers if the group and each employer within the
5 group meet certain requirements. (NRS 616B.350-616B.446) Existing law requires
6 a board of trustees to operate any such association and to employ: (1) an
7 administrator of the association to carry out the policies of the board and perform
8 such duties as the board delegates; and (2) a third-party administrator to administer
9 the plan of insurance of the association. Existing law prohibits the administrator of
10 an association from performing any of the duties assigned to the third-party
11 administrator. (NRS 616B.365) **Section 3** of this bill specifies that the administrator
12 of an association is prohibited from directly administering claims. Existing law also
13 prohibits the administrator of the association and the third-party administrator from
14 having a direct or indirect financial interest in each other. (NRS 616B.371) **Section**
15 **4** of this bill removes the prohibition on the administrator of the association and the
16 third-party administrator having a financial interest in each other. **Section 1** of this
17 bill revises a definition of the term “association’s administrator” to specify that the
18 responsibilities of the administrator of the association to carry out the daily
19 operations of the association are at the direction of the board of trustees.



Existing law requires a third-party administrator for an association of self-insured employers to obtain a certificate as an administrator from the Commissioner of Insurance and to file with the Commissioner a surety bond for the benefit of any person damaged by any fraudulent act or conduct of the administrator. (NRS 616B.503, 683A.08524, 683A.0857) Existing law also requires the third-party administrator to file with the Commissioner an additional surety bond conditioned upon the faithful performance of its duties relative to a particular association of self-insured employers. Existing law requires the administrator of the association to file a similar surety bond relative to the association. (NRS 616B.353) **Section 2** of this bill eliminates the requirement for the third-party administrator to file an additional surety bond relative to its duties to a particular association. **Section 5** of this bill makes a conforming change to remove the procedure for terminating liability on the bond eliminated by **section 2**.

Existing law establishes the Fund for Workers' Compensation and Safety within the State Treasury. (NRS 616A.425) Within the Fund, existing law creates a Subsequent Injury Account for each of the following insurers: (1) self-insured employers; (2) associations of self-insured public or private employers; and (3) private carriers. (NRS 616B.554, 616B.575, 616B.584) Existing law requires that money in the Accounts be used to provide compensation or reimbursement in situations where an employee who has a preexisting permanent physical impairment incurs a subsequent disability by injury arising out of and in the course of employment which entitles the employee to compensation for the combined disability that is substantially greater than that which would have resulted from the subsequent injury alone. (NRS 616B.545-616B.590) Existing law requires a board for administration or the Administrator of the Division of Industrial Relations of the Department of Business and Industry to administer each Account. (NRS 616B.548, 616B.554, 616B.569, 616B.575, 616B.584) Existing law and regulations require self-insured employers, associations of self-insured public or private employers and private carriers to pay an annual assessment which funds the Accounts. (NRS 616B.554, 616B.575, 616B.584; chapter 616B of NAC)

Sections 6, 9 and 12 of this bill remove the authority to adopt regulations which impose such assessments from each board for administration and the Administrator of the Division, and **section 16** of this bill voids the provisions of existing regulations relating to such assessments, thus eliminating the requirement for assessments to be paid for each Account. **Sections 7, 8, 10, 11, 13 and 14** of this bill require an employee to have incurred a subsequent injury and disability on or before September 30, 2025, in order for the compensation or reimbursement provisions to apply, thus prohibiting any claims against the Accounts due to a subsequent injury and disability which is incurred on or after October 1, 2025.

For purposes of calculating the amount of a premium which is due pursuant to the terms of a policy of industrial insurance, existing law provides that the maximum amount paid to any one employee for services performed during the 12-month period during which a policy is effective shall be deemed to be \$36,000. (NRS 616B.222) Existing law also deems as \$36,000 to be the maximum amount paid in a policy year to an officer or manager of a quasi-public or private corporation or limited-liability company who receives pay for services performed as an officer, manager or employee of the corporation or company. (NRS 616B.624) **Sections 15 and 18** of this bill eliminate the \$36,000 maximum amount of pay for employees for purposes of calculating the amount of a premium which is due pursuant to the terms of a policy of industrial insurance.

Existing law requires the Administrator of the Division, at least every 5 years, to audit all insurers who provide benefits to injured employees, including associations of self-insured employers. (NRS 616A.270, 616B.003) Existing law also requires the Commissioner of Insurance, at least annually, to audit each association of self-insured employers to verify certain information.



75 (NRS 616B.410) **Section 18** repeals the requirement that the Commissioner
76 examine each association of self-insured employers annually.

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

1 **Section 1.** NRS 616A.060 is hereby amended to read as
2 follows:

3 616A.060 "Association's administrator" means a person who is
4 ~~employed~~ :

5 *1. Employed* by or has contracted with the board of trustees of
6 an association of self-insured public or private employers to carry
7 out the policies of the board of trustees ; and ~~to be~~

8 *2. At the direction of the board of trustees,* responsible ~~for~~ *to*
9 *carry out* the daily ~~operation~~ *operations* of the association ~~,~~ ,
10 *including, without limitation, to meet the obligations of the*
11 *association pursuant to NRS 616B.362.*

12 **Sec. 2.** NRS 616B.353 is hereby amended to read as follows:

13 616B.353 1. An association of self-insured public or private
14 employers shall:

15 (a) Execute an indemnity agreement jointly and severally
16 binding the association and each member of the association to
17 secure the payment of all compensation due pursuant to chapters
18 616A to 617, inclusive, of NRS. The indemnity agreement must be
19 in a form prescribed by the Commissioner. An association may add
20 provisions to the indemnity agreement if they are first approved by
21 the Commissioner.

22 (b) Except as otherwise provided in this subsection, maintain a
23 policy of specific and aggregate excess insurance in a form and
24 amount required by the Commissioner. The excess insurance must
25 be written by an insurer approved by the Commissioner. To
26 determine the amount of excess insurance required, the
27 Commissioner shall consider:

28 (1) The number of members in the association;

29 (2) If the association is an association of self-insured public
30 employers, the types of governmental services provided by the
31 members of the association;

32 (3) If the association is an association of self-insured private
33 employers, the classifications of employment of the members of the
34 association;

35 (4) The number of years the association has been in
36 existence; and

37 (5) Such other information as the Commissioner deems
38 necessary.



1 ↪ Nothing in this paragraph prohibits an association from
2 purchasing secondary excess insurance in addition to the excess
3 insurance required by this paragraph.

4 (c) Collect an annual assessment from each member of the
5 association in an aggregate amount of at least \$250,000 or in an
6 aggregate amount which the Commissioner determines is
7 satisfactory based on an annual review conducted by the
8 Commissioner of the actuarial solvency of the association.

9 (d) Except as otherwise provided in paragraph (e), deposit as
10 security with the Commissioner a bond executed by the association
11 as principal, and by a licensed surety, payable to the State of
12 Nevada, and conditioned upon the payment of compensation for
13 injuries and occupational diseases to their employees. The bond
14 must be in an amount determined by the Commissioner to be
15 reasonably sufficient to ensure payment of such compensation, but
16 in no event may it be less than \$100,000.

17 (e) In lieu of a bond, deposit with the Commissioner a like
18 amount of lawful money of the United States or any other form of
19 security authorized by NRS 100.065. If security is provided in the
20 form of a savings certificate, certificate of deposit or investment
21 certificate, the certificate must state that the amount is unavailable
22 for withdrawal except upon order of the Commissioner.

23 2. Except as otherwise provided in subsection 3, in addition to
24 complying with the requirements of subsection 1, an association of
25 self-insured private employers shall:

26 (a) At the time of initial qualification and until the association
27 has operated successfully as a qualified association of self-insured
28 private employers for 3 years, as determined by the Commissioner,
29 have a combined tangible net worth of all members in the
30 association of at least \$2,500,000, as evidenced by a statement of
31 tangible net worth provided to the Division of Insurance of the
32 Department of Business and Industry by an independent certified
33 public accountant; or

34 (b) After 3 years of successful operation as a qualified
35 association of self-insured private employers, as determined by the
36 Commissioner, have combined net cash flows from operating
37 activities plus net cash flows from financing activities of all
38 members in the association of five times the average of claims paid
39 for each of the last 3 years or \$7,500,000, whichever is less.

40 3. In lieu of complying with the requirements of subsection 2,
41 the association's administrator shall ensure that a solvency bond, in
42 a form prescribed by the Commissioner and in an aggregate amount
43 of at least \$2,500,000, is deposited with the Commissioner by the
44 association or members of the association on behalf of the
45 association.



1 4. The association's administrator shall deposit with the
2 Commissioner a bond executed by the association's administrator as
3 principal, and by a licensed surety, payable to the State of Nevada,
4 and conditioned upon the faithful performance of his or her duties.
5 The bond must be in an amount determined by the Commissioner.

6 5. ~~Any third party administrator providing claims services for
7 the association shall deposit with the Commissioner a bond executed
8 by the third party administrator as principal, and by a licensed
9 surety, payable to the State of Nevada, and conditioned upon the
10 faithful performance of its duties. The bond must be in an amount
11 determined by the Commissioner.~~

12 ~~6.]~~ The Commissioner may increase or decrease the amount of
13 any bond or money required to be deposited by this section in
14 accordance with chapter 681B of NRS and the Commissioner's
15 regulations for loss reserves in casualty insurance. If the
16 Commissioner requires an association ~~or~~ ~~or~~ association's
17 administrator ~~for third party administrator~~ to increase its deposit,
18 the Commissioner may specify the form of the additional security.
19 The association ~~or~~ ~~or~~ association's administrator ~~for third party
20 administrator~~ shall comply with such a requirement within 60 days
21 after receiving notice from the Commissioner.

22 ~~7.]~~ 6. The Account for Associations of Self-Insured Public and
23 Private Employers is hereby created in the State Agency Fund for
24 Bonds. All money received by the Commissioner pursuant to this
25 section must be deposited with the State Treasurer to the credit of
26 the Account. All claims against this Account must be paid as other
27 claims against the State are paid.

28 **Sec. 3.** NRS 616B.365 is hereby amended to read as follows:

29 616B.365 1. An association of self-insured public or private
30 employers must be operated by a board of trustees consisting of at
31 least five members whom the members of the association elect for
32 terms set forth in the bylaws of the association. If the association is
33 an association of self-insured:

34 (a) Public employers, the members of the board of trustees must
35 be officers or employees of the public employers who are members
36 of the association.

37 (b) Private employers, at least two-thirds of the members of the
38 board of trustees must be employees, officers or directors of the
39 members of the association. No association's administrator or third-
40 party administrator employed by the association, or any owner,
41 officer, employee or other person affiliated with the association's
42 administrator or third-party administrator, may serve as a member of
43 the board of trustees. Each member of the board of trustees must be
44 a resident of this State or an officer of a corporation authorized to do
45 business in this State.



1 2. The board of trustees of an association shall:

2 (a) Ensure the prompt payment of any compensation due
3 pursuant to chapters 616A to 616D, inclusive, or chapter 617 of
4 NRS.

5 (b) Take such actions as are necessary to protect the assets of the
6 association.

7 (c) Employ full-time an association's administrator to carry out
8 the policies of the board of trustees and perform such duties as the
9 board delegates to him or her. An association's administrator shall
10 not *directly administer claims or* perform any of the *other* duties
11 assigned to a third-party administrator.

12 (d) Employ a third-party administrator to carry out the duties set
13 forth in NRS 616B.503.

14 (e) Employ an independent certified public accountant to
15 prepare the statement of financial condition required by
16 NRS 616B.404.

17 (f) Maintain minutes of its meetings and make the minutes
18 available for inspection by the Commissioner.

19 3. The board of trustees of an association shall not:

20 (a) Extend credit to any member of the association for the
21 payment of that member's annual assessment, except pursuant to a
22 payment plan approved by the Commissioner.

23 (b) Borrow any money from the association or in the name of
24 the association, except in the ordinary course of its business, without
25 the prior approval of the Commissioner.

26 **Sec. 4.** NRS 616B.371 is hereby amended to read as follows:

27 616B.371 1. An association's administrator ~~employed by an~~
28 ~~association of self-insured public or private employers, or an~~
29 ~~employee, officer or director of an association's administrator, may~~
30 ~~not be an employee, officer or director of a third-party administrator~~
31 ~~employed by the association or~~ *may* have a direct or indirect
32 financial interest in the third-party administrator ~~[of the]~~ *employed*
33 *by the board of trustees of an* association ~~[] of self-insured public~~
34 ~~or private employers.~~

35 2. ~~[The third-party administrator of an association of self-~~
36 ~~insured public or private employers, or an employee, officer or~~
37 ~~director of the third-party administrator, may not be an employee,~~
38 ~~officer or director of an association's administrator employed by the~~
39 ~~association or have a direct or indirect financial interest in that~~
40 ~~association's administrator.~~

41 ~~—3.]~~ Any contract entered into by an association of self-insured
42 public or private employers and a third-party administrator must
43 include a provision which states that, unless the Commissioner
44 otherwise provides, the third-party administrator shall administer



1 any claim or other obligation of the association to its conclusion
2 during the period of the contract.

3 **Sec. 5.** NRS 616B.440 is hereby amended to read as follows:

4 616B.440 1. For the purposes of NRS 616B.350 to
5 616B.446, inclusive, an association of self-insured public or private
6 employers is insolvent if it is unable to pay its outstanding
7 obligations as they mature in the regular course of its business.

8 2. If an association of self-insured public or private employers
9 becomes insolvent, institutes any voluntary proceeding pursuant to
10 the Bankruptcy Act or is named in any voluntary proceeding
11 thereunder, makes a general or special assignment for the benefit of
12 creditors or fails to pay compensation pursuant to chapters 616A to
13 616D, inclusive, or chapter 617 of NRS after an order for the
14 payment of any claim becomes final, the Commissioner may, after
15 giving at least 10 days' notice to the association and any insurer or
16 guarantor, use money or interest on securities, sell securities or
17 institute legal proceedings on surety bonds deposited with the
18 Commissioner pursuant to NRS 679B.175 to the extent necessary to
19 make those payments.

20 3. A licensed surety providing a surety bond pursuant to NRS
21 616B.353 may terminate liability on its surety bond by giving the
22 Commissioner and the association ~~[]~~ or association's administrator
23 ~~[or third-party administrator]~~ 90 days' written notice. The
24 termination does not limit liability that was incurred under the
25 surety bond before the termination.

26 **Sec. 6.** NRS 616B.554 is hereby amended to read as follows:

27 616B.554 1. There is hereby created in the Fund for
28 Workers' Compensation and Safety in the State Treasury the
29 Subsequent Injury Account for Self-Insured Employers, which may
30 be used only to make payments in accordance with the provisions of
31 NRS 616B.557 and 616B.560. The Board shall administer the
32 Account based upon recommendations made by the Administrator
33 pursuant to subsection ~~[8.]~~ 7.

34 2. All ~~[assessments,]~~ penalties, bonds, securities and all other
35 properties received, collected or acquired by the Board for the
36 Subsequent Injury Account for Self-Insured Employers must be
37 delivered to the custody of the State Treasurer.

38 3. All money and securities in the Account must be held by the
39 State Treasurer as custodian thereof to be used solely for workers'
40 compensation for employees of self-insured employers.

41 4. The State Treasurer may disburse money from the Account
42 only upon written order of the Board.

43 5. The State Treasurer shall invest money of the Account in the
44 same manner and in the same securities in which the State Treasurer
45 is authorized to invest State General Funds which are in the custody



1 of the State Treasurer. Income realized from the investment of the
2 assets of the Account must be credited to the Fund.

3 6. The Board shall adopt regulations for the establishment and
4 administration of ~~[assessment rates,] payments and penalties.~~
5 ~~[Assessment rates must result in an equitable distribution of costs~~
6 ~~among the self-insured employers and must be based upon expected~~
7 ~~annual expenditures for claims for payments from the Subsequent~~
8 ~~Injury Account for Self-Insured Employers.]~~

9 7. ~~[The Commissioner shall assign an actuary to review the~~
10 ~~establishment of assessment rates. The rates must be filed with the~~
11 ~~Commissioner 30 days before their effective date. Any self-insured~~
12 ~~employer who wishes to appeal the rate so filed must do so pursuant~~
13 ~~to NRS 679B.310.~~

14 ~~—8.]~~ The Administrator shall:

15 (a) Evaluate any claim submitted to the Board for payment or
16 reimbursement from the Subsequent Injury Account for Self-Insured
17 Employers and recommend to the Board any appropriate action to
18 be taken concerning the claim; and

19 (b) Submit to the Board any other recommendations relating to
20 the Account.

21 **Sec. 7.** NRS 616B.557 is hereby amended to read as follows:

22 616B.557 Except as otherwise provided in NRS 616B.560:

23 1. If an employee of a self-insured employer has a permanent
24 physical impairment from any cause or origin and incurs , *on or*
25 *before September 30, 2025*, a subsequent disability by injury arising
26 out of and in the course of his or her employment which entitles the
27 employee to compensation for disability that is substantially greater
28 by reason of the combined effects of the preexisting impairment and
29 the subsequent injury than that which would have resulted from the
30 subsequent injury alone, the compensation due must be charged to
31 the Subsequent Injury Account for Self-Insured Employers in
32 accordance with regulations adopted by the Board.

33 2. If the subsequent injury of such an employee *incurred on or*
34 *before September 30, 2025*, results in his or her death and it is
35 determined that the death would not have occurred except for the
36 preexisting permanent physical impairment, the compensation due
37 must be charged to the Subsequent Injury Account for Self-Insured
38 Employers in accordance with regulations adopted by the Board.

39 3. As used in this section, “permanent physical impairment”
40 means any permanent condition, whether congenital or caused by
41 injury or disease, of such seriousness as to constitute a hindrance or
42 obstacle to obtaining employment or to obtaining reemployment if
43 the employee is unemployed. For the purposes of this section, a
44 condition is not a “permanent physical impairment” unless it would
45 support a rating of permanent impairment of 6 percent or more of



1 the whole person if evaluated according to the American Medical
2 Association's Guides to the Evaluation of Permanent Impairment as
3 adopted and supplemented by the Division pursuant to
4 NRS 616C.110.

5 4. To qualify under this section for reimbursement from the
6 Subsequent Injury Account for Self-Insured Employers, the self-
7 insured employer must establish by written records that the self-
8 insured employer had knowledge of the "permanent physical
9 impairment" at the time the employee was hired or that the
10 employee was retained in employment after the self-insured
11 employer acquired such knowledge.

12 5. A self-insured employer must submit to the Board a claim
13 for reimbursement from the Subsequent Injury Account for Self-
14 Insured Employers.

15 6. The Board shall adopt regulations establishing procedures
16 for submitting claims against the Subsequent Injury Account for
17 Self-Insured Employers. The Board shall notify the self-insured
18 employer of its decision on such a claim within 120 days after the
19 claim is received.

20 7. An appeal of any decision made concerning a claim against
21 the Subsequent Injury Account for Self-Insured Employers must be
22 submitted directly to the district court.

23 **Sec. 8.** NRS 616B.560 is hereby amended to read as follows:

24 616B.560 1. A self-insured employer who pays
25 compensation due to an employee who has a permanent physical
26 impairment from any cause or origin and incurs *, on or before*
27 *September 30, 2025*, a subsequent disability by injury arising out of
28 and in the course of his or her employment which entitles the
29 employee to compensation for disability that is substantially greater
30 by reason of the combined effects of the preexisting impairment and
31 the subsequent injury than that which would have resulted from the
32 subsequent injury alone is entitled to be reimbursed from the
33 Subsequent Injury Account for Self-Insured Employers if:

34 (a) The employee knowingly made a false representation as to
35 his or her physical condition at the time the employee was hired by
36 the self-insured employer;

37 (b) The self-insured employer relied upon the false
38 representation and this reliance formed a substantial basis of the
39 employment; and

40 (c) A causal connection existed between the false representation
41 and the subsequent disability.

42 ➔ If the subsequent injury of the employee *incurred on or before*
43 *September 30, 2025*, results in his or her death and it is determined
44 that the death would not have occurred except for the preexisting
45 permanent physical impairment, any compensation paid is entitled



1 to be reimbursed from the Subsequent Injury Account for Self-
2 Insured Employers.

3 2. A self-insured employer shall notify the Board of any
4 possible claim against the Subsequent Injury Account for Self-
5 Insured Employers pursuant to this section no later than 60 days
6 after the date of the subsequent injury or the date the self-insured
7 employer learns of the employee's false representation, whichever is
8 later.

9 **Sec. 9.** NRS 616B.575 is hereby amended to read as follows:

10 616B.575 1. There is hereby created in the Fund for
11 Workers' Compensation and Safety in the State Treasury the
12 Subsequent Injury Account for Associations of Self-Insured Public
13 or Private Employers, which may be used only to make payments in
14 accordance with the provisions of NRS 616B.578 and 616B.581.
15 The Board shall administer the Account based upon
16 recommendations made by the Administrator pursuant to subsection
17 ~~[8.]~~ 7.

18 2. All ~~[assessments,]~~ penalties, bonds, securities and all other
19 properties received, collected or acquired by the Board for the
20 Subsequent Injury Account for Associations of Self-Insured Public
21 or Private Employers must be delivered to the custody of the State
22 Treasurer.

23 3. All money and securities in the Account must be held by the
24 State Treasurer as custodian thereof to be used solely for workers'
25 compensation for employees of members of Associations of Self-
26 Insured Public or Private Employers.

27 4. The State Treasurer may disburse money from the Account
28 only upon written order of the Board.

29 5. The State Treasurer shall invest money of the Account in the
30 same manner and in the same securities in which the State Treasurer
31 is authorized to invest State General Funds which are in the custody
32 of the State Treasurer. Income realized from the investment of the
33 assets of the Account must be credited to the Account.

34 6. The Board shall adopt regulations for the establishment and
35 administration of ~~[assessment rates,]~~ payments and penalties.
36 ~~[Assessment rates must result in an equitable distribution of costs~~
37 ~~among the associations of self insured public or private employers~~
38 ~~and must be based upon expected annual expenditures for claims for~~
39 ~~payments from the Subsequent Injury Account for Associations of~~
40 ~~Self Insured Public or Private Employers.]~~

41 7. ~~[The Commissioner shall assign an actuary to review the~~
42 ~~establishment of assessment rates. The rates must be filed with the~~
43 ~~Commissioner 30 days before their effective date. Any association~~
44 ~~of self insured public or private employers that wishes to appeal the~~
45 ~~rate so filed must do so pursuant to NRS 679B.310.]~~



1 ~~8.1~~ The Administrator shall:

2 (a) Evaluate any claim submitted to the Board for payment or
3 reimbursement from the Subsequent Injury Account for
4 Associations of Self-Insured Public or Private Employers and
5 recommend to the Board any appropriate action to be taken
6 concerning the claim; and

7 (b) Submit to the Board any other recommendations relating to
8 the Account.

9 **Sec. 10.** NRS 616B.578 is hereby amended to read as follows:
10 616B.578 Except as otherwise provided in NRS 616B.581:

11 1. If an employee of a member of an association of self-insured
12 public or private employers has a permanent physical impairment
13 from any cause or origin and incurs , *on or before September 30,*
14 *2025*, a subsequent disability by injury arising out of and in the
15 course of his or her employment which entitles the employee to
16 compensation for disability that is substantially greater by reason of
17 the combined effects of the preexisting impairment and the
18 subsequent injury than that which would have resulted from the
19 subsequent injury alone, the compensation due must be charged to
20 the Subsequent Injury Account for Associations of Self-Insured
21 Public or Private Employers in accordance with regulations adopted
22 by the Board.

23 2. If the subsequent injury of such an employee *incurred on or*
24 *before September 30, 2025*, results in his or her death and it is
25 determined that the death would not have occurred except for the
26 preexisting permanent physical impairment, the compensation due
27 must be charged to the Subsequent Injury Account for Associations
28 of Self-Insured Public or Private Employers in accordance with
29 regulations adopted by the Board.

30 3. As used in this section, “permanent physical impairment”
31 means any permanent condition, whether congenital or caused by
32 injury or disease, of such seriousness as to constitute a hindrance or
33 obstacle to obtaining employment or to obtaining reemployment if
34 the employee is unemployed. For the purposes of this section, a
35 condition is not a “permanent physical impairment” unless it would
36 support a rating of permanent impairment of 6 percent or more of
37 the whole person if evaluated according to the American Medical
38 Association’s Guides to the Evaluation of Permanent Impairment as
39 adopted and supplemented by the Division pursuant to
40 NRS 616C.110.

41 4. To qualify under this section for reimbursement from the
42 Subsequent Injury Account for Associations of Self-Insured Public
43 or Private Employers, the association of self-insured public or
44 private employers must establish by written records that the
45 employer had knowledge of the “permanent physical impairment” at



1 the time the employee was hired or that the employee was retained
2 in employment after the employer acquired such knowledge.

3 5. An association of self-insured public or private employers
4 must submit to the Board a claim for reimbursement from the
5 Subsequent Injury Account for Associations of Self-Insured Public
6 or Private Employers.

7 6. The Board shall adopt regulations establishing procedures
8 for submitting claims against the Subsequent Injury Account for
9 Associations of Self-Insured Public or Private Employers. The
10 Board shall notify the Association of Self-Insured Public or Private
11 Employers of its decision on such a claim within 120 days after the
12 claim is received.

13 7. An appeal of any decision made concerning a claim against
14 the Subsequent Injury Account for Associations of Self-Insured
15 Public or Private Employers must be submitted directly to the
16 district court.

17 **Sec. 11.** NRS 616B.581 is hereby amended to read as follows:

18 616B.581 1. An association of self-insured public or private
19 employers that pays compensation due to an employee who has a
20 permanent physical impairment from any cause or origin and incurs
21 *, on or before September 30, 2025,* a subsequent disability by injury
22 arising out of and in the course of his or her employment which
23 entitles the employee to compensation for disability that is
24 substantially greater by reason of the combined effects of the
25 preexisting impairment and the subsequent injury than that which
26 would have resulted from the subsequent injury alone is entitled to
27 be reimbursed from the Subsequent Injury Account for Associations
28 of Self-Insured Public or Private Employers if:

29 (a) The employee knowingly made a false representation as to
30 his or her physical condition at the time the employee was hired by
31 the member of the Association of Self-Insured Public or Private
32 Employers;

33 (b) The employer relied upon the false representation and this
34 reliance formed a substantial basis of the employment; and

35 (c) A causal connection existed between the false representation
36 and the subsequent disability.

37 ➤ If the subsequent injury of the employee *incurred on or before*
38 *September 30, 2025,* results in his or her death and it is determined
39 that the death would not have occurred except for the preexisting
40 permanent physical impairment, any compensation paid is entitled
41 to be reimbursed from the Subsequent Injury Account for
42 Associations of Self-Insured Public or Private Employers.

43 2. An association of self-insured public or private employers
44 shall notify the Board of any possible claim against the Subsequent
45 Injury Account for Associations of Self-Insured Public or Private



1 Employers pursuant to this section no later than 60 days after the
2 date of the subsequent injury or the date the employer learns of the
3 employee's false representation, whichever is later.

4 **Sec. 12.** NRS 616B.584 is hereby amended to read as follows:

5 616B.584 1. There is hereby created in the Fund for
6 Workers' Compensation and Safety in the State Treasury the
7 Subsequent Injury Account for Private Carriers, which may be used
8 only to make payments in accordance with the provisions of NRS
9 616B.587 and 616B.590. The Administrator shall administer the
10 Account.

11 2. All ~~assessments,~~ penalties, bonds, securities and all other
12 properties received, collected or acquired by the Administrator for
13 the Subsequent Injury Account for Private Carriers must be
14 delivered to the custody of the State Treasurer.

15 3. All money and securities in the Account must be held by the
16 State Treasurer as custodian thereof to be used solely for workers'
17 compensation for employees whose employers are insured by
18 private carriers.

19 4. The State Treasurer may disburse money from the Account
20 only upon written order of the State Controller.

21 5. The State Treasurer shall invest money of the Account in the
22 same manner and in the same securities in which the State Treasurer
23 is authorized to invest State General Funds which are in the custody
24 of the State Treasurer. Income realized from the investment of the
25 assets of the Account must be credited to the Account.

26 6. The Administrator shall adopt regulations for the
27 establishment and administration of ~~assessment rates,~~ payments
28 and penalties. ~~Assessment rates must reflect the relative hazard of~~
29 ~~the employments covered by private carriers, must result in an~~
30 ~~equitable distribution of costs among the private carriers and must~~
31 ~~be based upon expected annual premiums to be received.~~

32 ~~7. The Commissioner shall assign an actuary to review the~~
33 ~~establishment of assessment rates. The rates must be filed with the~~
34 ~~Commissioner 30 days before their effective date. Any private~~
35 ~~carrier who wishes to appeal the rate so filed must do so pursuant to~~
36 ~~NRS 679B.310.]~~

37 **Sec. 13.** NRS 616B.587 is hereby amended to read as follows:

38 616B.587 Except as otherwise provided in NRS 616B.590:

39 1. If an employee of an employer who is insured by a private
40 carrier has a permanent physical impairment from any cause or
41 origin and incurs *, on or before September 30, 2025,* a subsequent
42 disability by injury arising out of and in the course of his or her
43 employment which entitles the employee to compensation for
44 disability that is substantially greater by reason of the combined
45 effects of the preexisting impairment and the subsequent injury than



1 that which would have resulted from the subsequent injury alone,
2 the compensation due must be charged to the Subsequent Injury
3 Account for Private Carriers in accordance with regulations adopted
4 by the Administrator.

5 2. If the subsequent injury of such an employee *incurred on or*
6 *before September 30, 2025*, results in his or her death and it is
7 determined that the death would not have occurred except for the
8 preexisting permanent physical impairment, the compensation due
9 must be charged to the Subsequent Injury Account for Private
10 Carriers in accordance with regulations adopted by the
11 Administrator.

12 3. As used in this section, “permanent physical impairment”
13 means any permanent condition, whether congenital or caused by
14 injury or disease, of such seriousness as to constitute a hindrance or
15 obstacle to obtaining employment or to obtaining reemployment if
16 the employee is unemployed. For the purposes of this section, a
17 condition is not a “permanent physical impairment” unless it would
18 support a rating of permanent impairment of 6 percent or more of
19 the whole person if evaluated according to the American Medical
20 Association’s Guides to the Evaluation of Permanent Impairment as
21 adopted and supplemented by the Division pursuant to
22 NRS 616C.110.

23 4. To qualify under this section for reimbursement from the
24 Subsequent Injury Account for Private Carriers, the private carrier
25 must establish by written records that the employer had knowledge
26 of the “permanent physical impairment” at the time the employee
27 was hired or that the employee was retained in employment after the
28 employer acquired such knowledge.

29 5. A private carrier must submit to the Administrator a claim
30 for reimbursement from the Subsequent Injury Account for Private
31 Carriers.

32 6. The Administrator shall adopt regulations establishing
33 procedures for submitting claims against the Subsequent Injury
34 Account for Private Carriers. The Administrator shall notify the
35 private carrier of his or her decision on such a claim within 120 days
36 after the claim is received.

37 7. An appeal of any decision made concerning a claim against
38 the Subsequent Injury Account for Private Carriers must be
39 submitted directly to the appeals officer. The appeals officer shall
40 hear such an appeal within 45 days after the appeal is submitted to
41 the appeals officer.

42 **Sec. 14.** NRS 616B.590 is hereby amended to read as follows:

43 616B.590 1. A private carrier who pays compensation due to
44 an employee who has a permanent physical impairment from any
45 cause or origin and incurs , *on or before September 30, 2025*, a



1 subsequent disability by injury arising out of and in the course of his
2 or her employment which entitles the employee to compensation for
3 disability that is substantially greater by reason of the combined
4 effects of the preexisting impairment and the subsequent injury than
5 that which would have resulted from the subsequent injury alone is
6 entitled to be reimbursed from the Subsequent Injury Account for
7 Private Carriers if:

8 (a) The employee knowingly made a false representation as to
9 his or her physical condition at the time the employee was hired by
10 the employer insured by a private carrier;

11 (b) The employer relied upon the false representation and this
12 reliance formed a substantial basis of the employment; and

13 (c) A causal connection existed between the false representation
14 and the subsequent disability.

15 ➔ If the subsequent injury of the employee *incurred on or before*
16 *September 30, 2025*, results in his or her death and it is determined
17 that the death would not have occurred except for the preexisting
18 permanent physical impairment, any compensation paid is entitled
19 to be reimbursed from the Subsequent Injury Account for Private
20 Carriers.

21 2. A private carrier shall notify the Administrator of any
22 possible claim against the Subsequent Injury Account for Private
23 Carriers pursuant to this section no later than 60 days after the date
24 of the subsequent injury or the date the employer learns of the
25 employee's false representation, whichever is later.

26 **Sec. 15.** NRS 616B.624 is hereby amended to read as follows:

27 616B.624 1. If a quasi-public or private corporation or a
28 limited-liability company is required to be insured pursuant to
29 chapters 616A to 616D, inclusive, of NRS, an officer of the
30 corporation or a manager of the company who:

31 (a) Receives pay for services performed as an officer ~~or~~ *or*
32 manager ~~or employee~~ of the corporation or company shall be
33 deemed for the purposes of those chapters to receive a minimum pay
34 of \$6,000 per policy year and a maximum pay of \$36,000 per policy
35 year.

36 (b) Does not receive pay for services performed as an officer,
37 manager or employee of the corporation or company shall be
38 deemed for the purposes of those chapters to receive a minimum pay
39 of \$500 per month or \$6,000 per policy year.

40 2. An officer or manager who does not receive pay for services
41 performed as an officer, manager or employee of the corporation or
42 company may elect to reject coverage for himself or herself by filing
43 written notice thereof with the corporation or company and the
44 insurer. The rejection is effective upon receipt of the notice by the
45 insurer.



1 3. An officer or manager of such a corporation or company
2 who:

3 (a) Owns the corporation or company; and

4 (b) Receives pay for the services performed,

5 ↪ may elect to reject coverage for himself or herself by filing
6 written notice thereof with the insurer. The rejection is effective
7 upon receipt of the notice by the insurer.

8 4. An officer or manager who has rejected coverage may
9 rescind that rejection by filing written notice thereof with the
10 corporation or company and the insurer. The rescission is effective
11 upon receipt of the notice by the insurer. Except as otherwise
12 provided in subsection 3, if an officer or manager who has rejected
13 coverage receives pay for services performed as an officer, manager
14 or employee of the corporation or company, the officer or manager
15 shall be deemed to have rescinded that rejection.

16 5. A nonprofit corporation whose officers do not receive pay
17 for services performed as officers or employees of the corporation
18 may elect to reject coverage for its current officers and all future
19 officers who do not receive such pay by filing written notice thereof
20 with the corporation and the insurer. The rejection is effective upon
21 receipt of the notice by the insurer.

22 6. A nonprofit corporation which has rejected coverage for its
23 officers who do not receive pay for services performed as officers or
24 employees of the corporation may rescind that rejection by filing
25 written notice thereof with the corporation and the insurer. The
26 rescission is effective upon receipt of the notice by the insurer. If an
27 officer of a nonprofit corporation which has rejected coverage
28 receives pay for services performed as an officer or employee of the
29 corporation, the corporation shall be deemed to have rescinded that
30 rejection.

31 **Sec. 16.** 1. The provisions of any administrative regulations
32 which conflict or are inconsistent with the provisions of this act are
33 void, including, without limitation, the provisions of any
34 administrative regulations which impose an assessment relating to a
35 subsequent injury account pursuant to NRS 616B.554, 616B.575 or
36 616B.584, as those sections existed before October 1, 2025.

37 2. As used in this section, "subsequent injury account" means:

38 (a) The Subsequent Injury Account for Self-Insured Employers
39 created by NRS 616B.554;

40 (b) The Subsequent Injury Account for Associations of Self-
41 Insured Public or Private Employers created by NRS 616B.575; and

42 (c) The Subsequent Injury Account for Private Carriers created
43 by NRS 616B.584.



1 **Sec. 17.** The amendatory provisions of sections 6 to 14,
2 inclusive, and 16 of this act do not affect a claim, action or
3 proceeding commenced or right accrued before October 1, 2025.

4 **Sec. 18.** NRS 616B.222 and 616B.410 are hereby repealed.

TEXT OF REPEALED SECTIONS

616B.222 Determination of total amount paid to employees for services performed during policy year. To determine the total amount paid to employees for services performed, the maximum amount paid to any one employee during a policy year shall be deemed to be \$36,000.

616B.410 Annual audits; objection to assignment of standard industrial classification.

1. The Commissioner shall cause to be conducted at least annually an audit of each association of self-insured public or private employers in order to verify:

(a) The standard industrial classification of each member of the association;

(b) The individual experience of each member of the association;

(c) The payroll of each member of the association; and

(d) The assessment required to be paid by each member of the association.

2. The audit required by this section must be conducted by an auditor approved by the Commissioner.

3. A report of the audit must be filed with the Commissioner in a form required by the Commissioner.

4. The association or any member of the association may request a hearing before the Commissioner to object to any standard industrial classification assigned to a member of the association as a result of the audit. If the Commissioner determines that the assessment required to be paid by any member of the association is:

(a) Insufficient because of the standard industrial classification assigned to the member, the Commissioner shall order the association to collect from that member any amount required to recover the deficiency.

(b) Excessive because of the standard industrial classification assigned to the member, the Commissioner shall order the association to pay to the member the excess amount collected.



5. The expenses of any audit conducted pursuant to this section must be paid by the association.

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