

**LCB File No. R070-98**

**STATE INDUSTRIAL INSURANCE SYSTEM**

**NOTICE OF PUBLIC WORKSHOPS AND HEARINGS**

**AND REQUEST FOR COMMENTS REGARDING**

**REGULATIONS TO BE SUNSET**

The Chief Executive Officer of the State Industrial Insurance System (ASIIS@) will hold a public workshop and hearing pursuant to NRS 616B.170 and NRS 616B.540, respectively, for the purpose of sun setting, certain SIIS regulations. Internal SIIS policies will replace sunset regulations. The following regulations will be sunset effective July 1, 1999.

**Monday, June 8, 1998  
1:00 p.m. - 5:00 p.m.**

Carson City Department of Transportation  
1263 S. Stewart Street  
Carson City, Nevada

Legislative Counsel Bureau  
Grant Sawyer Building, Room 4401  
555 E. Washington  
Las Vegas, Nevada

This hearing will be teleconferenced from the above locations.

**NEED AND PURPOSE:**

The purpose of the public workshop and hearing is to gather public comments, data, views and arguments to assist SIIS in sun setting proposed regulations. SIIS's statutory authority to adopt regulations expires on June 30, 1999. Thereafter, proposed regulations for sunset shall be reviewed at the hearing to be held immediately following the workshop. Interested persons are hereby invited to attend and prepare written and/or oral comments and/or drafts of proposed regulations for consideration by SIIS in developing proposed regulations.

Persons wishing to submit comments in written form may address the comments, data, views or arguments to Lenard T. Ormsby, General Counsel, State Industrial Insurance System, 515 East Musser Street, Carson City, Nevada 89714. Written comments may also be submitted

for consideration until completion of the hearing.

**Any person with a disability as defined by the Americans with Disabilities Act who requires special assistance to participate in the workshop may contact, at least two (2) days prior to the meeting, Kathleen Swain, at the State Industrial Insurance System, 515 East Musser Street, Carson City, Nevada 89714, or by calling (702) 886-1066 to make a request for reasonable accommodations.**

LOCATION OF COPIES OF WORKSHOP AND HEARING NOTICE:

A copy of this notice will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice will be available at the offices of the State Industrial Insurance System located at 515 E. Musser Street, 504 E. Musser Street and 1470 College Parkway, Carson City; 1700 West Charleston Boulevard, and 1210 South Valley View Boulevard, Las Vegas; 9790 Gateway Drive, Suite 100, Reno; and 850 Elm Street, Elko, and at the main public library in all counties in which offices of SIIS is not maintained.

The text of each regulation will include the entire text of any section of the Nevada Administrative Code which is proposed for amendment or repeal. Copies will also be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary.

Upon adoption of any regulation, the agencies, if requested to do so by an interested person, either prior to adoption or within 30 days thereafter, will issue a concise statement of the principal reasons for and against its adoption and incorporate therein their reasons for overruling the consideration urged against its adoption.

REGULATIONS TO BE SUNSET:

NAC 616A.020	“Agreement for leasing employees” defined.
NAC 616A.030	“Agreement for temporary employment” defined.
NAC 616A.050	“Chief” defined.
NAC 616A.070	“Client company” defined.
NAC 616A.080	“Debtor in possession” defined.
NAC 616A.090	“Employee leasing company” defined.
NAC 616A.100	“Entity” defined.
NAC 616A.160	“Management agreement” defined.
NAC 616B.003	Offices and suboffices.
NAC 616B.006	Correspondence with system
NAC 616B.009	Request for confidential information.
NAC 616B.012	Petition for information or relief.
NAC 616B.023	Value of meal as wages.
NAC 616B.035	Cancellation of coverage and cessation of business operations for failure

	of employer to render delinquent payroll reports and premium when due..
NAC 616B.352	Administrative expense.
NAC 616B.660	Participation of employees in plan for managed care established by system; assignment of claims; selection of treating physician or chiropractor.
NAC 616B.74013	Amount of dividend.
NAC 616B.750	Subsequent injury fund: Claims against fund.
NAC 616B.780	Relationship to person hired; liability of principal contractor for premiums.
NAC 616B.783	Determination by principal contractor of his obligation to pay premiums.
NAC 616B.786	Coverage of sole proprietors and partners acting as licensed subcontractors; relief from requirement of coverage for sole proprietor or partner acting only as principal contractor; responsibility of principal contractor for coverage of subcontractor, sole proprietor or partner.
NAC 616B.789	Determination of wages when uninsured sole proprietors or partners perform as subcontractors; premium payable by principal contractor.
NAC 616B.792	Coverage of sole proprietors seeking to obtain or fulfill contracts with state.
NAC 616B.795	Coverage of corporate officers.
NAC 616B.796	Certain provisions not applicable to coverage of corporate officer.
NAC 616B.800	Coverage for excluded employees.
NAC 616B.803	Coverage for family of excluded employees.
NAC 616B.806	Effective date.
NAC 616B.809	Elected coverage for sole proprietorships and partnerships.
NAC 616B.810	Elected coverage for real estate broker, broker-salesman or salesman.
NAC 616B.818	Termination of coverage for volunteers.
NAC 616B.830	Review of agreements; effect of agreements on client companies; oral agreements required to be set forth in writing; consideration of agreements in determining evasion of regulations.
NAC 616B.833	Client company deemed sole employer under certain circumstances; liability of client company; list of employee leasing companies holding certificate of insurance.
NAC 616B.836	Effect of agreement for leasing employees on coverage for industrial insurance and on amount of deductible.
NAC 616B.839	Certificate of insurance: Contents of application; notification of manager of changes in information submitted.
NAC 616B.842	Failure to comply with regulatory provisions; joint application of exclusive remedy.
NAC 616B.845	Joint and individual accounts: Establishment and maintenance; submission of monthly payroll and premium reports; exemption of certain client companies; termination of accounts; penalties.
NAC 616B.848	Procedure upon nonpayment of premium by employee leasing company.
NAC 616B.851	Requirements for client company which is quasi-public or private corporation; reports of payroll and premiums for officers of corporation.

NAC 616B.854	Election of coverage for excluded persons.
NAC 616B.857	Determination by system whether maximum amount of payroll has been reported and premiums paid.
NAC 616B.860	Rating of experience.
NAC 616B.880	Scope.
NAC 616B.883	Applicability of statutes and other regulations.
NAC 616B.886	“Wages” interpreted.
NAC 616B.889	Statement of rights and duties of offenders.
NAC 616B.892	Injuries for which compensation not allowed.
NAC 616B.895	Submission of notice of injury.
NAC 616B.898	Periods for accrual and payment of compensation.
NAC 616B.901	Payment of benefits payable in lump sum.
NAC 616B.904	Medical treatment of offenders.
NAC 616B.907	Hearings.
NAC 616B.910	Services of Nevada attorney for injured workers.
NAC 616B.913	Low wage is not ground to reopen claim.
NAC 616B.916	No right to reject coverage.
NAC 616B.919	Civil rights not restored.
NAC 616D.340	Penalty charged for failure of employer to provide and secure compensation.
NAC 616D.350	Penalty charged for failure of employer to maintain compensation.
NAC 616D.360	Verification of amount charged to employer as penalty.
NAC 616D.370	Modification of amount charged to employer as penalty.

ESTIMATED ECONOMIC EFFECT OF THE REGULATION:

**On Regulated Business:** There will be no adverse, beneficial, immediate, or long-term effect on regulated business because the regulations being sunset are being replaced by NCCI provisions.

**On the General Public:** There will be no adverse, beneficial, immediate, or long-term effect on the general public because the regulations being sunset are being replaced by NCCI provisions.

ESTIMATED COST TO THE STATE INDUSTRIAL INSURANCE SYSTEM: The proposed regulatory changes are not anticipated to result in additional administrative costs to SIIS.

OVERLAP OR DUPLICATION WITH OTHER REGULATIONS: SIIS is not aware of any overlap or duplication between the regulations being repealed and any other state, local or federal regulation.

NOTICE OF NEW OR INCREASED FEE: The changes to the above-identified regulations will result in no increased fees to regulated businesses or to the public.

Persons wishing to comment upon the proposed action of SIIS may appear at the scheduled public workshop or hearing or may address their comments, data, views, or arguments, in written form to:

Lenard T. Ormsby, General Counsel  
State Industrial Insurance System  
515 East Musser Street  
Carson City, Nevada 89714

**Written submissions must be received by SIIS on or before May 28, 1998.**

CLARIFICATION OF REGULATIONS:

Persons seeking clarification of any of the terms of the regulations may, at any time, address their inquiries to the General Counsel, State Industrial Insurance System, 515 East Musser Street, Carson City, Nevada 89714.

DATED this \_\_\_\_\_ day of April, 1998.

STATE INDUSTRIAL INSURANCE SYSTEM

By \_\_\_\_\_  
DOUGLAS D. DIRKS  
Chief Executive Officer

CERTIFICATE OF MAILING

Pursuant to NRCP 5(b), I certify that I am an employee of the STATE INDUSTRIAL INSURANCE SYSTEM and that on this date I deposited for mailing at Carson City, Nevada, first class postage fully prepaid, a true and correct copy of the within NOTICE OF PUBLIC WORKSHOP AND PUBLIC HEARING FOR COMMENTS REGARDING REGULATIONS TO BE SUNSET, AMENDED, AND/OR TRANSFERRED addressed to those individuals and businesses listed on Exhibit A attached hereto; those county libraries listed on Exhibit B attached hereto; and the following Nevada newspapers for publication:

Nevada Appeal  
Legal Department  
P. O. Box 2288  
Carson City, Nevada 89702-2288

Elko Daily Free Press  
Legal Department  
3720 Idaho Street  
Elko, Nevada 89801

Las Vegas Review-Journal  
Legal Department  
P. O. Box 70  
Las Vegas, Nevada 89125

Las Vegas Sun  
Legal Department  
800 South Valley View  
Las Vegas, Nevada 89107

Reno Gazette-Journal  
Legal Department  
P. O. Box 22000  
Reno, Nevada 89520

DATED this \_\_\_\_ day of April, 1998.

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SIGNATURE

**NAC 616A.020 "Agreement for leasing employees" defined.** (*Expires by limitation July 1, 1999.*)

1. "Agreement for leasing employees" means any written or oral agreement between an employee leasing company and a client company pursuant to which:

(a) Persons employed by the employee leasing company serve as employees of the client company, without any limitation on the duration of their employment; and

(b) A fee is paid by the client company to the employee leasing company for the services of those employees.

2. The term does not include:

(a) An agreement for temporary employment;

(b) A management agreement;

(c) An agreement to provide health care to a person in his home by a person who is not in the business of providing such health care; or

(d) A contractual agreement with an independent enterprise as defined in NRS 616B.603.

(Added to NAC by Industrial Insurance System, eff. 8-16-94; A 5-23-96;)

**NAC 616A.030 "Agreement for temporary employment" defined.** (*Expires by limitation July 1, 1999.*)

"Agreement for temporary employment" means an agreement pursuant to which a business hires employees and assigns them to another employer for a definite period, usually not exceeding 12 months, to support or supplement the employer's regular work force in special circumstances, such as when the regular employees are absent from work, when there is a temporary shortage of skilled labor or during seasonal times when the work load increases.

(Added to NAC by Industrial Insurance System, eff. 8-16-94; A 5-23-96.)

**NAC 616A.050 "Chief" defined.** (*Expires by limitation July 1, 1999.*)

"Chief" means the chief administrative officer of the industrial insurance regulation section.

(Supplied in codification)-(Substituted in revision for NAC 616.015)

**NAC 616A.070 "Client company" defined.** (*Expires by limitation July 1, 1999.*)

"Client company" has the meaning ascribed to it in NRS 616B.670.

(Added to NAC by Industrial Insurance System, eff. 8-16-94.)-(Substituted in revision for NAC 616.017)

**NAC 616A.080 "Debtor in possession" defined.** (*Expires by limitation July 1, 1999.*)

"Debtor in possession" means an employer who has filed for reorganization and whose plan for that reorganization has been approved pursuant to 11 U.S.C. ' ' 1101 to 1146, inclusive.

(Added to NAC by Industrial Insurance System, eff. 10-26-83.)-(Substituted in revision for NAC 616.019)

**NAC 616A.090 "Employee leasing company" defined.** *(Expires by limitation July 1, 1999.)*

"Employee leasing company" has the meaning ascribed to it in NRS 616B.670.

(Added to NAC by Industrial Insurance System, eff. 8-16-94.)-(Substituted in revision for NAC 616.0205)

**NAC 616A.100 "Entity" defined.** *(Expires by limitation July 1, 1999.)*

"Entity" means a natural person, partnership, joint venture, association, corporation or fiduciary, such as a trustee, receiver, executor or administrator.

[**Industrial Comm'n, No. 34.030, eff. 12-28-81; + No. 35.020, eff. 8-1-78; A 6-30-82**](NAC A by Industrial Insurance System, 10-26-83.)-(Substituted in revision for NAC 616.022)

**NAC 616A.160 "Management agreement" defined.** *(Expires by limitation July 1, 1999.)*

"Management agreement" means any written agreement pursuant to which an employer operates and manages the business of another employer if the managing employer, or a person designated by him:

1. Is required to be on the premises of the business during business hours; and
2. Has direct supervisory authority over the persons employed at the business.

(Added to NAC by Industrial Insurance System, eff. 8-16-94.)-(Substituted in revision for NAC 616.037)

**NAC 616B.003 Offices and suboffices.** *(Expires by limitation July 1, 1999.)*

1. In addition to the system's suboffice in Las Vegas, Nevada, a suboffice of the system is located in Reno, Nevada.
2. A field office is located in Elko, Nevada.
3. A claim may be filed at the principal office or any suboffice of the system.
4. Any formal hearing of the system will be held at the principal office or a suboffice of the system or at some other place specified by the system.

[**Industrial Comm'n, No. 2.010, eff. 6-30-82**](Substituted in revision for NAC 616.068)

**NAC 616B.006 Correspondence with system.** *(Expires by limitation July 1, 1999.)*

All correspondence and other documents being submitted to the system must be addressed to the system or one of its suboffices. Correspondence and documents shall be deemed to be officially received only if they have been so addressed.

(Added to NAC by Industrial Insurance System, eff. 10-26-83)-(Substituted in revision for NAC 616.071)



**NAC 616B.009 Request for confidential information.** (*Expires by limitation July 1, 1999.*)

1. To obtain confidential information pursuant to subsection 3 of NRS 616B.012, an agency or the state contractors' board must request the information from the system in writing. The request must:

- (a) Be written on the official letterhead of the agency or board;
- (b) State the purpose for which the agency or board will use the requested information;
- (c) Contain all pertinent information available to the agency or board to identify:
  - (1) The injured employee, including, but not limited to, his name, social security number, date of birth and the date of his injury; or
  - (2) The employer, including, but not limited to, his name, the name and address of the business, the names of the owners of the business and the employer's policy number; and
- (d) Contain any other information that the system may need to process the request.

The system may require additional information to process the request.

2. Except as otherwise provided in this subsection, the administrator of the agency or his designated agent, or the executive officer of the state contractors' board or his designated agent, must sign the request. If a request requires the system to report on more than one employer or more than one injured employee, only the administrator of the agency or the executive officer of the board must sign the request.

(Added to NAC by Industrial Insurance System, eff. 12-13-93)-(Substituted in revision for NAC 616.0715)

**NAC 616B.012 Petition for information or relief.** (*Expires by limitation July 1, 1999.*)

1. Any interested person may petition the system for:
- (a) A declaratory order or an advisory opinion as to the applicability of any statutory provision or regulation of the system;
  - (b) The adoption, repeal or amendment of a regulation;
  - (c) Relief from the strict application of a regulation;
  - (d) Clarification of a regulation; or
  - (e) Any other information concerning a regulation.
2. The petition must:
- (a) Set forth the name and address of the petitioner;
  - (b) Contain a clear and concise statement of the reason for the petition and any relevant documentation or other information for consideration by the system; and
  - (c) Be transmitted to the manager at 515 East Musser Street, Carson City, Nevada 89714.

3. The manager will respond in writing to each petition within 45 days after receipt.  
(Added to NAC by Industrial Insurance System, eff. 4-20-84)-(Substituted in revision for NAC 616.073)

**NAC 616B.023 Value of meal as wages.** *(Expires by limitation July 1, 1999.)*

For the purpose of determining the average monthly wage used in the calculation of disability compensation, the reasonable value of a meal furnished by an employer to an employee is the value, if any, specified in the collective bargaining agreement between the employee and the employer. Meals will be valued by the cost to the employer per meal for the purposes of determining payroll.

[Industrial Comm'n, part No. 16.010, eff. 7-1-73; A 9-25-75; renumbered as part 8.010, 6-30-82]n(Substituted in revision for NAC 616.486)

**NAC 616B.035 Cancellation of coverage and cessation of business operations for failure of employer to render delinquent payroll reports and premium when due.** *(Expires by limitation July 1, 1999.)*

An employer who is subject to the provisions of chapters 616A to 617, inclusive, of NRS and fails to render delinquent payroll reports and the premium due, after being notified by the system will have coverage canceled, and may be ordered by the administrator, according to the provisions of NRS 616D.110, to cease immediately all business operations at the place of business or job site. The system will not reinstate coverage until all payroll reports and the premium due through the date of cancellation, all advance premium deposits required, and all required documentation are delivered to the system.

[Industrial Comm'n, No. 16.060, eff. 7-1-73; A 9-25-75; 6-24-76; renumbered as 8.060, 6-30-82]n(NAC A by Industrial Insurance System, 7-12-88; 11-7-95)-(Substituted in revision for NAC 616.494)

**NAC 616B.352 Administrative expense.** *(Expires by limitation July 1, 1999.)*

Administrative expense is determined annually as a percentage charge on the sum total of adjustments to incurred primary losses, plus the total incurred primary losses for the current policy period. The maximum loss per occurrence on which administrative expense will be charged and must be paid by each policyholder is the primary loss limit set by the manager for the fiscal year in which a claim was incurred. The administrative expense of the amount per occurrence, above the primary loss, will be charged as an excess reserve liability. The administrative expense factor will be determined by the manager following completion of the annual financial report of the system by independent auditors.

[Industrial Comm'n, No. 31.320, eff. 10-13-77]n(Substituted in revision for NAC 616.456)

**NAC 616B.660 Participation of employees in plan for managed care established by system; assignment of claims; selection of treating physician or chiropractor.** *(Expires by limitation July 1, 1999.)*

1. Except as otherwise provided in subsection 2, an employee whose employer is insured by the system shall participate in a plan for managed care established by the system if the employee's claim for compensation:

- (a) Is open; or
  - (b) Has been reopened pursuant to NRS 616C.390.
2. The provisions of subsection 1 do not apply to an employee:
- (a) Who has a permanent total disability if the employee or any of his beneficiaries is receiving compensation for that disability from the system;
  - (b) Who is residing outside a 100-mile radius of this state;
  - (c) Who has received written notice from the system of the date on which the employee's claim for compensation will be closed;
  - (d) Whose claim for compensation is open only for the payment of compensation, in installments, for a permanent partial disability;
  - (e) Whose claim for compensation is open only for medical treatment if the system's medical reserve is not more than \$2,500;
  - (f) Whose claim for compensation is assigned by the system to a medical specialist or other expert pursuant to a contract providing for such services that is entered into pursuant to NRS 616B.170; or
  - (g) Whose claim for compensation is assigned for benefits from the uninsured employers' claim fund pursuant to NRS 616C.220.
3. The manager will assign a claim for compensation filed by an employee who is required to participate in a plan for managed care pursuant to this section to:
- (a) The organization for managed care selected by his employer; or
  - (b) An organization for managed care selected by the manager on behalf of the employer, if the employer fails to make such a selection.
4. An employee who has not otherwise been required to participate in a plan for managed care before September 6, 1996, will not be required to change from his treating physician or chiropractor to another physician or chiropractor if his treating physician or chiropractor agrees to accept the terms of the plan for managed care of the organization for managed care to which the employee's claim for compensation is assigned pursuant to subsection 3. If the treating physician or chiropractor refuses to accept the terms of that plan for managed care, the employee must select another physician or chiropractor who is participating in, or agrees to comply with the terms of, the plan for managed care of the organization for managed care to which the employee's claim for compensation is assigned.
- (Added to NAC by Industrial Insurance System, eff. 9-6-96)

**NAC 616B.74013 Amount of dividend.** (*Expires by limitation July 1, 1999.*)

1. The earned premium and limited losses which are reflected in a policyholder's experience during the period of experience will be used by the system in determining the amount of a dividend to which the policyholder is entitled.
2. The system will consider each employer having a qualified policy separately in calculating the distribution of a dividend.

[Industrial Comm'n, Nos. 37.100 & 37.260-37.280, eff. 5-13-81]n(NAC A by Industrial Insurance System, 10-26-83)-(Substituted in revision for NAC 616.536)

**NAC 616B.750 Subsequent injury fund: Claims against fund.** (*Expires by limitation July 1, 1999.*)

1. This section applies to claims for credit against the subsequent injury fund.
2. The following preliminary steps must be taken:
  - (a) If, at the time an employee is hired, the insurer has knowledge that the employee has a permanent physical impairment of 12 percent or more, the insurer must notify the chief as soon as practicable after the date on which the employee is hired and submit evidence of that impairment.
  - (b) If an employee is retained in employment after the employer acquires knowledge that he has a permanent physical impairment of 12 percent or more, the insurer must notify the chief as soon as practicable after the date of retention and submit evidence of that impairment.
  - (c) If an employee fails to report or denies the existence of a permanent physical impairment of 12 percent or more on any written application which forms the basis of his employment, the insurer must, upon obtaining knowledge that the employee has such an impairment, submit a notice with evidence of the impairment to the chief.
3. Any claim by an insurer against the subsequent injury fund must be submitted in writing to the chief. The claim must be accompanied by all documents in the claim file and any other supporting documents which the insurer relies upon or deems important for the determination of a claim and:
  - (a) An itemized statement which shows the insurer's:
    - (1) Hospital costs;
    - (2) Pharmaceutical costs;
    - (3) Physician's bills;
    - (4) Compensation paid to the patient for time lost from work,including the date of each payment, check number, payee and amount; and
  - (b) Copies of all bills paid and canceled checks.
4. The insurer must provide a medical analysis which shows specifically the portion of the injury for which the costs have been increased because of the previous permanent physical impairment. This analysis must also show that the compensation required for the disability has been substantially greater than it would have been for the subsequent injury alone because of the combined effect of the preexisting impairment and the subsequent injury. If the insurer is aware of the total amount of the claim at the time he submits a claim for relief, that amount must be included with the claim submitted to the chief. If the total amount of the reimbursement is not known, the claim must be expressed in terms of a percentage of the anticipated increase in costs as a result of the combined effect of the previous injury and the subsequent injury, until the total amount is known.
5. The chief shall examine the claim and within 30 days after his receipt of the claim shall:
  - (a) Send payment to the insurer for the amount claimed;
  - (b) Notify it of any objections to the claim and the procedure for promptly resolving their differences; or
  - (c) Notify it that a decision on the claim cannot be made and the reasons therefor.
6. An appeal from a decision of the chief concerning a claim against the subsequent injury fund must be made in writing and sent directly to the appeals officer within 30 days after

the date of the chief's decision.

[Industrial Comm'n, No. 11.011, eff. 6-30-82]n(NAC A by Dep't of Industrial Relations, 10-26-83; 11-12-85)-(Substituted in revision for NAC 616.546

**NAC 616B.780 Relationship to person hired; liability of principal contractor for premiums.** (*Expires by limitation July 1, 1999.*)

1. An employer who hires a person to do work related to, or in furtherance of, his business operations that are insured by the system is presumed to have established an employer-employee relationship between himself and the person performing the work in the absence of a written contract between the two parties which establishes that no employer-employee relationship exists between the two parties, in accordance with chapters 616A to 617, inclusive, of NRS.

2. If a subcontractor or independent contractor does not have an active policy with the system the principal contractor will be assessed premiums based on:

(a) The payroll for the period of the contract with the subcontractor or independent contractor;

(b) The appropriate classification for the work performed by the subcontractor or independent contractor; and

(c) The experience modification factor of the principal contractor.

3. A principal contractor may provide the complete payroll records of the employees of each uninsured subcontractor and independent contractor. Except as otherwise provided in this subsection, if the principal contractor does not provide the payroll records of his uninsured subcontractors and independent contractors, the full contract price shall be deemed to be the payroll for the employees of the subcontractors and independent contractors. If the contract is for labor and materials or labor and equipment and evidence is provided to the system which indicates the portion of the contract price that is for labor, that amount may be deemed the payroll for the employees of the subcontractor or independent contractor. If such an amount is not indicated in the contract, the system will determine what portion of the contract price will be deemed the payroll for the employees of the subcontractor or independent contractor. In no case will the payroll used to calculate the premiums of the principal contractor be less than the portion of the contract price that is for labor.

4. If a subcontractor or independent contractor has a policy with the system but fails to pay the proper premiums, the principal contractor is liable for the amount of any unpaid premiums based on the rate and modification factor for premiums of the subcontractor or independent contractor.

[Industrial Comm'n, No. 16.015, eff. 9-25-75; renumbered as 8.015, 6-30-82]n(NAC A by Industrial Insurance System, 4-20-84; 7-12-88; 11-14-95.)-(Substituted in revision for NAC 616.480)

**NAC 616B.783 Determination by principal contractor of his obligation to pay premiums.**  
*(Expires by limitation July 1, 1999.)*

1. To determine his obligation to pay premiums for industrial insurance on behalf of his subcontractors and independent contractors and their employees, a principal contractor may request the system to provide him the information described in this section.
2. Upon request by a principal contractor, the system will:
  - (a) Provide him a statement certifying whether or not:
    - (1) Each of the subcontractors and independent contractors working in his project, or whom he may hire for a contract, is insured by the system; and
    - (2) Each sole proprietor or partner who is such a contractor has elected or obtained coverage for himself under chapters 616A to 617, inclusive, of NRS.
  - (b) During the course of the project, notify the principal contractor whenever any of the subcontractors or independent contractors fail to pay premiums to the system or otherwise to maintain industrial insurance.
3. Upon completion of the project, the principal contractor may request and the system will provide, a final statement which certifies whether or not each subcontractor or independent contractor who was previously certified as having coverage for industrial insurance has maintained it by paying all premiums due throughout the entire period of the project.

(Added to NAC by Industrial Insurance System, eff. 10-26-83; A 11-14-95.)-  
(Substituted in revision for NAC 616.4805)

**NAC 616B.786 Coverage of sole proprietors and partners acting as licensed subcontractors; relief from requirement of coverage for sole proprietor or partner acting only as principal contractor; responsibility of principal contractor for coverage of subcontractor, sole proprietor or partner.** *(Expires by limitation July 1, 1999.)*

1. Sole proprietors and partners acting as subcontractors in this state who are licensed pursuant to chapter 624 of NRS shall be deemed to receive \$500 per month in wages. Sole proprietors and partners acting in alternating roles as a principal contractor and subcontractor shall be deemed to receive \$500 per month in wages. The type of license issued to the sole proprietor or partner pursuant to chapter 624 of NRS does not affect the coverage or deemed wage required.
2. A sole proprietor or partner acting only as a principal contractor may be relieved of the requirement of maintaining coverage for himself by submitting written notice to the system that he is acting only as a principal contractor. If the system determines that the sole proprietor or partner is acting only as a principal contractor, the system terminate his deemed wage effective on the date of receipt of the written notice. The termination of the deemed wage will not be made retroactive to a date before receipt of the written notice by the system. If, after the termination of the deemed wage, the system determines that the sole proprietor or partner was at any time acting as a subcontractor, the system will reinstate the deemed wage effective on the date on which it was terminated, but in no case will it be made retroactive for more than 3 years or to the date of the last audit, whichever is more recent. If a sole proprietor or partner

who was determined to be acting only as a principal contractor at the inception of his policy with the system acts at any time thereafter as a subcontractor or in alternating roles as a principal contractor and subcontractor, his deemed wage will become effective on the date of his first subcontract, but in no case will it be made retroactive for more than 3 years or to the date of the last audit, whichever is more recent.

3. If a subcontractor, sole proprietor or partner provides coverage for his employees but fails to secure and maintain coverage for himself, the principal contractor is responsible for the payment of premiums for the subcontractor, sole proprietor or partner during the term of the contract.

(Added to NAC by Industrial Insurance System, eff. 7-12-88; A 11-14-95.)-(Substituted in revision for NAC 616.4815)

**NAC 616B.789 Determination of wages when uninsured sole proprietors or partners perform as subcontractors; premium payable by principal contractor. (*Expires by limitation July 1, 1999.*)**

1. For the purposes of determining premium and disability compensation, the wage of sole proprietors and partners who are not licensed under chapter 624 of NRS, have not elected coverage under the elective provisions of chapters 616A to 617, inclusive, of NRS and are performing as subcontractors to an insured principal contractor shall be deemed to be \$300 per month or \$10 per day for the period of the subcontract, except in cases where the contract specifies a wage in excess of \$300 per month or \$10 per day for the sole proprietor or partner.

2. For the purposes of determining premium and disability compensation, the wage of sole proprietors and partners who are licensed under chapter 624 of NRS but who have failed to open or maintain an account in good standing and who are performing as subcontractors to an insured principal contractor shall be deemed to be \$500 per month or \$17 per day for the period of the subcontract except in cases where the contract specifies a wage in excess of \$500 per month or \$17 per day for the sole proprietor or partner.

3. For the purposes of determining premium required to be paid by the principal contractor and disability compensation, the wages of employees of a sole proprietor or partner who is a subcontractor and has not obtained coverage for his employees must be the actual wages paid, if the payroll records are provided to the system. In the absence of complete payroll records, subsection 3 of NAC 616B.780 applies.

4. The principal contractor is liable for the amount of any premiums payable as a result of the application of subsections 1, 2 and 3. The premium payable must be based on the classifications and rates which would be applicable to the subcontractor and the experience modification factor which would be applicable to the principal contractor.

[**Industrial Comm'n, No. 16.016, eff. 9-25-75; renumbered as 8.016, 6-30-82**](NAC A by Industrial Insurance System, 10-26-83; 7-12-88; 11-14-95.)-(Substituted in revision for NAC 616.482)

**NAC 616B.792 Coverage of sole proprietors seeking to obtain or fulfill contracts with state. (*Expires by limitation July 1, 1999.*)**

1. Sole proprietors who are not licensed under chapter 624 of NRS, but who are required by statute to provide themselves with industrial insurance in order to obtain, fulfill or both obtain and fulfill a contract to furnish service to the state will be provided coverage during the term of the contract at the rate provided in the manual at the deemed wage of \$300 per month.

2. If a sole proprietor who is licensed pursuant to chapter 624 of NRS accepts a state contract, coverage will be provided at the deemed wage of \$500 per month whether or not the license is material to the state contract. Coverage will be provided during the term of the contract or as long as the sole proprietor is licensed at the rate provided in the manual for licensed sole proprietors.

(Added to NAC by Industrial Insurance System, eff. 7-12-88)-(Substituted in revision for NAC 616.4825)

**NAC 616B.795 Coverage of corporate officers. (*Expires by limitation July 1, 1999.*)**

The system will provide coverage to an officer of a corporation if the corporation is required to be insured pursuant to NRS 616B.624 or has elected to be insured pursuant to chapters 616A to 616D, inclusive, or chapter 617 of NRS, including:

1. An officer of a corporation under subchapter S of the Internal Revenue Code, who is regularly employed by the corporation in the State of Nevada, or who is from a nonreciprocating state working temporarily in Nevada, based upon the amounts deemed to be paid to him pursuant to chapters 616A to 616D, inclusive, of NRS, or based on the actual amount paid to him as shown on the records of payroll maintained by the corporation, but excluding any dividends paid to him; and

2. An officer of a corporation who may be excluded pursuant to NRS 616A.110, but is required to be insured pursuant to NRS 616B.624, or elects to be insured pursuant to chapters 616A to 616D, inclusive, or chapter 617 of NRS.

(Added to NAC by Industrial Insurance System, eff. 10-26-83; A 4-20-84; 7-12-88; 5-23-96.)

**NAC 616B.796 Certain provisions not applicable to coverage of corporate officer. (*Expires by limitation July 1, 1999.*)**

The system will not interpret the provisions of NRS 616A.110 as affecting the requirements for the coverage of a corporate officer set forth in NRS 616B.624.

(Added to NAC by Industrial Insurance System, eff. 5-23-96.)

**NAC 616B.800 Coverage for excluded employees. (*Expires by limitation July 1, 1999.*)**

If an employer elects to cover excluded employees, he may comply with NRS 616B.656, or with NRS 616A.220 if that section applies to the excluded employees, by making the required election on:



1. The original application for industrial insurance; or
2. A separate election form or a letter signed by the employer or a qualified representative of the employer.

[Industrial Comm'n, No. 7.011, eff. 6-30-82]C(NAC A by Industrial Insurance System, 5-23-96)

**NAC 616B.803 Coverage for family of excluded employees.** (*Expires by limitation July 1, 1999.*)

1. An employer who is a sole proprietor may elect to insure his spouse who is working in the business and children under the age of 18 who are living in his household and are working in the business by:

(a) Completing an election form identifying the members of the family to be covered; and

(b) Identifying the hours and days of the week during which each will work.

2. The premium due for each member of the family is based on the state minimum wage or the actual wage received by that member, whichever is greater, prorated by the number of hours which the member is scheduled to work.

3. The premium is due for the full period during which an election is in effect.

4. The employer's spouse and children under the age of 18 are not considered employees of the business if an election for their coverage has not been filed with the system.

[Industrial Comm'n, No. 7.021, eff. 6-30-82]n(NAC A by Industrial Insurance System, 7-12-88)-(Substituted in revision for NAC 616.208)

**NAC 616B.806 Effective date.** (*Expires by limitation July 1, 1999.*)

The election to cover excluded employees is effective:

1. At 12:01 a.m. on the date following the postmark date on the envelope in which the election document is received by the system; or

2. At the time of personal delivery of a completed election form to an office of the system or field representative.

[Industrial Comm'n, No. 7.031, eff. 6-30-82]n(Substituted in revision for NAC 616.210)

**NAC 616B.809 Elected coverage for sole proprietorships and partnerships.** (*Expires by limitation July 1, 1999.*)

1. Sole proprietors and working partners for whom coverage is elective pursuant to NRS 616B.659, who meet the qualifications for coverage under the provisions of chapters 616A to 617, inclusive, of NRS, may apply for coverage by completing and filing with the system a form specified by the manager and a report of physical examinations prepared in accordance with this section.

2. Sole proprietors and working partners for whom coverage is elective pursuant to NRS 616A.220, who meet the qualifications for elective coverage under that section and who are not otherwise required to maintain coverage pursuant to chapters 616A to 616D, inclusive,

or chapter 617 of NRS, may apply for coverage by complying with the provisions of NAC 616B.810.

3. Except as otherwise provided in subsection 11, sole proprietors and partners who apply for coverage pursuant to subsection 1 will be provided coverage at the rate provided in the manual at the deemed wage of \$300 per month or, if additional premiums are received for additional coverage, at the deemed wage of \$1,800 per month. Sole proprietors and partners who:

(a) File notice with the system, pursuant to NRS 616B.659, of their election to pay for additional coverage; and

(b) Sustain injury within the 90-day period provided by subsection 6 of NRS 616B.659,

will be provided coverage at the deemed wage of \$300 per month, notwithstanding the election to pay for additional coverage.

4. The elective coverage of sole proprietors or working partners is effective:

(a) At 12:01 a.m. on the date following the date of the postmark on the envelope in which the policy rider, "Sole Owner-Partner Elective Coverage" bearing the signature of the applicant is received by the system; or

(b) At the time of personal delivery of the signed policy rider to an office or a qualified representative of the system.

5. Each sole proprietor and working partner who elects coverage pursuant to NRS 616B.659 will be assigned a classification based upon his occupation. If the applicant has multiple occupations, the classification assigned will be based on the most hazardous occupation.

A classification may be changed as a result of a change in the occupation of the applicant.

6. Premiums are governed by the following provisions:

(a) The premium due for each sole proprietor or partner must be reported and paid as provided in subsection 3.

(b) The daily premium is one-thirtieth of the monthly premium.

(c) The premium for elective coverage must be reported as a separate line item on the employer's regular report of payroll and premiums.

(d) The premium will be waived for a sole owner or partner during any period for which he receives compensation for a temporary total or permanent total disability pursuant to chapters 616A to 616D, inclusive, or chapter 617 of NRS.

(e) The premium is due for the full period during which coverage is in effect except as specified in paragraph (d). When the period of coverage is less than a full month, the number of calendar days during which coverage was effective will be used to calculate the amount of premium due.

7. A sole proprietor or partner may terminate his election of coverage by filing with the system a written notice of rejection of coverage signed by the person who elected the coverage. The effective date of the termination is:

(a) The date designated in the written notice;

(b) At 12:01 a.m. on the date following the date of the postmark on the envelope in which the notice of rejection is received by the system; or

(c) The time of personal delivery of the signed notice of rejection to an office or a qualified representative of the system,

whichever is the latest. The premium is payable for each day for which coverage was in effect before delivery to the system of written notice of rejection of coverage. The sale of a business, suspension of business operations, or dissolution of a partnership does not constitute a termination of coverage.

8. Coverage will be terminated by the system if:

- (a) A premium is not paid within 30 days after the date on which it is due; or
- (b) An account which also covers the employees is voluntarily terminated.

The system will notify a sole proprietor or working partner of the termination of his elective coverage.

9. A comprehensive physical examination of a sole proprietor or a working partner must be conducted by a physician and approved by the system. The system may require such other special examinations and tests as it deems necessary based on the findings of the comprehensive examination.

10. Before elective coverage may be reestablished after a termination of elective coverage, a sole proprietor or working partner must submit to a physical examination as provided in subsection 9 if his application for reestablishment is received by the system more than 12 months after his last physical examination.

11. The manager may increase the monthly premium payable pursuant to subsection 3 based on the results of the physical examination.

[Industrial Comm'n, No. 7.041, eff. 6-30-82]C(NAC A by Industrial Insurance System, 7-12-88; 3-5-92; 5-23-96)

**NAC 616B.810 Elected coverage for real estate broker, broker-salesman or salesman.**  
*(Expires by limitation July 1, 1999.)*

1. A person who is licensed pursuant to chapter 645 of NRS as a real estate broker, broker-salesman or salesman and who is not otherwise required to maintain coverage pursuant to chapters 616A to 616D, inclusive, or chapter 617 of NRS may elect coverage pursuant to NRS 616A.220 by submitting to the manager:

- (a) An original application for industrial insurance; or
- (b) A separate election form or a letter signed by the licensee.

2. The elective coverage of a licensee is effective:

- (a) At 12:01 a.m. on the date following the date of the postmark on the envelope in which the election document is received by the system; or
- (b) At the time of personal delivery of a completed election form to an office or a qualified representative of the system.

3. A licensee who elects coverage pursuant to NRS 616A.220 will be assigned a classification based on his occupation as a licensed real estate broker, broker-salesman or salesman at the deemed wage of \$1,500 per month.

4. Premiums are governed by the following provisions:

- (a) The daily premium is one-thirtieth of the monthly premium.
- (b) The premium for elective coverage must be reported as a separate line item on the employer's regular report of payroll and premiums.

(c) The premium will be waived for a licensee during any period for which he receives compensation for a temporary total or permanent total disability pursuant to chapters 616A to

616D, inclusive, or chapter 617 of NRS.

(d) The premium is due for the full period during which coverage is in effect, except as specified in paragraph (c). When the period of coverage is less than a full month, the number of calendar days during which coverage was effective will be used to calculate the amount of premium due.

5. A licensee may terminate his election of coverage by filing with the system a written notice of rejection of coverage that is signed by the person who elected coverage. The effective date of the termination is:

(a) The date designated in the written notice;

(b) At 12:01 a.m. on the date following the date of the postmark on the envelope in which the notice of rejection is received by the system; or

(c) The time of personal delivery of the signed notice of rejection to an office or qualified representative of the system, whichever is the latest. The premium is payable for each day for which coverage was in effect before delivery to the system of the written notice of rejection of coverage. The sale of a business, suspension of business operations or dissolution of a partnership does not constitute a termination of coverage.

6. Coverage will be terminated by the system if:

(a) A premium is not paid within 30 days after the date on which it is due;

(b) An account which also covers the licensee is voluntarily terminated; or

(c) The license of a licensee is revoked, suspended or voluntarily or involuntarily inactivated, or its renewal is denied.

The system will notify a licensee of the termination of his elective coverage.

(Added to NAC by Industrial Insurance System, eff. 5-23-96)

**NAC 616B.818 Termination of coverage for volunteers.** (*Expires by limitation July 1, 1999.*)

1. The elective coverage of volunteers remains in effect until the earliest of the following events:

(a) The electing employer, if he is insured by the system, notifies it or if he is self-insured, notifies the chief, that the coverage is to be terminated.

(b) The chief or the system finds that an employer electing coverage has not maintained a current roster of volunteers.

2. If the system terminates coverage pursuant to paragraph (b) of subsection 1, it will do so by the issuance of an endorsement changing the coverage of the electing employer's policy.

3. For employers who are insured by the system, the premium for any period during which coverage was active but no rosters were maintained is based on the greater of either the number of volunteers who were declared on the application for coverage, or the largest number provided on prior rosters.

[**Industrial Comm'n, No. 7.110, eff. 6-30-82**](NAC A by Div. of Industrial Insurance Regulation, 10-26-83; A by Industrial Insurance System, 7-12-88)-(Substituted in revision for NAC 616.220)

**NAC 616B.830 Review of agreements; effect of agreements on client companies; [oral] agreements required to be set forth in writing; consideration of agreements in determining evasion of regulations. (*Expires by limitation July 1, 1999.*)**

1. The system will review any written or oral agreement purported to be an agreement excluded from the definition of an agreement for leasing employees pursuant to subsection 2 of NAC 616A.020 to determine whether the agreement is an agreement for leasing employees and the parties to the agreement are acting as an employee leasing company and a client company if:

- (a) The assignment of the employees exceeds 12 months;
- (b) The period of assignment cannot be determined from the terms of the agreement;
- (c) The agreement results in a continual, long-term assignment of employees under the same or substantially similar terms of employment throughout the period of assignment;
- (d) The agreement results in the client company receiving five or more part-time or

full-time employees who are not on the payroll of the client company; or

(e) The agreement results in the client company receiving employees in an amount equal to 10 percent or more of the total number of employees within a classification of risk assigned to the client company by the system who are not on the payroll of the client company.

2. If the system determines that an agreement reviewed pursuant to subsection 1 is an agreement for leasing employees, the client company shall be deemed to be the sole employer of the leased employees until the parties to the agreement comply with the provisions of NRS 616B.670 to 616B.697, inclusive, and NAC 616B.830 to 616B.854, inclusive, and is subject to the provisions and penalties specified in NRS 616D.200 and 616D.220.

3. To comply with the requirements of NRS 616B.688, an oral agreement between an employee leasing company and a client company must be set forth in writing.

4. The system will consider any agreement described in subsection 1 when making its determination of whether the application of an entity's experience modification is being or has been evaded pursuant to NAC 616B.111.

(Added to NAC by Industrial Insurance System, eff. 8-16-94; A 5-23-96.)

**NAC 616B.833 Client company deemed sole employer under certain circumstances; liability of client company; list of employee leasing companies holding certificate of insurance. (*Expires by limitation July 1, 1999.*)**

1. If an agreement purported to be, or determined by the system pursuant to NAC 616B.830 to be, an agreement for leasing employees is not in writing, the employer acting as the client company shall be deemed to be the sole employer of the leased employees until the agreement is set forth in writing pursuant to NRS 616B.688 and the parties comply with the provisions of NRS 616B.670 to 616B.697, inclusive, and NAC 616B.830 to 616B.854, inclusive. Coverage for industrial insurance that is provided by the system for each leased employee will be provided exclusively under the account of the employer acting as the client company, and that employer is subject to the provisions and penalties specified in NRS 616D.200 and 616D.220.

2. If an agreement is purported to be an agreement for leasing employees, or is

determined to be such an agreement pursuant to NAC 616B.830, but the employee leasing company has not been issued a certificate of insurance as required by NRS 616B.673, the client company shall be deemed to be the sole employer of the leased employees. Coverage for industrial insurance that is provided by the system for each leased employee will be provided exclusively under the account of the employer acting as the client company, and that employer is subject to the provisions and penalties specified in NRS 616D.200 and 616D.220.

3. The system will provide, upon request, a list of employee leasing companies which hold a certificate of insurance to operate an employee leasing company in this state.

(Added to NAC by Industrial Insurance System, eff. 8-16-94; A 5-23-96.)

**NAC 616B.836 Effect of agreement for leasing employees on coverage for industrial insurance and on amount of deductible. (*Expires by limitation July 1, 1999.*)**

1. The coverage for industrial insurance that otherwise would be provided to an employee pursuant to the provisions of chapters 616A to 617, inclusive, of NRS will not be expanded, reduced or otherwise changed in any manner because the coverage for industrial insurance is being provided pursuant to an agreement for leasing employees.

2. The amount of a deductible required to be paid by an employer pursuant to paragraph (b) of subsection 7 of NRS 616B.206 or NRS 616B.221 will not be increased, reduced or otherwise changed solely because the coverage for industrial insurance is being provided pursuant to an agreement for leasing employees.

(Added to NAC by Industrial Insurance System, eff. 8-16-94; A 5-23-96)

**NAC 616B.839 Certificate [of insurance]: Contents of application; notification of manager of changes in information submitted. (*Expires by limitation July 1, 1999.*)**

1. In addition to the information required by NRS 616B.679, an application for a certificate of insurance to operate an employee leasing company must include or be accompanied by:

(a) A completed form entitled "Nevada Business Registration," which may be obtained from the system.

(b) A completed form entitled "SIIS-100 Primary Application for Industrial Insurance."

(c) A completed form entitled "Supplemental Application for Employee Leasing Companies," which includes a list of all client companies with which the employee leasing company has entered into an agreement for leasing employees. The list must include the following information for each client company listed:

(1) The name of the client company.

(2) The business address and telephone number of the client company.

(3) A statement of whether the client company is a corporation, partnership, association or other form of business.

(4) The names of the owners of the client company.

(5) The primary business operation of the client company.

(6) The number of leased employees working at the business location of the client company.

(7) An estimate of the monthly payroll of the leased employees.

(8) The beginning date of the agreement for leasing employees entered into with the client company.

(d) A completed form entitled "Post-Open Enrollment Period MCO Election Form."

(e) A completed form entitled "Joint Application for Employee Leasing Company and Client Company," for each agreement for leasing employees entered into between the employee leasing company and each client company, completed and signed by an authorized representative of the employee leasing company and an authorized representative of the client company, and a copy of the agreement.

(f) One of the following:

(1) A cash deposit; or

(2) A bond or other security approved by the manager,

equal to \$1,000, in order to ensure that the premiums required for temporary coverage are paid pending the assignment of classifications and rates for the leased employees.

(g) The address of the office of the employee leasing company or similar site in this state where records of payroll and written agreements with client companies are maintained and available for audit and review.

2. The employee leasing company shall submit to the [manager] *administrator* any change in the information submitted pursuant to subsection 1 within 30 days after the change occurs. If the information is submitted to the [manager] *administrator* after that time, the change becomes effective on the date of submission to the [manager] *administrator*.

(Added to NAC by Industrial Insurance System, eff. 8-16-94; A 5-23-96.)

**NAC 616B.842 Failure to comply with regulatory provisions; joint application of exclusive remedy.** (*Expires by limitation July 1, 1999.*)

1. The manager may revoke the certificate of insurance issued to an employee leasing company and cancel the policy of industrial insurance issued to the company by the system if the company fails to comply with any provision of NAC 616B.830 to 616B.854, inclusive, or chapter 616A, 616B, 616C, 616D or 617 of NRS.

2. The exclusive remedy provided by NRS 616A.020 applies jointly to an employee leasing company and a client company when all requirements of NAC 616B.830 to 616B.854, inclusive, and chapters 616A to 617, inclusive, of NRS have been met.

(Added to NAC by Industrial Insurance System, eff. 8-16-94)-(Substituted in revision for NAC 616.1349)

**NAC 616B.845 Joint and individual accounts: Establishment and maintenance; submission of monthly payroll and premium reports; exemption of certain client companies; termination of accounts; penalties.** (*Expires by limitation July 1, 1999.*)

1. An employee leasing company and the client company with whom it has entered into an agreement for leasing employees shall establish and maintain with the system:

(a) Individual accounts for their respective employees who are not leased pursuant to the agreement for leasing employees; and

(b) A joint account for employees who are leased pursuant to the agreement for leasing

employees.

2. If all of the employees of the client company are leased pursuant to the agreement for leasing employees, the client company shall continue to maintain an individual account with the system to:

(a) Facilitate recovery of any contribution, premium, forfeit or interest due as a result of the joint and several liability of the client company;

(b) Transfer the client company's experience to the client company upon the termination of a leasing agreement;

(c) Extend the exclusive remedy provided by NRS 616A.020 to the client company; and

(d) Report any payroll paid directly by the client company to any leased employee.

3. Except as otherwise provided in subsection 4, the employee leasing company and client company shall submit separate monthly reports of payroll and premiums to the system for each individual account required to be maintained pursuant to this section.

4. A client company may be exempted from the requirements of subsection 3 if:

(a) All employees of the client company are leased pursuant to the agreement for leasing employees;

(b) No payroll is paid directly to the leased employees by the client company; and

(c) A request for an exemption is submitted in writing to the system by an authorized representative of the client company.

5. Any exemption granted pursuant to subsection 4:

(a) Becomes effective on the date of the receipt of the written request therefor; and

(b) Remains in effect as long as all employees of the client company are leased pursuant to the agreement for leasing employees and the client company makes no direct payments of payroll to any employee.

6. If the client company is a corporation, partnership, association or other form of business, the joint account required to be maintained by paragraph (b) of subsection 1 shall be deemed to be the same form of business as the client company for the purposes of determining premiums to be paid and coverage to be provided for employees under the joint account.

7. If the individual account required to be maintained by the client company is terminated for any reason, the joint account maintained by the client company and the employee leasing company shall be deemed terminated.

8. If the joint account or the agreement for leasing employees is terminated for any reason, the client company shall continue to provide coverage for industrial insurance for those employees who were leased pursuant to the agreement. The client company may be charged penalties pursuant to NRS 616D.200 for any period during which the client fails to provide, secure and maintain compensation.

(Added to NAC by Industrial Insurance System, eff. 8-16-94; A 5-23-96)

**NAC 616B.848 Procedure upon nonpayment of premium by employee leasing company.**  
*(Expires by limitation July 1, 1999.)*

1. If an employee leasing company fails to pay any required premium when due, the system will first pursue recovery of the payment of the premium from the employee leasing company, and then from the client company with whom the employee leasing company



has entered into an agreement for leasing employees based on its joint and several liability.

2. The client company may request, and the system will provide, a statement certifying whether the employee leasing company has failed to pay premiums or maintain a certificate of insurance to operate an employee leasing company.

3. If the employee leasing company files for bankruptcy and does not pay any premium owed to the system before that filing within 90 days after it is billed for the premium, the manager will revoke the certificate of insurance issued to the employee leasing company and bill the client company for those premiums that have not been paid.

(Added to NAC by Industrial Insurance System, eff. 8-16-94; A 5-23-96)

**NAC 616B.851 Requirements for client company which is quasi-public or private corporation; reports of payroll and premiums for officers of corporation. (*Expires by limitation July 1, 1999.*)**

If a client company is a corporation governed by the provisions of NRS 616B.624:

1. Reports of the payroll and premiums for an officer of the corporation who receives pay for services performed must be made as follows:

(a) If the officer receives remuneration from the individual or joint account required to be maintained pursuant to subsection 1 of NAC 616B.845, the reports must be made for the account from which the remuneration was received.

(b) If the officer receives remuneration from the individual and joint accounts required to be maintained pursuant to subsection 1 of NAC 616B.845, reports must be made for each account based on the amount paid from each account.

2. The payment of premiums for an officer of the corporation who does not receive pay for services performed and who has not elected to reject coverage pursuant to NRS 616B.624 must be made:

(a) According to the deemed wage established for the officer by that section.

(b) From the joint account required to be maintained pursuant to paragraph (b) of subsection 1 of NAC 616B.845 if the officer is leased pursuant to an agreement for leasing employees.

(c) From the individual account required to be maintained pursuant to paragraph (a) of subsection 1 of NAC 616B.845 if the officer is not leased pursuant to an agreement for leasing employees.

(Added to NAC by Industrial Insurance System, eff. 8-16-94; A 5-23-96)

**NAC 616B.854 Election of coverage for excluded persons. (*Expires by limitation July 1, 1999.*)**

Any election to cover the employee made pursuant to NRS 616A.220, 616B.656, 616B.659, 617.220 or 617.225 or NAC 616B.800 to 616B.818, inclusive, must be signed by an authorized representative of the client company and an authorized representative of the employee leasing company.

(Added to NAC by Industrial Insurance System, eff. 8-16-94; A 5-23-96)

**NAC 616B.857 Determination by system whether maximum amount of payroll has been reported and premiums paid. [Effective until July 1, 1999.]** (*Expires by limitation July 1, 1999.*)

To determine whether the maximum amount of payroll established by NRS 616B.039 and NAC 616A.200 has been reported and premiums paid during a calendar year for an employee who is leased pursuant to an agreement for leasing employees, the system will:

1. Include any amount of payroll previously reported for the employee during that year by the client company, regardless of whether:

(a) The report was made for a joint or individual account required to be maintained by the client company pursuant to NAC 616B.845.

(b) The agreement for leasing employees was in effect for the entire calendar year.

2. Consider first, within each reporting period, the amount of payroll reported for the employee for the joint account, and then consider any amount of payroll reported for the individual account of the client company.

(Added to NAC by Industrial Insurance System, eff. 8-16-94; A 5-23-96, eff. 7-1-99)

**NAC 616B.857 Determination by system whether maximum amount of payroll has been reported and premiums paid. [Effective July 1, 1999.]** (*Expires by limitation July 1, 1999.*)

To determine whether the maximum amount of payroll established by NRS 616B.224 and NAC 616A.200 has been reported and premiums paid during a calendar year for an employee who is leased pursuant to an agreement for leasing employees, the system will:

1. Include any amount of payroll previously reported for the employee during that year by the client company, regardless of whether:

(a) The report was made for a joint or individual account required to be maintained by the client company pursuant to NAC 616B.845.

(b) The agreement for leasing employees was in effect for the entire calendar year.

2. Consider first, within each reporting period, the amount of payroll reported for the employee for the joint account, and then consider any amount of payroll reported for the individual account of the client company.

(Added to NAC by Industrial Insurance System, eff. 8-16-94; A 5-23-96)

**NAC 616B.860 Rating of experience.** (*Expires by limitation July 1, 1999.*)

1. If an employee leasing company enters into an agreement for leasing employees with a client company, the experience of the client company will be used to rate the experience assigned to the joint account required to be maintained pursuant to NAC 616B.845. The experience assigned to the joint account will not be used to rate the experience of the operations of the employee leasing company until 3 consecutive years of rating the experience assigned to the joint account have been completed.

2. After the 3-year period is completed, the experience assigned to the joint account

will be combined with the experience of the employee leasing company to establish a common rating for the operations of the employee leasing company. The combination will be made:

- (a) When the experience modification factor for the company is calculated annually.
- (b) Prospectively only from August 16, 1994.

3. The individual account required to be maintained by the client company pursuant to NAC 616B.845 will be held in common with the joint account after the experience assigned to the joint account and the experience of the employee leasing company are combined pursuant to subsection 2.

4. If the agreement for leasing employees is terminated, the system will continue to combine the experience assigned to the joint account with the experience assigned to the individual account maintained by the client company to rate the experience of the client company.

5. If the agreement for leasing employees is terminated between an employee leasing company and a client company that is granted an exemption pursuant to subsection 4 of NAC 616B.845, the system will assign the experience assigned to the joint account to the individual account of the client company.

6. If a common rating for the operations of the employee leasing company is established pursuant to subsection 2 and the agreement for leasing employees is terminated, the common rating will be used for the next 3 years to calculate the experience modification factor of the company pursuant to NAC 616B.060 to 616B.108, inclusive.

(Added to NAC by Industrial Insurance System, eff. 8-16-94; A 5-23-96)

**NAC 616B.880 Scope.** (*Expires by limitation July 1, 1999.*)

The provisions of NAC 616B.880 to 616B.919, inclusive, apply only to an offender who is injured or killed in the course and scope of his employment in the prison industry program, and only if the director of the department of prisons has requested such coverage under the modified program of industrial insurance. The program does not include:

1. Coverage for an injury which occurred before the offender was confined at a facility operated by the department of prisons.
2. Any service or benefit for vocational rehabilitation.

(Added to NAC by Industrial Insurance System, eff. 7-3-90; A 11-14-95)-(Substituted in revision for NAC 616.710)

**NAC 616B.883 Applicability of statutes and other regulations.** (*Expires by limitation July 1, 1999.*)

Except as otherwise provided in NAC 616B.880, the provisions of chapters 616A to 617, inclusive, of NRS and chapters 616A to 617, inclusive, of NAC apply to any offender confined at a facility operated by the department of prisons and engaged in work in a prison industry program to the extent that those provisions do not conflict with NAC 616B.880 to 616B.919, inclusive.

(Added to NAC by Industrial Insurance System, eff. 7-3-90; A 11-14-95)-(Substituted in revision for NAC 616.712)

**NAC 616B.886 "Wages" interpreted.** (*Expires by limitation July 1, 1999.*)

In the case of an offender confined at a facility operated by the department of prisons who is injured or killed in the course and scope of his employment in the prison industry program, the term "wages":

1. Includes only the money he earns in the prison industry program before any deductions are made from those earnings.
2. Does not include:
  - (a) The value of room and board, medical care or other goods or services provided by the department of prisons;
  - (b) The value of good time earned towards reducing the prison sentence of the offender; or
  - (c) Income from any source other than the prison industry program.

(Added to NAC by Industrial Insurance System, eff. 7-3-90; A 12-13-93)-(Substituted in revision for NAC 616.714)

**NAC 616B.889 Statement of rights and duties of offenders.** (*Expires by limitation July 1, 1999.*)

The department of prisons shall:

1. Adopt a written statement of the rights and duties of an offender pursuant to the provisions of NAC 616B.880 to 616B.919, inclusive. The statement must:
  - (a) Include the procedures and time limits which the offender must follow when he files for benefits; and
  - (b) Be approved by the assistant director for industrial programs of the department.
2. Give a copy of the statement to each offender confined at a facility operated by the department of prisons before his first assignment to work.
3. Post a copy of the statement in a conspicuous place in each place where an offender works.

(Added to NAC by Industrial Insurance System, eff. 7-3-90)-(Substituted in revision for NAC 616.716)

**NAC 616B.892 Injuries for which compensation not allowed.** (*Expires by limitation July 1, 1999.*)

No compensation will be allowed pursuant to NAC 616B.880 to 616B.919, inclusive, for an injury:

1. Which results from an assault, whether or not the offender is the aggressor.
2. Which occurs as a result of a deliberate violation of a work rule by the offender.
3. Which is proximately caused because the offender is under the influence of a controlled substance. If the offender is under the influence of a controlled substance at the time of the injury, the controlled substance is presumed to be a proximate cause of the injury unless rebutted by evidence to the contrary.

(Added to NAC by Industrial Insurance System, eff. 7-3-90)-(Substituted in revision for NAC 616.718)

**NAC 616B.895 Submission of notice of injury.** (*Expires by limitation July 1, 1999.*)

1. Except as otherwise provided in subsections 2 and 3, an offender or someone acting on his behalf shall submit the notice of injury as provided in NRS 616C.015.

2. The notice of injury must be submitted to the assistant director of industrial programs of the department of prisons.

3. The assistant director of industrial programs shall file the notice with the system within 15 days after he receives it. If an offender submits the notice of injury to the assistant director within the time provided by NRS 616C.015, the failure of the assistant director to file the notice with the system within 15 days does not bar a claim for compensation.

4. Incarceration is not an excuse for failure to submit a timely notice of injury.

(Added to NAC by Industrial Insurance System, eff. 7-3-90)-(Substituted in revision for NAC 616.720)

**NAC 616B.898 Periods for accrual and payment of compensation.** (*Expires by limitation July 1, 1999.*)

1. An offender is not entitled to accrue or be paid any compensation for temporary total disability, temporary partial disability, permanent partial disability or permanent total disability while he is incarcerated.

2. Payment of compensation begins upon the release of the offender from incarceration on:

- (a) Parole;
- (b) Final discharge; or
- (c) Discharge from custody by order of a court of competent jurisdiction.

3. Compensation will be discontinued during any subsequent period of incarceration in:

- (a) A facility of the department of prisons; or
- (b) Any other federal, state or local prison system.

(Added to NAC by Industrial Insurance System, eff. 7-3-90)-(Substituted in revision for NAC 616.722)

**NAC 616B.901 Payment of benefits payable in lump sum.** (*Expires by limitation July 1, 1999.*)

An offender will not be paid a lump-sum settlement for an injury or disease while he is incarcerated. When the offender is released, any lump-sum benefit to which he is entitled:

1. Of more than \$2,400, will be paid in monthly installments which do not exceed 10 percent of the total benefit in any month. The first installment will be paid within 30 days after the offender is released.
2. Of \$2,400 or less will be paid in a single payment within 30 days after the offender is released.

(Added to NAC by Industrial Insurance System, eff. 7-3-90)-(Substituted in revision for NAC 616.724)

**NAC 616B.904 Medical treatment of offenders.** (*Expires by limitation July 1, 1999.*)

1. Except as otherwise provided in this section, the department of prisons has control over the medical treatment of any offender, including the right to select treating and consulting physicians and all other health care professionals. An offender is not entitled to select a health care professional.

2. The department of prisons is not required to disclose in advance to the offender the date, time or location of any medical service.

3. The system may schedule any appropriate medical test, consultation or treatment in addition to those scheduled by the department of prisons, but will do so in accordance with the security procedures of the department of prisons.

4. If medication is prescribed for an offender, it must be retained and dispensed by the department of prisons.

(Added to NAC by Industrial Insurance System, eff. 7-3-90)-(Substituted in revision for NAC 616.726)

**NAC 616B.907 Hearings.** (*Expires by limitation July 1, 1999.*)

1. An offender is not entitled to be physically present at a hearing before a hearing officer or an appeals officer.

2. Any hearing must be conducted by telephone unless the appeals officer or hearing officer determines, for good cause, that the hearing should be held at an institution of the department of prisons. In such a case, the hearing must be arranged and conducted in accordance with the security procedures of the department of prisons.

(Added to NAC by Industrial Insurance System, eff. 7-3-90)-(Substituted in revision for NAC 616.728)

**NAC 616B.910 Services of Nevada attorney for injured workers.** (*Expires by limitation July 1, 1999.*)

Offenders are entitled to the services of the Nevada attorney for injured workers, subject to the rules and procedures adopted by the department of prisons relating to contact with offenders.

(Added to NAC by Industrial Insurance System, eff. 7-3-90; A 12-13-93)-(Substituted in revision for NAC 616.730)

**NAC 616B.913 Low wage is not ground to reopen claim.** (*Expires by limitation July 1, 1999.*)

The fact that an offender has earned a relatively low wage while incarcerated is not a ground for the reopening of a claim.

(Added to NAC by Industrial Insurance System, eff. 7-3-90)-(Substituted in revision for NAC 616.732)

**NAC 616B.916 No right to reject coverage.** (*Expires by limitation July 1, 1999.*)

An offender confined at a facility operated by the department of prisons may not reject coverage if the director of the department of prisons has requested coverage under the modified program of industrial insurance.

(Added to NAC by Industrial Insurance System, eff. 7-3-90)-(Substituted in revision for NAC 616.734)

**NAC 616B.919 Civil rights not restored.** (*Expires by limitation July 1, 1999.*)

NAC 616B.880 to 616B.919, inclusive, does not restore, in whole or in part, any of the civil rights of an offender.

(Added to NAC by Industrial Insurance System, eff. 7-3-90)-(Substituted in revision for NAC 616.736)

**NAC 616D.340 Penalty charged for failure of employer to provide and secure compensation.** (*Expires by limitation July 1, 1999.*)

1. If the manager determines that an employer within the provisions of NRS 616B.633 has failed to provide and secure compensation, he will, pursuant to NRS 616D.200, charge the employer an amount equal to three times the premiums that the employer should have paid to the system for the period that the employer did business in this state without providing and securing the compensation, but not to exceed 6 years.

2. After the manager notifies the employer of his determination that the employer failed to provide and secure the compensation, the employer shall provide information to the manager that verifies the amount of pay earned by his employees during the period that the employer was doing business in this state without providing and securing compensation. If the employer fails or is unable to provide such information, he shall calculate and provide to the manager an estimate of the pay earned by his employees for that period, using the wages

actually received or deemed to be received, pursuant to the applicable provisions of chapters 616A to 617, inclusive, of NRS, by his employees.

(Added to NAC by Industrial Insurance System, eff. 5-23-96)

**NAC 616D.350 Penalty charged for failure of employer to maintain compensation.**

*(Expires by limitation July 1, 1999.)*

1. If the manager determines that an employer within the provisions of NRS 616B.633 provided and secured compensation but failed to maintain the compensation, he will, pursuant to NRS 616D.200, charge the employer an amount equal to three times the premiums that the employer should have paid to the system for the period that the employer did business in this state without maintaining the compensation, but not to exceed 6 years.

2. After the manager notifies the employer of his determination that the employer failed to maintain the compensation, the employer shall provide information to the manager that verifies the amount of pay earned by his employees during the period that the employer was doing business in this state without maintaining the compensation. If the employer fails or is unable to provide such information, the manager will estimate the payroll of the employer for that period based on reports of payroll previously submitted by the employer to the system and on the wages deemed to be received by the employer's employees pursuant to the applicable provisions of chapters 616A to 617, inclusive, of NRS.

(Added to NAC by Industrial Insurance System, eff. 5-23-96)

**NAC 616D.360 Verification of amount charged to employer as penalty.** *(Expires by limitation July 1, 1999.)*

The amount of any charge imposed by the manager pursuant to NAC 616D.340 or 616D.350 is subject to verification by auditors of the system.

(Added to NAC by Industrial Insurance System, eff. 5-23-96)

**NAC 616D.370 Modification of amount charged to employer as penalty.** *(Expires by limitation July 1, 1999.)*

At any hearing held pursuant to subsection 2 of NRS 616D.220, on appeal from a determination of the manager made pursuant to NRS 616D.200, the manager may modify the amount charged the employer if it is shown by a preponderance of the evidence that the:

1. Failure to provide and secure or maintain compensation was caused by an error on the part of the system; or

2. Employer was exempt from the requirement to provide and secure or maintain compensation.

(Added to NAC by Industrial Insurance System, eff. 5-23-96)