

# Stories of Workers' Compensation Law in Nevada From 1913 Forward

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# Major Milestones in Nevada

- 1913 Nevada Industrial Commission established – Created with a \$2,000 loan from the State of Nevada – It was repaid!
- 1982 NIC disbanded; the State Industrial Insurance System and the Department of Industrial Relations were established
- 1992 Independent audit +\$300M vs -\$2.2B; invested assets being sold to cover then current expenses
- 1993 SB 316 – major workers' compensation reform legislation; created AGFU; Governor replaced the Board of Directors; limited benefits (hot tubs); plain meaning of the statutes

# Major Milestones in Nevada

- 1995 AB 552 would allow private carriers to compete with SIIS starting July 1, 1999
- 1999 More than 270 private carriers were authorized to sell workers' compensation in Nevada
- 1999 SB 37 passed which completely severed SIIS from the State of Nevada effective January 1, 2000, making it a completely private insurance carrier

# Major Milestones in Nevada

- On or just after January 1, 2000:
  - We lost 40% of our policyholders
  - We went from 1,100 employees to 300 employees
  - We competed with 270 private WC insurers
  - We had to shake the history of being a state agency
  - Few agents and businesses thought we would survive; none thought we would succeed

# Major Milestones in Nevada

- 2000            We operated in one state, Nevada
- 2002            We purchased a \$100M book of business for \$1.00 and began operating in seven states
- 2007            We completed an Initial Public Offering and distributed \$880M to 6,600 Nevada businesses – no local media coverage but in the WSJ three times
- 2008            We purchased AmCOMP Incorporated and began operating in 30 states

# Major Milestones in Nevada

- By the end of this year, we will have multiple companies licensed and operating nationwide, in all 44 non-monopolistic states
- Let's see how this started

NEVADA INDUSTRIAL COMMISSION.

STATE OF NEVADA.

RECORD OF PROCEEDINGS.

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Carson City, Nevada, 18 Apr., 1913.

Pursuant to and by authority of the Nevada Industrial Insurance Act, Chapter 111, Statutes of 1913, the first meeting of the Nevada Industrial Commission was held this day in the office of the governor, State Capitol Building, Carson City, Nevada.

Present: Governor Oddie, Chairman; Attorney General Thatcher, State Mine Inspector Ryan, Commissioner H. E. Lemmon and Commissioner Wallace.

The meeting was called to order at 2 P.M. by the governor as acting chairman.

The Commission organized by electing Tasker L. Oddie Chairman and William E. Wallace temporary secretary.

It was moved, seconded and carried that the salary of William E. Wallace as temporary secretary be fixed at \$100.00 per month.

SEC. 8. (a) The administration of this act on and after April 1, 1915, is hereby imposed upon a commission to be known as the "Nevada Industrial Commission"; and said commission, to consist of three commissioners, is hereby created. The governor, attorney-general, and inspector of mines, shall constitute an industrial commission board for the appointment of such commissioners. Vacancies shall be filled in the same manner for unexpired terms. No more than two of the commission shall be members of the same political party at the date of any appointment. Each commissioner shall hold office for the term of four years from and after date of his appointment, and until his successor shall be appointed and shall have qualified. One commissioner shall be designated by the governor to be, and upon being so designated shall be, chairman of the commission. A decision on any question arising under the act concurred in by two of the commissioners shall be the decision of the commission.

The following bills were submitted, approved and order paid.

Voucher  
No.

1.	William E. Wallace, traveling expenses,	\$126.25
2.	John J. Mullin, traveling expenses,	126.25
3.	William E. Wallace, salary as commissioner,	150.00
4.	William E. Wallace, salary as temporary secretary	100.00
5.	William E. Wallace, for postage stamps,	75.00

There being no further business the chairman ordered a adjournment until Friday, May 30, 1913, at two o'clock P.M.

Walter L. Odie

# Financial Facts in 1913

- Work week was 60 hours
- Wage for common laborer was \$.30 an hour
- Wage in mining and construction was \$.50 an hour
  
- Costs of goods:
  - Dozen eggs                      \$.25
  - 1Lb. butter                      \$.20
  - 1Lb. flour                        \$.04
  - 1Lb. bread                       \$.07
  - 1Lb. sugar                        \$.06
  - 1Lb. coffee                        \$.30

Railroad ticket prices were, on average, \$.02 per mile - Seattle to Chicago price \$65.00

Stage coach fair in 1915, round trip Carson City to Winnemucca - \$16.00

1,497 total accepted claims in the first 2 ½ years of NIC

Voucher A-8, William E. Wallace, \$150.00

Voucher A-9, William E. Wallace, \$ 50.00

Pursuant to instructions of last meeting, the secretary submitted a list of furniture and fixtures necessary to equip office.

It was moved, seconded and carried that the secretary be authorized to purchase:

One Burroughs Duplex Adding Machine, price, \$725.00

One Typewriter, 26, " \$162.00

One Elliott Addressing Machine, price about, \$ 90.00

One Envelope Sealing Machine,

Such other supplies as he deemed necessary.

It was moved, seconded and carried that the matter of purchasing office furniture be considered at some subsequent meeting.

RULE 5.

FORMS PRESCRIBED.

Printed forms of all notices, applications, proofs, etc., necessary for perfecting any claim before the Commission will be furnished free of charge by the Commission. Such forms must be used in all cases.

RULE 6.

INJURY NOT RESULTING IN DEATH - NOTICE OF

Any employee who has been injured in course of his employment and who contemplates filing an application for any compensation, shall <sup>within ten days</sup> promptly after receiving such injury, notify or cause notice to be given to the Commission of the time place and nature of his injury and the name of his employer, using Form No. 22, if available. Such notice should be mailed to the Nevada Industrial Commission. Upon receiving such notice the Commission will mail to the injured employee proper forms and blanks for his use in perfecting his claim. ~~Unless such notice is given, no application for compensation will be considered by the Commission.~~

6-25-13  
ggm

6-25-13  
ggm

The following claims were presented to the Commission, and after due investigation and consideration were disposed of as follows:

<u>Claim</u>	<u>Claimant</u>	<u>Award.</u>
No. 1		Rejected.
No. 2		\$ 240.00
No. 3		( \$4550.50
	Funeral Ex. (	\$ 121.25

( In regard to Claim No. 3, the award of \$4550 is payable in monthly installments of \$45.50 each for a period of one hundred months . \$121.25 on account of said claim is payable to Messrs. Kitzmeyer and Kenney for burial expenses. The award of \$4550.00 was computed as follows:  
 The daily wage was found to be \$3.25, and twenty-eight (28) days was

month;

28-- days @ \$3.25 per day .....\$91.00

50% of \$91.00 .....\$45.50.

<u>Claim</u>	<u>Claimant</u>	<u>Award.</u>
No. 4		----- \$ 18.00
No. 5		--- Rejected.
No. 6		----- 6.75
No. 7		--- Rejected.
No. 8		----- 14.00
No. 9		--- Rejected.
No.10		dy, -Rejected.
No.11		-- Rejected.
No.12		zer, ----- \$ 131.25
No.14		--- Rejected.
No.15		----- \$ 33.75
No.17		i, ----- \$ 3.75
No.18		-- Rejected.
No.19		--- Rejected.
No.20		-----On acct.\$ 60.00
No.21		-- Rejected.
No.23		----- \$ 4.50
No.24		----- \$ 1.85
No.27		----- \$ 19.50
No.28		-- Rejected.
No.31		-- Rejected.
No.34		a ----- \$ 27.50
No.35		----- \$ 7.00

"Carson City, Nevada,  
1 December, 1913.

Nevada Industrial Commission,  
Carson City, Nevada.

Gentlemen:

Section 25 of the Nevada Industrial Insurance Act provides for the compensation that shall be paid to injured workmen:

' For complete disability, compensation 50 % of the average monthly wages, but not more than \$60, nor less than \$20 per month for one hundred months; total amount not to exceed \$5,000.

' For partial disability, one-half the difference between the wages earned before injury and wages which injured is able to earn thereafter, but not more than \$40 a month for a period not to exceed sixty months.

' Specific payments of injuries as per the following schedule, subject to a maximum of \$60 and a minimum of \$20 per month:

' For the loss of a thumb, 50 % of the average monthly wages during fifteen months.

' The loss of more than one phalange, shall be considered as the loss of the entire finger or thumb; provided, however, that in no case shall the amount received for more than one finger exceed the amount provided in this schedule for the loss of a hand.

' For the loss of a great toe, 50 % of the average monthly wages during seven months.

' For the loss of one of the other toes other than the great toe, 50 % of the average monthly wages during two months and one-half.

' However, the loss of the first phalange of any toe shall be considered to be equal to the loss of one-half of such toe, and compensation shall be one-half of the amount above specified.

' The loss of more than one phalange shall be considered as the loss of the entire toe.

' For the loss of a hand, 50 % of the average monthly wages during forty months.

' For the loss of an arm, 50 % of the average monthly wages during fifty months.

' For the loss of a foot, 50 % of the average monthly wages during thirty-five months.

"EMPLOYER'S NOTICE OF REJECTION OF NEVADA INDUSTRIAL INSURANCE  
ACT.

TO THE EMPLOYEES OF THE UNDERSIGNED AND THE NEVADA  
INDUSTRIAL INSURANCE COMMISSION;

You, and each of you are hereby notified that the undersigned rejects the terms, conditions and provisions to provide, procure and pay compensation to employees of the undersigned for injuries received as provided in the Act of the Legislature of the State of Nevada, known as Nevada Industrial Insurance Act, and elects to pay damages for personal injuries received by such employees under the Common Law and the valid statutes of this State modified, (so far only as such attempted modifications are valid and constitutional, by sub-divisions 1, 2, 3 and 4 of Section 1 of the said Nevada Industrial Insurance Act and Acts amendatory thereto; but the said undersigned reserves the right to object at all times to any of the said statutes, including said Industrial Insurance Act and each and every portion thereof on the ground of unconstitutionality or other invalidity; nothing herein contained shall be taken or construed as a waiver by the undersigned to be bound by any provision of any of said statutes, (including the said Nevada Industrial Insurance Act and the said sub-divisions of Section 1 thereof which would not otherwise be binding on it.

Dated and posted this 18th day of June, 1913.

the part of the injured party;

(4) In actions by an employee against an employer for personal injuries sustained, arising out of and in the course of the employment where the employer has rejected the provisions of this act, it shall be presumed that the injury to the employee was the first result, and growing out of the negligence of the employer; and that such negligence was the proximate cause of the injury; and in such case the burden of proof shall rest upon the employer to rebut the presumption of negligence.

(d) Every such employer shall be conclusively presumed not to have elected to provide, secure, and pay compensation to employees for injuries sustained arising out of and in the course of the employment according to the provisions of this act, unless and until notice in writing of an election to accept shall have been given to the Nevada industrial commission, substantially in the following form:

EMPLOYER'S NOTICE TO ACCEPT

To the Nevada Industrial Commission:

You are hereby notified that the undersigned accepts the provisions of the "Nevada Industrial Insurance Act."

Signed.....

(b) For the purpose of providing a fund to take care of said accident benefits as in this act provided the Nevada industrial commission is authorized and directed to collect a premium upon the total pay-roll of every employer except as hereinafter provided in such a percentage as the commission shall by order fix; every employer paying such premium shall be relieved from furnishing accident benefits, and the same shall be provided by the Nevada industrial commission. Every employer paying such premium for accident benefits may collect one-half thereof, not to exceed one dollar per month, from each employee, and may deduct the same from the wages of such employee.

CLASS 1: MINING OPERATIONS

All work incidental to Mining Operations,  
including Shaft Sinking, Underground and Surface, rate 3 % payroll

Clerical Office Employees .....  $\frac{1}{2}$  of 1 % "

NOTE: "Clerical Office Employees" shall mean only those whose duties are confined to keeping the books and records and conducting correspondence, or who are employed wholly in the office where the books and records are kept, having no other duties of any nature in or about the premises of the mine.

Any officer, clerk or employee, who, in the course of employment, or line of duty, has occasion to visit the workings of a mine, shall be classed as engaged in mining, and the rate of Mining Operations, to-wit: 3 %, shall govern.

CLASS 2:

<u>MILLS OR REDUCTION WORKS</u> ( Plants, Establishments or Premises in which metalliferous ores are treated in the moist way; including Stamping and Amalgamation, Grinding, Lixiviation, Concentration, Chlorination, Cyanidation or any similar method, rate .....	$1\frac{1}{2}$ % of payroll
<u>SMELTERS:</u> rate .....	$1\frac{1}{2}$ % " "
<u>PLASTER MILLS:</u> rate .....	$1\frac{1}{2}$ % " "
<u>CLERICAL OFFICE EMPLOYEES</u> : rate.....	$\frac{1}{2}$ of 1% "

NOTE: "Clerical Office Employees" shall mean only those whose duties are confined to keeping the books and records and conducting correspondence, or who are employed wholly in the office where the books and records are kept, having no other duties of any nature in or about the premises of the plant.

Any officer, clerk or employee, who, in the course of employment or line of duty, has occasion to visit the Mills or Reduction Works, Smelters or Plaster Mills shall be classed as engaged in such plant, and the rate applicable to such plant, to-wit:  $1\frac{1}{2}$  %, shall govern.

## LETTER OF TRANSMITTAL

CARSON CITY, NEVADA, December 8, 1916.

SIR: The Nevada Industrial Commission has the honor to submit the accompanying report of its administration of the Nevada Industrial Insurance Act for the period of three years, ending June 30, 1916.

JOHN J. MULLIN, *Chairman.*

H. A. LEMMON,

WILLIAM E. WALLACE.

*To His Excellency, EMMET D. BOYLE, Governor of the State of Nevada.*

In considering the report submitted, due regard should be given to the peculiar internal conditions of our State. Nevada has an area of 110,690 square miles of territory, sparsely populated by 108,690 people (United States Census Bureau estimate, January 1, 1916). As regards employees affected by the Nevada Industrial Insurance Act, the mining industry predominates, over 80 per cent of the income of the State Insurance Fund being derived from mining operations. Farm and agricultural labor, stock and poultry raising, and household domestic service are excluded from the Act.

The experience of three years may be briefly summarized as follows:

Earned Premium, \$743,051.69; Pure Compensation Cost, \$651,150.38; Administration Expense, \$89,474.45; ratio of Administration Expense to Earned Premium, 12.04%. The average number of men per annum in the mining industry (Classes 1, 2, 3), within the Act, was 7,463; all other industries (Classes 4, 5, 7), 2,930. The State, city and county employees were reported as numbering 913, making in all a total of 11,306. The active contributors on June 30, 1916, were: Mining (Classes 1, 2, 3), 390; other industries (Classes 4, 5, 7), 355, and 41 departments of State, counties and cities; total, 786. The total pay-roll exposure for three years was \$38,567,664.98.

# Major Milestones in Nevada

- 1995 Legislature – testified every day; “the emperor has no clothes”
- 1997 Legislature – started to take the offensive; passed one bill to help us compete with the competition that would come over the hill in two years; “show me the money”
- 1998 – Newly elected Governor Guinn informed us that he wanted the State of Nevada out of the workers’ compensation industry
- 1999 Legislature – passed SB 37 to privatize SIIS – “Your bill is....”

**Compromise Was Not a Four Letter Word**

# Major Milestones in Nevada

- 2000            We operated in one state, Nevada
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# Major Milestones in Nevada

- Employers Holdings, Inc. in 2018

- + \$700M in written premium

- +700 employees in 8 offices

- +\$1B in market cap

- Top 25 largest workers' compensation writers

- Stock opened at \$17.00, now +\$40.00 a share

# Tenants of My Life

- Everyone and everything is a half-full, half-empty glass
- If this is the biggest frustration in my life...

# Tenants of My Life

- Every Storm Has a Rainbow



Thank You and God Bless