

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

**NOTICE OF WORKSHOP TO SOLICIT COMMENTS ON
PROPOSED REGULATIONS**

The State of Nevada Department of Business and Industry, Division of Insurance ("Division"), (775) 687-4270, is proposing the amendment of regulations pertaining to **chapters 616B, 679B, 680A and 682A** of the Nevada Administrative Code ("NAC"). A workshop has been set for **9:00 a.m. on November 7, 2008**, at the offices of the Division, **788 Fairview Drive, Suite 300, Carson City, Nevada 89701**. Interested parties may also participate through a simultaneous video-conference conducted at the Bradley Building, 2501 East Sahara Avenue, Real Estate Division Conference Room, 2nd Floor, Las Vegas, Nevada 89104. The purpose of the workshop is to solicit comments from interested persons on the following general topics that may be addressed in the proposed regulations.

Consolidated Insurance Program Loss Experience. The proposed regulation will amend chapter 616B of the NAC by adding thereto a new section relating to the allocation of the industrial insurance loss experience under consolidated insurance programs. This regulation is to implement the provisions of Senate Bill 99 of the 74th Legislative Session (2007).

Expense Reference Correction. The proposed regulation will amend NAC 679B.0335 to update references from which information concerning reimbursement of rates may be obtained.

Efficient Filing Requirements. The proposed regulation will amend NAC 680A.160 by revising provisions relating to the filing of annual statements to eliminate the requirement that foreign or alien insurers file affidavits or jurats with the Commissioner of Insurance when statements are filed electronically with the National Association of Insurance Commissioners ("NAIC").

Model Audit Rule. The proposed regulation concerning financial reporting will amend chapter 680A of the NAC by adding provisions and amending certain sections relating to the annual audited financial reports. NAC 680A is being amended in order for the Division of Insurance to meet the Financial Regulation Standards and Accreditation Program of the NAIC.

Updating Price of Manual. The proposed regulation will amend chapter 682A of the NAC by updating provisions relating to the cost of obtaining a copy of a certain publication of the NAIC.

A copy of all materials relating to the proposal may be obtained at the workshop or by contacting the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, (775) 687-4270. A reasonable fee for copying may be charged.

This Notice of Workshop to Solicit Comments on Proposed Regulations has been sent to all persons on the agency's mailing list for administrative regulations and posted at the following locations:

Department of Business and Industry
Division of Insurance
788 Fairview Drive, Suite 300
Carson City, NV 89701

Department of Business and Industry
Division of Insurance
2501 East Sahara Avenue, Suite 302
Las Vegas, NV 89104

Capitol Press Room
Capitol Building Basement
Carson City, NV 89710

Donald W. Reynolds Press Center
102 North Curry Street
Carson City, NV 89701

Legislative Counsel Bureau
401 South Carson Street
Carson City, NV 89701

Office of the Attorney General
100 North Carson Street
Carson City, NV 89701

Blasdel Building
209 East Musser Street
Carson City, NV 89701

Nevada State Library & Archives
100 North Stewart Street
Carson City, NV 89701

Office of the Governor
Capitol Building
Carson City, NV 89710

Carson City Courthouse
885 East Musser Street
Carson City, NV 89701

Carson City Library
900 North Roop Street
Carson City, NV 89701

Churchill County Library
553 South Main Street
Fallon, NV 89406

Clark County District Library
833 Las Vegas Boulevard North
Las Vegas, NV 89101

Douglas County Library
P.O. Box 337
Minden, NV 89423

Elko County Library
720 Court Street
Elko, NV 89801

Esmeralda County Library
P.O. Box 430
Goldfield, NV 89013

Eureka Branch Library
P.O. Box 293
Eureka, NV 89316

Humboldt County Library
85 East 5th Street
Winnemucca, NV 89445

Lander County Library
P.O. Box 141
Battle Mountain, NV 89820

Lyon County Library
20 Nevin Way
Yerington, NV 89447

Pershing County Library
P.O. Box 781
Lovelock, NV 89419

Tonopah Public Library
P.O. Box 449
Tonopah, NV 89049

White Pine County Library
950 Campton Street
Ely, NV 89301

Lincoln County Library
P.O. Box 330
Pioche, NV 89043-0330

Mineral County Public Library
P.O. Box 1390
Hawthorne, NV 89415

Storey County Public Library
P.O. Box 14
Virginia City, NV 89440

Washoe County Library
P.O. Box 2151
Reno, NV 89505-2151

Members of the public who are disabled and require special accommodations or assistance at the hearing are requested to notify the Commissioner's secretary in writing at 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, or by calling no later than 5 working days prior to the hearing, (775) 687-4270, extension 260.

NOTICE OF INTENT TO ACT UPON REGULATION

Notice of Hearing for the Amendment of Regulations of the Department of Business and Industry, Division of Insurance

The Department of Business and Industry, Division of Insurance (“Division”), will hold a public hearing at **9:00 a.m. on November 21, 2008**, at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701. Interested persons may also participate through a simultaneous video-conference conducted at the Bradley Building, 2501 East Sahara Avenue, Real Estate Division Conference Room, 2nd Floor, Las Vegas, Nevada 89104. The purpose of the hearing is to receive comments from all interested persons regarding the adoption of the regulation that pertains to **chapter 616B** of the Nevada Administrative Code (“NAC”).

The following information is provided pursuant to the requirements of NRS 233B.0603:

1. The need and the purpose of the proposed regulation or amendment.

The proposed regulation is necessary to provide guidance to the insurance industry regarding the implementation of Senate Bill 99 of the 74th Legislative Session (2007). It clarifies which projects are impacted by SB 99.

2. Either the terms or substance of the regulation to be adopted, amended or repealed, or a description of the subject and issues involved.

The proposed regulation addresses the allocation of the industrial insurance loss experience under consolidated insurance programs, commonly referred to as construction wrap projects. Consolidated insurance programs are commonly used for very large construction projects. As of July 1, 2007, the minimum project size to qualify for a consolidated insurance program was \$195,000,000. Prior to SB 99, the workers compensation loss experience under a consolidated insurance program was attributed to the owner or principal contractor of the program depending on whether the project was an owner-controlled insurance program or a contractor controlled insurance program. Subsequent to SB 99, the workers’ compensation loss experience is attributed to the subcontractor or general contractor that is the employer of the injured employee.

Experience is first reported 18 months after policy inception. If a project incepted on July 1, 2007, the first experience report would be valued as of January 1, 2009. This regulation will therefore begin impacting experience on or after January 1, 2009.

3. The regulation has the following impacts:

BENEFICIAL: Shifting the loss experience to the subcontractors and general contractors in a consolidated insurance program may encourage the subcontractors and general contractors to focus on loss control and safety. The loss experience under a consolidated insurance program will now impact the experience rating and ultimately the cost of future workers’ compensation insurance of the subcontractors and general contractors.

In most other states, the loss experience under a consolidated insurance program is attributed to the direct employer of the injured worker. This is consistent with the statutory changes in SB 99. Insurers may gain administrative efficiency for not having to use special rules for Nevada.

ADVERSE: Prior to SB 99, insurers did not have to issue separate policies to each subcontractor and general contractor working under a consolidated insurance program. For projects incepting after the implementation of SB 99, separate policies will be required so that the loss experience can be easily segregated. There may be hundreds of subcontractors and contractors working on a single consolidated insurance program. There is an administrative cost involved with issuing the separate policies.

IMMEDIATE: Insurers will be required to issue separate policies.

LONG-TERM EFFECT: There may be an increased emphasis on safety at the job sites from the contractors and sub-contractors that now receive the loss experience.

4. The estimated cost to the agency for the enforcement of the proposed regulation: None.

5. A description of and citation to any regulations of other state or local governmental agencies that the proposed regulation overlaps or duplicates, and a statement explaining why the duplication or overlapping is necessary. If the proposed regulation overlaps or duplicates a federal regulation, the notice must include the name of the regulating federal agency.

None.

6. If the regulation is required pursuant to federal law, a citation and description of the federal law.

Not applicable.

7. If the regulation includes provisions which are more stringent than a federal regulation that regulates the same activity, a summary of such provisions.

Not applicable.

8. Whether the proposed regulation establishes a new fee or increases an existing fee.

The regulation does not establish a new fee nor does it increase an existing fee.

9. A statement identifying the methods used by the agency in determining the impact on a small business prepared pursuant to subsection 3 of NRS 233B.0608.

The agency commissioned a survey of interested parties to ascertain the impact of implementing SB 99. The insurance companies providing this coverage are not small businesses.

Persons wishing to comment upon the proposed action of the Division may appear at the scheduled public hearing or may address their comments, data, views or arguments, in written form, to the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701. **Written submissions must be received by the Division on or before October 31, 2008.** If no person who is directly affected by the proposed action appears to request time to make an oral presentation, the Division may proceed immediately to act upon any written submissions.

A copy of this notice and the regulation to be adopted 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 and the regulation to be adopted will be available at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, and 2501 East Sahara Avenue, Suite 302, Las Vegas, Nevada 89104, and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. This notice and the text of the proposed regulation are also available in the **State of Nevada Register of Administrative Regulations**, which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653 and on the Internet at **<http://www.leg.state.nv.us>**. Copies of this notice and the proposed regulation will also be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary. This does not apply to a public body subject to the Open Meeting Law.

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

This notice of hearing has been posted at the following locations:

Department of Business and Industry
Division of Insurance
788 Fairview Drive, Suite 300
Carson City, NV 89701

Department of Business and Industry
Division of Insurance
2501 East Sahara Avenue, Suite 302
Las Vegas, NV 89104

Capitol Press Room
Capitol Building Basement
Carson City, NV 89710

Donald W. Reynolds Press Center
102 North Curry Street
Carson City, NV 89701

Legislative Counsel Bureau
401 South Carson Street
Carson City, NV 89701

Office of the Attorney General
100 North Carson Street
Carson City, NV 89701

Blasdel Building
209 East Musser Street
Carson City, NV 89701

Office of the Governor
Capitol Building
Carson City, NV 89710

Carson City Library
900 North Roop Street
Carson City, NV 89701

Clark County District Library
833 Las Vegas Boulevard North
Las Vegas, NV 89101

Elko County Library
720 Court Street
Elko, NV 89801

Eureka Branch Library
P.O. Box 293
Eureka, NV 89316

Lander County Library
P.O. Box 141
Battle Mountain, NV 89820

Lyon County Library
20 Nevin Way
Yerington, NV 89447

Pershing County Library
P.O. Box 781
Lovelock, NV 89419

Tonopah Public Library
P.O. Box 449
Tonopah, NV 89049

White Pine County Library
950 Campton Street
Ely, NV 89301

Nevada State Library & Archives
100 North Stewart Street
Carson City, NV 89701

Carson City Courthouse
885 East Musser Street
Carson City, NV 89701

Churchill County Library
553 South Main Street
Fallon, NV 89406

Douglas County Library
P.O. Box 337
Minden, NV 89423

Esmeralda County Library
P.O. Box 430
Goldfield, NV 89013

Humboldt County Library
85 East 5th Street
Winnemucca, NV 89445

Lincoln County Library
P.O. Box 330
Pioche, NV 89043-0330

Mineral County Public Library
P.O. Box 1390
Hawthorne, NV 89415

Storey County Public Library
P.O. Box 14
Virginia City, NV 89440

Washoe County Library
P.O. Box 2151
Reno, NV 89505-2151

Members of the public who are disabled and require special accommodations or assistance at the hearing are requested to notify the Commissioner's secretary in writing at 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, or by calling no later than five (5) working days prior to the hearing, (775) 687-4270, ext. 260.