

**ADOPTED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R084-09

Effective October 27, 2009

EXPLANATION – Matter in *italics* is new; matter in brackets ~~[omitted material]~~ is material to be omitted.

AUTHORITY: §1, NRS 679B.130.

A REGULATION relating to insurance; revising provisions relating to a permanent card constituting evidence of insurance; and providing other matters properly relating thereto.

Section 1. NAC 690B.030 is hereby amended to read as follows:

690B.030 1. A permanent card constituting evidence of insurance must be issued by an insurer who provides liability insurance coverage for a motor vehicle in the minimum amounts required by NRS 485.105 and 485.185, except that the insurer may permit its duly appointed agent in Nevada to issue a permanent card . ~~ff:~~

~~—(a) The agent has authority to issue policies; and~~

~~—(b) The Division has been notified in writing by the company that the agent has such authority.]~~

2. A permanent card:

(a) May not be effective for ~~[more than 1 year]~~ *longer than the policy term* beginning on the effective date of the policy.

(b) Must be issued:

(1) Within 60 days after the effective date of an insurance policy or the issuance of a binder; and

(2) With each renewal of the policy.

~~{3.—An agent or broker may not print a permanent card or cause a permanent card to be printed by any person.}~~

NOTICE OF ADOPTION OF PROPOSED REGULATION
LCB File No. R084-09

The Commissioner of Insurance adopted regulations which pertain to chapter 694B of the Nevada Administrative Code.

INFORMATIONAL STATEMENT

A workshop was held on October 14, 2009, and a hearing was held on October 21, 2009, at the offices of the Department of Business and Industry, Division of Insurance (“Division”), 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, with a simultaneous video-conference conducted at the Bradley Building, 2501 E. Sahara Avenue, Real Estate Division Conference Room, 2nd Floor, Las Vegas, Nevada 89104, regarding the adoption of the regulation revising provisions relating to a permanent card constituting evidence of insurance.

Public comment was solicited by posting notice of the hearing in the following public locations: the Division’s Carson City and Las Vegas offices, Carson City Courthouse, Office of the Attorney General, the Donald W. Reynolds Press Center, Capitol Building Lobby, Capitol Building Press Room, Blasdel Building, Legislative Counsel Bureau, Nevada State Library, Carson City Library, Churchill County Library, Clark County District Library, Douglas County Library, Elko County Library, Esmeralda County Library, Eureka Branch Library, Humboldt County Library, Lander County Library, Lincoln County Library, Lyon County Library, Mineral County Library, Pershing County Library, Storey County Library, Tonopah Public Library, Washoe County Library, and White Pine County Library.

The Division maintains a list of interested parties, comprised mainly of insurance companies, agencies and other persons regulated by the Division. These persons were notified of the workshop and hearing and that copies of the regulation could be obtained from or examined at the offices of the Division in Carson City.

The hearing was attended by three individuals in Carson City and one individual in Las Vegas. Oral testimony was provided by Elena Ahrens, Assistant Chief of the Property and Casualty Section, representing the Division.

Elena Ahrens testified that the proposed regulation was to permanently adopt temporary regulation T008-09, filed with the Secretary of State on May 6, 2009 with one minor change to subsection 2, paragraph a. The change to the temporary adopted regulation was the deletion of the words “more than 1 year,” and the addition of the words “longer than the policy term.” Subsection 2, paragraph a, would then read: “A permanent card: (a) May not be effective for longer than the policy term beginning on the effective date of the policy.”

The Division received three written comments, two for the workshop and one for the hearing. At the workshop, the Division received three oral comments. At the hearing, the Division received one oral comment.

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

IN THE MATTER OF THE

CAUSE NO. **09.0398**
LCB FILE NO. **R084-09**

**ISSUANCE OF A PERMANENT
CARD CONSTITUTING EVIDENCE
OF INSURANCE**

**SUMMARY OF PROCEEDINGS
AND ORDER**

SUMMARY OF PROCEEDINGS

A public workshop, as required by Nevada Revised Statute (“NRS”) 233B.061, on the proposed regulation revising provisions relating to issuance of a permanent card constituting evidence of insurance was held before Amy L. Parks, Esq. (“Hearing Officer”), on October 14, 2009, at the Department of Business and Industry, Division of Insurance (“Division”), in Carson City, Nevada, and video-conferenced to the Bradley Building in Las Vegas, Nevada. A public hearing on the proposed regulation was also held before the Hearing Officer, on October 21, 2009, in Carson City, Nevada, and video-conferenced to the Bradley Building in Las Vegas, Nevada. The regulation is proposed under the authority of NRS 679B.130.

The hearing was attended by three individuals in Carson City and one individual in Las Vegas. The following people provided testimony before the Hearing Officer: Elena Ahrens, representing the Division; and Jeanette Belz, representing Property Casualty Insurers Association of America (“PCI”). The Division received one written comment from Kay Lockhart, representing Nevada Independent Insurance Agents.

At the hearing, Ms. Ahrens explained that the proposed regulation was to permanently adopt temporary regulation T008-09, filed with the Secretary of State on May 6, 2009. She explained the temporary regulation was adopted to eliminate confusing language as to whether an agent could issue a permanent auto identification card on behalf of an insurer. Before adoption of the temporary regulation, subsection 1 of NAC 690B.030 stated that agents may

issue permanent identification cards if they are appointed by the company, but subsection 3 stated that agents or brokers cannot print a permanent identification card. Ms. Ahrens presented the same proposed language for adoption as a permanent regulation with one minor change regarding the expiration term of the permanent auto identification card. She described the difference between the adopted temporary regulation and the proposed permanent regulation stating that the only change was in subsection 2, paragraph a. The change to the temporary adopted regulation was the deletion of the words “more than 1 year,” and the addition of the words “longer than the policy term.” Subsection 2, paragraph a, would then read: “A permanent card: (a) may not be effective for longer than the policy term beginning on the effective date of the policy.”

At the workshop, Ms. Ahrens addressed comments received from the Insurance Industry Committee on Motor Vehicle Administration (“IICMVA”) regarding a difficulty the insurance industry is facing when writing commercial auto insurance in Nevada because brokers are unable to issue auto identification cards. Submitted along with the written comments by the IICMVA was proposed amendatory language for NAC 690B.030 that would allow an agent, producer or broker that has entered into a contractual agreement with the insurer to issue a permanent identification card on behalf of the insurer. In response to the comments and proposed amendatory language, Ms. Ahrens stated that the Property and Casualty Section of the Division did not recommend that brokers be allowed to issue identification cards. She explained that Nevada law authorized a duly appointed and licensed agent to transact insurance on behalf of an insurer pursuant to NRS 680A.300. An agent is an extension of the insurer and the insurer is liable for the agent’s actions. Ms. Ahrens stated this relationship and extension of liability from insurer to broker may not exist and, therefore, Nevada law may not require an insurer to honor coverage issued prematurely or in error by a broker. This issue was not further addressed at the hearing.

At the hearing, Ms. Ahrens responded to a proposed amendment received at the workshop. Robert Feldman, President of Nevada General Insurance Company, had proposed that subsection 2, paragraph a, be amended to read: “A permanent card (a) may not be effective for longer than the policy term beginning on the date the motor vehicle was covered by the policy.” Mr. Feldman was concerned that the proposed language might allow an insurer to back date coverage. Ms. Ahrens stated the Property and Casualty Section did not believe that section 2, as written, supported back dating a policy. She explained a vehicle could only be added to a policy from the date it was acquired. If the policy terms allow an insured 30 days to report a new vehicle, the insured would have 30 days of coverage, and therefore, coverage would be effective on the date of purchase in accordance with the policy terms. Any knowledge of an agency back-dating coverage that is not in compliance with policy terms should be reported to the Division for further investigation.

Jeanette Belz, representing PCI, testified that PCI supports the proposed regulation because the language provides needed clarification on the authority of an agent to issue permanent identification cards.

Based upon the written comments received and the testimony provided at the hearing, it was recommended that the proposed regulation, LCB File No. R084-09, be adopted as proposed.

RECOMMENDED ORDER OF THE HEARING OFFICER

Based upon the testimony received at the workshop and hearing, it is recommended that the proposed regulation relating to issuance of a permanent card constituting evidence of insurance, LCB File No. R084-09, be adopted, as proposed, as a permanent regulation of the Division.

SO RECOMMENDED this 21st day of October, 2009.

/s/
AMY L. PARKS
Hearing Officer

