

ASSEMBLY BILL NO. 425—ASSEMBLYWOMAN ANGLE

MARCH 19, 2001

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing health insurance. (BDR 57-1295)

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

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

AN ACT relating to insurance; authorizing a chamber of commerce to engage in the business of insurance under certain circumstances; revising the provisions governing certain policies of health insurance that provide coverage for a child or a parent or spouse of a parent of a policyholder; providing a penalty; and providing other matters properly relating thereto.

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

- 1 **Section 1.** Title 57 of NRS is hereby amended by adding thereto a
- 2 new chapter to consist of the provisions set forth as sections 2 to 44,
- 3 inclusive, of this act.
- 4 **Sec. 2.** *As used in this chapter, unless the context otherwise*
- 5 *requires, the words and terms defined in sections 3 to 12, inclusive, of*
- 6 *this act have the meanings ascribed to them in those sections.*
- 7 **Sec. 3.** *“Benefit contract” means an agreement for the provision of*
- 8 *any contractual benefit authorized by section 25 of this act.*
- 9 **Sec. 4.** *“Benefit member” means a member of a chamber of*
- 10 *commerce who is an adult and who is designated by the laws or rules of*
- 11 *the chamber of commerce to be a benefit member under a benefit*
- 12 *contract.*
- 13 **Sec. 5.** *“Certificate for health benefits” means a certificate issued as*
- 14 *written evidence of the benefit contract.*
- 15 **Sec. 6.** *“Certificate of authority” means a certificate issued by the*
- 16 *commissioner to a chamber of commerce authorizing it to engage in the*
- 17 *business of insurance, including the issuance of certificates for health*
- 18 *benefits, in accordance with the provisions of this chapter.*
- 19 **Sec. 7.** *“Chamber of commerce” means any association or*
- 20 *organization formed in accordance with the laws of this state:*
- 21 *1. To promote the commercial interests of a county, city, town or*
- 22 *other area of this state; and*



1 2. *Whose membership consists of owners or operators of businesses,*
2 *persons who are self-employed or any other person admitted as a member*
3 *in accordance with the laws or rules of the association or organization.*
4 **Sec. 8.** *“Laws” means the articles of incorporation, charter,*
5 *constitution and bylaws of a chamber of commerce.*
6 **Sec. 9.** *“Medicaid” means a program established in any state*
7 *pursuant to Title XIX of the Social Security Act, 42 U.S.C. §§ 1396 et*
8 *seq., to provide assistance for part or all of the cost of medical care*
9 *rendered on behalf of indigent persons.*
10 **Sec. 10.** *“Order for medical coverage” means an order of a court or*
11 *administrative tribunal to provide coverage under a certificate for health*
12 *benefits to a child pursuant to the provisions of 42 U.S.C. § 1396g-1.*
13 **Sec. 11.** *“Premiums” means premiums, rates, dues or other required*
14 *contributions that are payable under a certificate for health benefits.*
15 **Sec. 12.** *“Rules” includes all rules, regulations and resolutions*
16 *which have been adopted by the governing body of a chamber of*
17 *commerce and which apply to the members of a chamber of commerce.*
18 **Sec. 13.** 1. *A chamber of commerce may, in accordance with*
19 *regulations adopted by the commissioner, apply to the commissioner for*
20 *the issuance of a certificate of authority. A single application may be*
21 *submitted by one or more chambers of commerce who have joined*
22 *together to apply for a certificate of authority to issue certificates for*
23 *health benefits in accordance with the provisions of this chapter. The*
24 *application must be submitted on a form approved by the commissioner*
25 *and include such information as required by him.*
26 2. *Upon presentation of satisfactory evidence that the chamber of*
27 *commerce has complied with the provisions of this chapter and*
28 *regulations adopted pursuant to this chapter, the commissioner shall*
29 *issue to the chamber of commerce a certificate of authority indicating*
30 *that the chamber of commerce may engage in the business of insurance*
31 *and issue certificates for health benefits pursuant to the provisions of this*
32 *chapter.*
33 3. *The certificate of authority is prima facie evidence of the existence*
34 *of the chamber of commerce on the date of the certificate.*
35 4. *The commissioner shall cause a record of the certificate of*
36 *authority to be made. A certified copy of the record may be given in*
37 *evidence with the same effect as the original certificate of authority.*
38 5. *For the issuance or renewal of a certificate of authority, a*
39 *chamber of commerce must pay to the commissioner:*
40 (a) *A fee of \$250, if the number of outstanding benefit contracts of the*
41 *chamber of commerce is 600 or less;*
42 (b) *A fee of \$500, if the number of outstanding benefit contracts of the*
43 *chamber of commerce is more than 600 but less than 1,200; and*
44 (c) *A fee of \$2,450, if the number of outstanding benefit contracts of*
45 *the chamber of commerce is 1,200 or more.*
46 *Each such certificate or renewal expires on March 1 after it is issued or*
47 *renewed.*
48 6. *If a chamber of commerce applies for the renewal of its certificate*
49 *of authority but does not receive approval of its application by March 1,*



1 *it may continue to transact business pursuant to this chapter unless it*
2 *receives notice that the application for renewal is denied.*
3 *7. A certified copy or duplicate of a certificate of authority is prima*
4 *facie evidence that the chamber of commerce may lawfully transact*
5 *business pursuant to the provisions of this chapter during the period*
6 *specified on the certificate of authority.*
7 **Sec. 14.** *A chamber of commerce or a group of chambers of*
8 *commerce may engage in the business of insurance for the benefit of its*
9 *members, the employees of its members and the dependents of those*
10 *members and employees by providing benefits as specified in section 25*
11 *of this act and may:*
12 *1. Adopt and amend laws and rules for the government of the*
13 *chamber of commerce, the admission of its members and the*
14 *management of its affairs;*
15 *2. Carry out its purposes directly or through a subsidiary or affiliated*
16 *chamber of commerce;*
17 *3. Create, maintain and operate, or establish organizations to*
18 *operate, nonprofit institutions to further the purposes of the chamber of*
19 *commerce; and*
20 *4. Exercise any other power which is necessary and incidental to*
21 *carrying out the purposes of the chamber of commerce and which is not*
22 *inconsistent with the provisions of this chapter.*
23 **Sec. 15.** *A chamber of commerce may charge a provider of health*
24 *care a fee to include the name of the provider on a list of providers of*
25 *health care given by the chamber of commerce to its benefit members.*
26 *The amount of the fee must be reasonable and not exceed an amount*
27 *that is directly related to the administrative costs of the chamber of*
28 *commerce to include the provider on the list.*
29 **Sec. 16.** *1. A chamber of commerce may provide in its laws for an*
30 *official publication in which any notice, report or statement required by*
31 *law to be provided to a member may be published.*
32 *2. If the records of a chamber of commerce indicate that two or more*
33 *benefit members have the same mailing address, an official publication*
34 *of the chamber of commerce mailed to one member shall be deemed to be*
35 *mailed to all members at the same address unless a member requests a*
36 *separate copy.*
37 *3. A chamber of commerce may provide in its laws or rules a*
38 *procedure by which a benefit member may bring a grievance or*
39 *complaint against the chamber of commerce, or its governing body,*
40 *officers, directors, employees or other members.*
41 *4. Membership rights in a chamber of commerce may not be*
42 *assigned.*
43 **Sec. 17.** *1. A chamber of commerce that wishes to consolidate or*
44 *merge with any other chamber of commerce must file with the*
45 *commissioner:*
46 *(a) A certified copy of the written contract setting forth in full the*
47 *terms and conditions of the consolidation or merger;*
48 *(b) A sworn statement by the president and secretary or corresponding*
49 *officers of each chamber of commerce showing the financial condition*



1 *thereof on a date fixed by the commissioner, but not earlier than*
2 *December 31 immediately preceding the date of the contract;*

3 *(c) The certification of such officers, verified by their respective oaths,*
4 *that the consolidation or merger has been approved by a two-thirds vote*
5 *of the governing body of each chamber of commerce at a regular or*
6 *special meeting of those bodies or, if authorized by the laws of the*
7 *chamber of commerce, by mail; and*

8 *(d) Evidence that at least 60 days before the action of the governing*
9 *body of each chamber of commerce, the text of the contract was provided*
10 *to all members of each chamber of commerce by mail or by publication*
11 *in full in the official publication of each chamber of commerce.*

12 *2. If the commissioner finds that the contract setting forth in full the*
13 *terms and conditions of the consolidation or merger is in conformity with*
14 *the provisions of this section, that the financial statements are correct*
15 *and that the consolidation or merger is just and equitable to the members*
16 *of each chamber of commerce, he shall approve the contract and issue a*
17 *certification indicating that fact.*

18 *3. The contract becomes effective upon approval by the*
19 *commissioner unless any chamber of commerce that is a party to the*
20 *contract is incorporated under the laws of any other state or territory, in*
21 *which case the consolidation or merger does not become effective unless:*

22 *(a) It is approved as provided by the laws of the other state or territory*
23 *and a certificate of such approval has been filed with the commissioner*
24 *of this state; or*

25 *(b) If the laws of the other state or territory do not provide for such*
26 *approval, it is approved by the officer responsible for supervising the*
27 *business of insurance in the other state or territory and a certificate of*
28 *such approval has been filed with the commissioner of this state.*

29 *4. Upon the consolidation or merger becoming effective as provided*
30 *in this chapter, all the rights, franchises and interests of the consolidated*
31 *or merged chambers of commerce in and to every species of property,*
32 *real, personal or mixed, and things in action belonging thereto are vested*
33 *in the chamber of commerce resulting from or remaining after the*
34 *consolidation or merger without any other instrument, except that*
35 *conveyances of real property may be evidenced by deeds. The title to any*
36 *real property or interest therein, vested under the laws of this state in any*
37 *of the chambers of commerce consolidated or merged, does not revert*
38 *and is not impaired by the consolidation or merger but vests absolutely in*
39 *the chamber of commerce resulting from or remaining after the*
40 *consolidation or merger.*

41 *5. The affidavit of any officer of the chamber of commerce or of a*
42 *person authorized by it to mail any notice or document, stating that the*
43 *notice or document has been addressed and mailed, is prima facie*
44 *evidence that the notice or document has been provided to the addressees.*

45 **Sec. 18. 1.** *A chamber of commerce shall not, when considering*
46 *eligibility for coverage or making payments or paying premiums under a*
47 *certificate for health benefits, consider the availability of, or eligibility of*
48 *a person for, medical assistance under Medicaid.*



1 2. To the extent that payment has been made by Medicaid for health
2 care, a chamber of commerce:

3 (a) Shall treat Medicaid as having a valid and enforceable assignment
4 of an insured's benefits regardless of any exclusion of Medicaid or the
5 absence of a written assignment; and

6 (b) May, as otherwise authorized by its certificate for health benefits,
7 evidence of coverage or contract and applicable law or regulation
8 concerning subrogation, seek to enforce any reimbursement rights of a
9 recipient of Medicaid against any other liable party if:

10 (1) It is so authorized pursuant to a contract with Medicaid for
11 managed care; or

12 (2) It has reimbursed Medicaid in full for the health care provided
13 by Medicaid to its insured.

14 3. If a state agency is assigned any rights of a person who is:

15 (a) Eligible for medical assistance under Medicaid; and

16 (b) Covered by a certificate for health benefits,
17 the chamber of commerce that issued the health policy shall not impose
18 any requirements upon the state agency except requirements it imposes
19 upon the agents or assignees of other persons covered by the certificate
20 for health benefits.

21 **Sec. 19.** 1. To the extent reasonably applicable, a chamber of
22 commerce shall comply with the provisions of NRS 689B.340 to
23 689B.590, inclusive, and chapter 689C of NRS relating to the portability
24 and availability of health insurance offered by the chamber of commerce
25 to its benefit members. If there is a conflict between the provisions of this
26 chapter and the provisions of NRS 689B.340 to 689B.590, inclusive, and
27 chapter 689C of NRS, the provisions of NRS 689B.340 to 689B.590,
28 inclusive, and chapter 689C of NRS control.

29 2. For the purposes of subsection 1, unless the context requires that
30 a provision apply only to a group health plan or a carrier that provides
31 coverage under a group health plan, any reference in those sections to
32 "group health plan" or "carrier" must be replaced by "chamber of
33 commerce."

34 **Sec. 20.** A chamber of commerce shall not deny the enrollment of a
35 child pursuant to an order for medical coverage under a certificate for
36 health benefits pursuant to which a parent of the child is insured on the
37 ground that the child:

38 1. Was born out of wedlock;

39 2. Has not been claimed as a dependent on the parent's federal
40 income tax return; or

41 3. Does not reside with the parent or within the geographic area of
42 service of the chamber of commerce.

43 **Sec. 21.** If a child has coverage under a certificate for health
44 benefits pursuant to which a noncustodial parent of the child is insured,
45 the chamber of commerce issuing that certificate for health benefits
46 shall:

47 1. Provide to the custodial parent such information as is necessary
48 for the child to obtain any benefits under that coverage.



1 2. Allow the custodial parent or, with the approval of the custodial
2 parent, a provider of health care to submit claims for covered services
3 without the approval of the noncustodial parent.

4 3. Make payments on claims submitted pursuant to subsection 2
5 directly to the custodial parent, the provider of health care, or an agency
6 of this or another state responsible for the administration of Medicaid.

7 **Sec. 22.** If a parent is required by an order for medical coverage to
8 provide coverage under a certificate for health benefits for a child and
9 the parent is eligible for coverage of the members of his family under a
10 certificate for health benefits, the chamber of commerce that issued the
11 certificate:

12 1. Shall, if the child is otherwise eligible for that coverage, allow the
13 parent to enroll the child in that coverage without regard to any
14 restrictions upon periods for enrollment.

15 2. Shall, if:
16 (a) The child is otherwise eligible for that coverage; and
17 (b) The parent is enrolled in that coverage but fails to apply for
18 enrollment of the child,
19 enroll the child in that coverage upon application by the other parent of
20 the child, or by an agency of this or another state responsible for the
21 administration of Medicaid or a state program for the enforcement of
22 child support established pursuant to 42 U.S.C. §§ 651 et seq., without
23 regard to any restrictions upon periods for enrollment.

24 3. Shall not terminate the enrollment of the child in that coverage or
25 otherwise eliminate that coverage of the child unless the chamber of
26 commerce has written proof that:

27 (a) The order for medical coverage is no longer in effect; or
28 (b) The child is or will be enrolled in comparable coverage through
29 another insurer on or before the effective date of the termination of
30 enrollment or elimination of coverage.

31 **Sec. 23.** 1. If a person:
32 (a) Adopts a dependent child; or
33 (b) Assumes and retains a legal obligation for the total or partial
34 support of a dependent child in anticipation of adopting the
35 child,
36 while the person is eligible for group coverage under a certificate for
37 health benefits, the chamber of commerce issuing that certificate shall
38 not restrict the coverage, in accordance with NRS 689B.340 to 689B.590,
39 inclusive, and chapter 689C of NRS relating to the portability and
40 availability of health insurance, of the child solely because of a
41 preexisting condition the child has at the time he would otherwise
42 become eligible for coverage pursuant to that certificate.

43 2. As used in this section, "child" means a person who is under 18
44 years of age at the time of his adoption or the assumption of a legal
45 obligation for his support in anticipation of his adoption.

46 **Sec. 24.** 1. A chamber of commerce may amend its laws in
47 accordance with the provisions of those laws by action of its governing
48 body at any regular or special meeting thereof or, if its laws so provide,
49 by referendum. Such a referendum may be held in accordance with the



1 provisions of its laws by the vote of the members of the chamber of
2 commerce or by the vote of delegates or representatives of those
3 members. A chamber of commerce may provide for voting by mail. An
4 amendment submitted for adoption by referendum must not be adopted
5 unless, within 6 months after the date of submission thereof, a majority
6 of all the members of the chamber of commerce have signified their
7 consent to the amendment by one of the methods specified in this section.

8 2. An amendment to the laws of a chamber of commerce does not
9 become effective unless approved by the commissioner, who shall
10 approve the amendment if he finds that it has been adopted and is not
11 inconsistent with any requirement of the laws of this state or with the
12 character, objects and purposes of the chamber of commerce. Unless the
13 commissioner disapproves an amendment within 60 days after it is filed,
14 the amendment shall be deemed approved. The approval or disapproval
15 of the commissioner must be in writing and mailed to the secretary or
16 corresponding officer of the chamber of commerce. If the commissioner
17 disapproves an amendment, the reasons for the disapproval must be
18 specified in the written notice.

19 3. Within 90 days after their approval by the commissioner, all the
20 amendments, or a synopsis thereof, must be furnished to all members of
21 the chamber of commerce by mail or by publication in full in the official
22 publication of the chamber of commerce, if any. The affidavit of any
23 officer of the chamber of commerce or of a person authorized by it to
24 mail any amendments or synopsis thereof, stating facts which indicate
25 that the amendments or synopsis thereof have been addressed and
26 mailed, is prima facie evidence that the amendments or synopsis thereof
27 have been furnished the addressee.

28 4. Printed copies of the laws as amended, certified by the secretary or
29 corresponding officer of the chamber of commerce, are prima facie
30 evidence of the legal adoption thereof.

31 **Sec. 25.** 1. A chamber of commerce that is issued a certificate of
32 authority may provide hospital, medical or nursing benefits in any form.

33 2. A chamber of commerce shall specify in its laws or rules those
34 persons who may be issued, or covered by, the benefits set forth in
35 subsection 1, consistent with the purpose of providing benefits to its
36 members, the employees of its members, and the dependents of those
37 members and employees. A chamber of commerce may provide additional
38 benefits upon the application of a member of the chamber of commerce.

39 **Sec. 26.** 1. Except as otherwise provided in subsection 2, a
40 chamber of commerce shall approve or deny a claim relating to a
41 certificate for health benefits within 30 days after the chamber of
42 commerce receives the claim. If the claim is approved, the chamber of
43 commerce shall pay the claim within 30 days after it is approved. If the
44 approved claim is not paid within that period, the chamber of commerce
45 shall pay interest on the claim at the rate of interest established pursuant
46 to NRS 99.040 unless a different rate of interest is established pursuant
47 to an express written contract between the chamber of commerce and the
48 provider of health care. The interest must be calculated from 30 days
49 after the date on which the claim is approved until the claim is paid.



1 2. *If the chamber of commerce requires additional information to*
2 *determine whether to approve or deny the claim, it shall notify the*
3 *claimant of its request for the additional information within 20 days after*
4 *it receives the claim. The chamber of commerce shall notify the provider*
5 *of health care of each reason for the delay in approving or denying the*
6 *claim. The chamber of commerce shall approve or deny the claim within*
7 *30 days after receiving the additional information. If the claim is*
8 *approved, the chamber of commerce shall pay the claim within 30 days*
9 *after it receives the additional information. If the approved claim is not*
10 *paid within that period, the chamber of commerce shall pay interest on*
11 *the claim in the manner prescribed in subsection 1.*

12 3. *A chamber of commerce shall not request a claimant to resubmit*
13 *information that the claimant has provided to the chamber of commerce,*
14 *unless the chamber of commerce provides a legitimate reason for the*
15 *request and the purpose of the request is not to delay the payment of the*
16 *claim, harass the claimant or discourage the filing of claims.*

17 4. *A chamber of commerce shall not pay only part of a claim that has*
18 *been approved and is fully payable.*

19 5. *A court shall award costs and reasonable attorney's fees to the*
20 *prevailing party in an action brought pursuant to this section.*

21 **Sec. 27.** *A chamber of commerce shall not deny a claim, refuse to*
22 *issue a benefit contract or cancel a benefit contract solely because the*
23 *claim involves an act that constitutes domestic violence pursuant to NRS*
24 *33.018, or because the person applying for or covered by the benefit*
25 *contract was the victim of such an act of domestic violence, regardless of*
26 *whether the insured or applicant contributed to any loss or injury.*

27 **Sec. 28.** *No money or other benefit, charity, relief or aid to be paid,*
28 *provided or rendered by any chamber of commerce is liable to*
29 *attachment, garnishment or other process, or to be seized, taken,*
30 *appropriated or applied by any legal or equitable process or operation of*
31 *law to pay any debt or liability of a benefit member or beneficiary, or any*
32 *other person who may have a right thereunder, before or after payment*
33 *by the chamber of commerce.*

34 **Sec. 29.** 1. *Each chamber of commerce shall issue to each owner*
35 *of a benefit contract a certificate for health benefits specifying the*
36 *amount of benefits provided thereby. The certificate for health benefits,*
37 *together with any riders or endorsements attached thereto, the laws of the*
38 *chamber of commerce, the application for membership, the application*
39 *for insurance and the declaration of insurability, if any, signed by the*
40 *applicant, and all amendments to each thereof, constitute the agreement,*
41 *as of the date of issuance, between the chamber of commerce and the*
42 *member, and the certificate must so state. A copy of the application for*
43 *insurance and the declaration of insurability, if any, must be endorsed*
44 *upon or attached to the certificate for health benefits.*

45 2. *All statements on an application for insurance are representations*
46 *and not warranties. Any waiver of this provision is void.*

47 3. *Except with regard to contracts providing benefits payable in*
48 *variable amounts, any changes, additions or amendments to the laws of*
49 *the chamber of commerce made or enacted after the issuance of the*



1 certificate for health benefits are binding on the owner and the
2 beneficiaries, and govern and control the benefit contract as if the
3 changes, additions or amendments were in force at the time of the
4 application for insurance, except that no change, addition or amendment
5 may destroy or diminish benefits that the chamber of commerce
6 contracted to give the owner as of the date of issuance.

7 4. Copies of any documents specified in this section, certified by the
8 secretary or corresponding officer of the chamber of commerce, must be
9 received in evidence of the terms and conditions thereof.

10 5. Except with regard to benefit contracts providing benefits payable
11 in variable amounts, a chamber of commerce shall provide in its laws
12 that if its reserves as to all or any class of certificates for health benefits
13 become impaired, its governing body may require each owner of those
14 certificates for health benefits to pay to the chamber of commerce the
15 amount of his equitable proportion of such deficiency as determined by
16 its governing body, and that if the payment is not made, the owner may
17 elect to:

18 (a) Let it remain as an indebtedness against the certificate for health
19 benefits and draw interest at a rate not to exceed that specified for loans
20 made pursuant to the certificates for health benefits; or

21 (b) In lieu of, or in combination with paragraph (a), accept a
22 proportionate reduction in benefits under the certificate for health
23 benefits.

24 The chamber of commerce may specify the manner of the election and
25 which alternative is to be presumed if no election is made by the owner.

26 **Sec. 30. 1.** No certificate for health benefits may be delivered or
27 issued for delivery in this state unless a copy of the form of the certificate
28 for health benefits has been filed with and approved by the commissioner
29 in compliance with the requirements of NRS 687B.120.

30 2. The certificate for health benefits must include:

31 (a) A provision specifying the amount of premiums that are payable
32 under the certificate for health benefits;

33 (b) A provision setting forth the laws or rules that, if violated, will
34 result in the termination or reduction of benefits payable under the
35 certificate for health benefits;

36 (c) If the laws of the chamber of commerce provide for the expulsion
37 or suspension of a member, a provision that any member who is expelled
38 or suspended, except for nonpayment of a premium or, during the period
39 of contestability, for material misrepresentation in the application for
40 membership or insurance, may maintain the certificate for health
41 benefits in force by continuing payment of the required premium; and

42 (d) All standard contractual provisions which are required by the
43 provisions of chapters 687B, 689A and 689B of NRS to be included in
44 similar policies issued by health insurers in this state, and which are not
45 inconsistent with the provisions of this chapter.

46 3. The certificate for health benefits may contain:

47 (a) A provision that the member is entitled to a grace period of 1
48 month in which the payment of any premium after the first may be made.



1 ***(b) The terms and conditions governing the assignability of the benefit***
2 ***contract.***
3 **Sec. 31. 1. If the commissioner upon investigation finds that a**
4 ***chamber of commerce:***
5 ***(a) Has exceeded its powers;***
6 ***(b) Has failed to comply with any provision of this chapter;***
7 ***(c) Is not fulfilling its contracts in good faith; or***
8 ***(d) Is conducting business fraudulently or in a manner hazardous to***
9 ***its members, creditors, the public or the business,***
10 ***he shall notify the chamber of commerce of his findings, state in writing***
11 ***the reasons for his dissatisfaction and issue a written order requiring the***
12 ***chamber of commerce to make the necessary corrections. If the***
13 ***commissioner finds that the chamber of commerce has failed to comply***
14 ***with the order within 30 days after receiving it, he shall notify the***
15 ***chamber of commerce of his finding of noncompliance and require the***
16 ***chamber of commerce to show cause on a date specified in the notice***
17 ***why the chamber of commerce should not be enjoined from transacting***
18 ***any business until the violation complained of has been corrected, or why***
19 ***an action in quo warranto should not be commenced against the***
20 ***chamber of commerce.***
21 ***2. If on that date the chamber of commerce does not present good***
22 ***and sufficient reasons why it should not be so enjoined or why such an***
23 ***action should not be commenced, the commissioner may present the facts***
24 ***relating thereto to the attorney general, who shall, if he deems the***
25 ***circumstances warrant, commence an action to enjoin the chamber of***
26 ***commerce from transacting business or an action in quo warranto.***
27 ***3. The court shall thereupon notify the officers of the chamber of***
28 ***commerce of a hearing. If, after a full hearing, it appears that the***
29 ***chamber of commerce should be enjoined or liquidated or a receiver***
30 ***appointed, the court shall enter the necessary order.***
31 ***4. A chamber of commerce that is so enjoined shall not do business***
32 ***until:***
33 ***(a) The commissioner finds that the violation complained of has been***
34 ***corrected;***
35 ***(b) The costs of the action have been paid by the chamber of***
36 ***commerce, if the court finds that the chamber of commerce was in***
37 ***default as charged;***
38 ***(c) The court has dissolved its injunction; and***
39 ***(d) The commissioner has reinstated the certificate of authority.***
40 ***5. If the court orders the chamber of commerce to be liquidated, it***
41 ***must be enjoined from carrying on any further business, whereupon the***
42 ***receiver of the chamber of commerce shall proceed at once to take***
43 ***possession of the books, papers, money and other assets of the chamber***
44 ***of commerce and, under the direction of the court, proceed forthwith to***
45 ***close the affairs of the chamber of commerce and to distribute its funds***
46 ***to those entitled thereto.***
47 ***6. No action taken under this section may be recognized in any court***
48 ***of this state unless brought by the attorney general upon request of the***



1 *commissioner. If a receiver is to be appointed for a chamber of*
2 *commerce, the court shall appoint the commissioner as the receiver.*

3 *7. The provisions of this section relating to a hearing by the*
4 *commissioner, action by the attorney general at the request of the*
5 *commissioner, a hearing by the court, injunction and receivership apply*
6 *to a chamber of commerce that voluntarily determines to discontinue*
7 *business.*

8 **Sec. 32.** *1. Each insurance agent of a chamber of commerce must*
9 *be licensed pursuant to chapter 683A of NRS and any regulations*
10 *adopted by the commissioner that apply to health insurance agents.*

11 *2. No written or other examination is required of a person who held*
12 *a license as an insurance agent on January 1, 2002, for renewals of his*
13 *license.*

14 *3. No examination or license is required of:*

15 *(a) Any regular salaried officer or employee of a chamber of*
16 *commerce who devotes substantially all his services to activities other*
17 *than the solicitation of benefit contracts from the public, and who does*
18 *not receive for the solicitation of those contracts any commission or other*
19 *compensation directly dependent upon the amount of business obtained;*
20 *or*

21 *(b) Any member of the chamber of commerce who does not write*
22 *benefit contracts, and whose solicitation or negotiation is incidental to*
23 *securing new members for the chamber of commerce, and whose only*
24 *remuneration consists of prizes in the form of merchandise or payments*
25 *of a nominal amount of money.*

26 **Sec. 33.** *1. Each chamber of commerce that is issued a certificate*
27 *of authority shall appoint in writing the commissioner and each*
28 *successor in office to be its true and lawful attorney upon whom all*
29 *lawful process in any action or proceeding against it must be served, and*
30 *shall agree in the writing that any lawful process against it which is*
31 *served on the commissioner is of the same legal force and validity as if*
32 *served upon the chamber of commerce, and that the authority continues*
33 *in force as long as any liability remains outstanding. A copy of the*
34 *appointment, certified by the commissioner, constitutes sufficient*
35 *evidence of the appointment and must be admitted in evidence with the*
36 *same validity as the original.*

37 *2. Service must be made only upon the commissioner, or if absent,*
38 *upon the person in charge of his office. Service must be made in*
39 *duplicate and constitutes sufficient service upon the chamber of*
40 *commerce. If legal process against a chamber of commerce is served*
41 *upon the commissioner, he shall immediately forward one of the*
42 *duplicate copies by registered mail, prepaid, directed to the secretary or*
43 *corresponding officer.*

44 *3. No such service may require a chamber of commerce to file its*
45 *answer, pleading or defense in less than 30 days after the date of mailing*
46 *the copy of the service to a chamber of commerce.*

47 *4. Legal process must not be served upon a chamber of commerce*
48 *except in the manner provided in this section.*



* A B 4 2 5 *

1 5. *At the time of serving any process upon the commissioner, the*
2 *plaintiff or complainant in the action shall pay to the commissioner a fee*
3 *of \$5.*

4 6. *As used in this section, "process" includes only the summons or*
5 *the initial documents served in an action. The commissioner is not*
6 *required to serve any documents after the initial service of process.*

7 **Sec. 34.** *No application or petition for an injunction against any*
8 *chamber of commerce may be recognized in any court of this state unless*
9 *made by the attorney general upon request of the commissioner.*

10 **Sec. 35.** *All decisions and findings of the commissioner made*
11 *pursuant to the provisions of this chapter are subject to review by proper*
12 *proceedings in any court of competent jurisdiction in this state.*

13 **Sec. 36.** 1. *All assets must be held, invested and disbursed for the*
14 *use and benefit of the chamber of commerce, and a member or*
15 *beneficiary must not have or acquire individual rights therein or become*
16 *entitled to any apportionment or the surrender of any part thereof, except*
17 *as otherwise provided in the benefit contract.*

18 2. *A chamber of commerce may create, maintain, invest, disburse*
19 *and apply any special fund necessary to carry out any purpose authorized*
20 *by the laws of the chamber of commerce.*

21 **Sec. 37.** *A chamber of commerce shall invest its money only in such*
22 *investments as are authorized by the laws of this state for the investment*
23 *of assets of life insurers and subject to the limitations thereon.*

24 **Sec. 38.** 1. *Each chamber of commerce that is issued a certificate*
25 *of authority shall annually, on or before the first day of March, unless*
26 *for cause shown the time is extended by the commissioner, file with the*
27 *commissioner an accurate statement of its financial condition,*
28 *transactions and affairs for the preceding calendar year and pay a filing*
29 *fee of \$25. The statement must be in such a form and context as*
30 *approved by the commissioner.*

31 2. *A synopsis of its annual statement providing an explanation of the*
32 *facts concerning the condition of the chamber of commerce thereby*
33 *disclosed must be printed and mailed to each benefit member of the*
34 *chamber of commerce not later than June 1 of each year, or, in lieu*
35 *thereof, the synopsis may be published in any official publication of the*
36 *chamber of commerce.*

37 3. *As a part of the annual statement required by subsection 1, each*
38 *chamber of commerce shall, on or before the first day of March, file with*
39 *the commissioner a valuation of its certificates for health benefits in*
40 *force on the preceding December 31. The commissioner may, for cause*
41 *shown, extend the period for filing the valuation for not more than 60*
42 *days. The valuation and supporting data must be certified by a qualified*
43 *actuary.*

44 **Sec. 39.** *If a chamber of commerce fails to file the annual statement*
45 *in the form and within the period specified in section 38 of this act, it*
46 *shall pay to the commissioner \$100 for each day that the statement*
47 *remains unfiled or deficient, and upon notice by the commissioner to that*
48 *effect, its authority to do business in this state ceases until the statement*
49 *is filed.*



1 **Sec. 40.** *1. The officers and members of the governing body of a*
2 *chamber of commerce are not personally liable for payment of any*
3 *benefits provided by the chamber of commerce.*
4 *2. A person may be indemnified and reimbursed by a chamber of*
5 *commerce for expenses reasonably incurred by, and liabilities imposed*
6 *upon, him in connection with or arising out of any action, suit or*
7 *proceeding, whether civil, criminal, administrative or investigative, or*
8 *threat thereof, in which the person may be involved because he is or was*
9 *a director, officer, employee or agent of the chamber of commerce or of*
10 *any firm, corporation or organization which he served in any capacity at*
11 *the request of the chamber of commerce.*
12 *3. A person may not be so indemnified or reimbursed concerning any*
13 *matter in an action, suit or proceeding, or threat thereof, in which he is*
14 *finally adjudged to be guilty of a breach of a duty as a director, officer,*
15 *employee or agent of the chamber of commerce, or which is made the*
16 *subject of a compromise settlement, unless:*
17 *(a) He acted in good faith for a purpose he reasonably believed to be*
18 *in the best interests of the chamber of commerce; and*
19 *(b) If a criminal action, he had no reasonable cause to believe that his*
20 *conduct was unlawful.*
21 *4. The determination of whether the conduct of a person meets the*
22 *standard required for indemnification and reimbursement may only be*
23 *made by:*
24 *(a) The governing body by a majority vote of a quorum consisting of*
25 *persons who were not parties to the action, suit or proceeding; or*
26 *(b) A court of competent jurisdiction.*
27 *5. The termination of any action, suit or proceeding by judgment,*
28 *order, settlement or conviction, or upon a plea of nolo contendere, does*
29 *not create a conclusive presumption that the person does not meet the*
30 *standard of conduct required for indemnification and reimbursement.*
31 *6. The right of indemnification and reimbursement does not exclude*
32 *other rights to which the person may be entitled as a matter of law, and*
33 *inures to the benefit of his heirs, executors and administrators.*
34 *7. A chamber of commerce may purchase and maintain insurance*
35 *on behalf of any person who is or was a director, officer, employee or*
36 *agent of the chamber of commerce, or who is serving or has served at the*
37 *request of the chamber of commerce as a director, officer, employee or*
38 *agent of any other firm, corporation or organization, against any liability*
39 *asserted against and incurred by him in that capacity or arising out of his*
40 *status as such, regardless of whether the chamber of commerce*
41 *indemnifies the person against liability pursuant to this section.*
42 *8. A director, officer, employee, member or volunteer of a chamber*
43 *of commerce who serves without compensation is not liable, and no*
44 *cause of action may be brought for, damages resulting from his exercise*
45 *of judgment or discretion in carrying out his duties or responsibilities on*
46 *behalf of the chamber of commerce, unless the act or omission involved*
47 *willful or wanton misconduct.*
48 **Sec. 41.** *The commissioner, or any person he may appoint, may*
49 *examine any chamber of commerce that is engaging in the business of*



1 *insurance or applying for a certificate of authority in the same manner*
2 *as authorized for the examination of domestic, foreign or alien insurers.*
3 *For the purposes of this section, the provisions of NRS 679B.230 to*
4 *679B.300, inclusive, are applicable to a chamber of commerce.*

5 **Sec. 42.** *A chamber of commerce is not exempt from the provisions*
6 *of NRS 679B.158. If a chamber of commerce is an admitted health*
7 *insurer, as that term is defined in NRS 449.450, it is not exempt from the*
8 *fees imposed pursuant to NRS 449.465.*

9 **Sec. 43.** *Except as otherwise provided in this chapter or by a specific*
10 *statute, a chamber of commerce that is issued a certificate of authority is*
11 *governed by this chapter and is exempt from all other provisions of the*
12 *insurance laws of this state.*

13 **Sec. 44.** 1. *Any person who makes a false or fraudulent statement*
14 *in or relating to an application for membership or for the purpose of*
15 *obtaining money from or a benefit in any chamber of commerce is guilty*
16 *of a gross misdemeanor.*

17 2. *Any person convicted of a willful violation of, or neglect or refusal*
18 *to comply with, any provision of this chapter for which a penalty is not*
19 *otherwise prescribed shall be punished by a fine of not more than \$1,000*
20 *for each violation, and not more than \$10,000 for all related violations.*

21 **Sec. 45.** NRS 689A.030 is hereby amended to read as follows:

22 689A.030 A policy of health insurance must not be delivered or issued
23 for delivery to any person in this state unless it otherwise complies with
24 this code, and complies with the following:

25 1. The entire money and other considerations for the policy must be
26 expressed therein.

27 2. The time when the insurance takes effect and terminates must be
28 expressed therein.

29 3. It must purport to insure only one person, except that a policy may
30 insure, originally or by subsequent amendment, upon the application of an
31 adult member of a family ~~†~~ who shall be deemed the policyholder, any
32 ~~†two or more~~ eligible members of that family, including ~~†the husband,~~
33 ~~†wife.†~~ :

34 (a) *The spouse;*

35 (b) *The dependent children, from the time of birth, adoption or*
36 *placement for the purpose of adoption as provided in NRS 689A.043, or*
37 *any children under a specified age which must not exceed 19 years except*
38 *as otherwise provided in NRS 689A.045 ~~†, and any†~~ ;*

39 (c) *Any child under 30 years of age whose annual income, at the time*
40 *of application by the policyholder, is at or below the federally designated*
41 *level signifying poverty;*

42 (d) *Any parent of the policyholder or the spouse of that parent if, at*
43 *the time of application by the policyholder, the parent or spouse resides*
44 *with the policyholder and has an annual income at or below the federally*
45 *designated level signifying poverty; and*

46 (e) *Any other person dependent upon the policyholder.*

47 4. The style, arrangement and overall appearance of the policy must
48 not give undue prominence to any portion of the text, and every printed
49 portion of the text of the policy and of any endorsements or attached papers



1 must be plainly printed in light-faced type of a style in general use, the size
2 of which must be uniform and not less than 10 points with a lower case
3 unspaced alphabet length not less than 120 points. "Text" includes all
4 printed matter except the name and address of the insurer, the name or the
5 title of the policy, ~~the~~ a brief description, if any, and captions and
6 subcaptions.

7 5. The exceptions and reductions of indemnity must be set forth in the
8 policy and, other than those contained in NRS 689A.050 to 689A.290,
9 inclusive, must be printed, at the insurer's option, with the benefit
10 provision to which they apply or under an appropriate caption such as
11 "Exceptions" or "Exceptions and Reductions," except that if an exception
12 or reduction specifically applies only to a particular benefit of the policy, a
13 statement of that exception or reduction must be included with the benefit
14 provision to which it applies.

15 6. Each such form, including riders and endorsements, must be
16 identified by a number in the lower left-hand corner of the first page
17 thereof.

18 7. The policy must not contain any provision purporting to make any
19 portion of the charter, rules, constitution or bylaws of the insurer a part of
20 the policy unless that portion is set forth in full in the policy, except in the
21 case of the incorporation of or reference to a statement of rates or
22 classification of risks, or short-rate table filed with the commissioner.

23 8. The policy must provide benefits for ~~expense~~ expenses arising
24 from care at home or health supportive services if that care or service was
25 prescribed by a physician and would have been covered by the policy if
26 performed in a medical facility or facility for the dependent as defined in
27 chapter 449 of NRS.

28 9. The policy must provide, at the option of the applicant, benefits for
29 expenses incurred for the treatment of abuse of alcohol or drugs, unless the
30 policy provides coverage only for a specified disease or provides for the
31 payment of a specific amount of money if the insured is hospitalized or
32 receiving health care in his home.

33 10. The policy must provide benefits for ~~expense~~ expenses arising
34 from hospice care.

35 **Sec. 46.** NRS 689B.030 is hereby amended to read as follows:

36 689B.030 Each group health insurance policy must contain in
37 substance the following provisions:

38 1. A provision that, in the absence of fraud, all statements made by
39 applicants or the policyholders or by an insured person are representations
40 and not warranties, and that no statement made for the purpose of effecting
41 insurance voids the insurance or reduces its benefits unless the statement is
42 contained in a written instrument signed by the policyholder or the insured
43 person, a copy of which has been furnished to him or his beneficiary.

44 2. A provision that the insurer will furnish to the policyholder for
45 delivery to each employee or member of the insured group a statement in
46 summary form of the essential features of the insurance coverage of that
47 employee or member and to whom benefits thereunder are payable. If
48 dependents are included in the coverage, only one statement need be issued
49 for each family.



1 3. A provision that to the group originally insured may be added from
2 time to time eligible new employees or members or dependents, as the case
3 may be, in accordance with the terms of the policy.

4 4. A provision for benefits for ~~expense~~ *expenses* arising from care at
5 home or health supportive services if the care or service was prescribed by
6 a physician and would have been covered by the policy if performed in a
7 medical facility or facility for the dependent as defined in chapter 449 of
8 NRS.

9 5. A provision for benefits payable for expenses incurred for the
10 treatment of the abuse of alcohol or drugs, as provided in NRS 689B.036.

11 6. A provision for benefits for expenses arising from hospice care.

12 7. *A provision that the policy may insure any eligible members of the*
13 *family of an insured under the policy, including, without limitation:*

14 (a) *Any child under 30 years of age whose annual income, at the time*
15 *of application by the policyholder, is at or below the federally designated*
16 *level signifying poverty; and*

17 (b) *Any parent of the policyholder or the spouse of that parent if, at*
18 *the time of application by the policyholder, the parent or spouse resides*
19 *with the policyholder and has an annual income at or below the federally*
20 *designated level signifying poverty.*

21 **Sec. 47.** NRS 689C.055 is hereby amended to read as follows:
22 689C.055 "Dependent" means a spouse or:

23 1. *A family member who the parent claimed as his dependent on the*
24 *form for income tax returns that he filed with the Internal Revenue*
25 *Service for the previous fiscal year, including:*

26 (a) An unmarried child under 19 years of age;

27 ~~2-~~ (b) An unmarried child who is a full-time student under 24 years of
28 age and who is financially dependent upon the parent; or

29 ~~3-~~ (c) An unmarried child of any age who is medically certified as
30 disabled and dependent upon the parent ~~+~~

31 ~~who the parent claimed as his dependent on the form for income tax returns~~
32 ~~which he filed with the Internal Revenue Service for the previous fiscal~~
33 ~~year.;~~

34 2. *Any child under 30 years of age whose annual income, at the time*
35 *of application by the policyholder, is at or below the federally designated*
36 *level signifying poverty; or*

37 3. *Any parent of the policyholder or the spouse of that parent if, at*
38 *the time of application by the policyholder, the parent or spouse resides*
39 *with the policyholder and has an annual income at or below the federally*
40 *designated level signifying poverty.*

41 **Sec. 48.** NRS 695B.190 is hereby amended to read as follows:

42 695B.190 1. Family hospital or family medical or dental service
43 contracts may be issued to a family consisting of an individual and one or
44 more persons dependent upon him, or of one or more persons dependent
45 upon an individual, and may include ~~his~~ :

46 (a) *His* spouse, whether or not dependent upon him ~~Such contracts~~
47 ~~shall contain~~ ;



1 *(b) Any child under 30 years of age whose annual income, at the time*
2 *of application by the individual, is at or below the federally designated*
3 *level signifying poverty; and*

4 *(c) Any parent of the policyholder or the spouse of that parent if, at*
5 *the time of application by the individual, the parent or spouse resides*
6 *with the individual and has an annual income at or below the federally*
7 *designated level signifying poverty.*

8 2. *A contract specified in subsection 1 must include* a provision to the
9 effect that to the family originally covered may be added from time to time
10 all new members of the family group eligible for coverage and that the
11 head of the family shall give the corporation notice of the addition to the
12 family of any person eligible for coverage under the ~~contracts~~ *contract.*

13 **Sec. 49.** NRS 695C.030 is hereby amended to read as follows:
14 695C.030 As used in this chapter, unless the context otherwise
15 requires:

16 1. "Comprehensive health care services" means medical services,
17 dentistry, drugs, psychiatric and optometric and all other care necessary for
18 the delivery of services to the consumer.

19 2. "Enrollee" means a natural person who has been voluntarily
20 enrolled in a health care plan.

21 3. "Evidence of coverage" means any certificate, agreement or contract
22 issued to an enrollee setting forth the coverage to which he is entitled.

23 4. *"Family member" includes, without limitation:*

24 *(a) Any child under 30 years of age whose annual income, at the time*
25 *of application for coverage by the enrollee, is at or below the federally*
26 *designated level signifying poverty; and*

27 *(b) Any parent of the enrollee or the spouse of that parent if, at the*
28 *time of application for coverage by the enrollee, the parent or spouse*
29 *resides with the enrollee and has an annual income at or below the*
30 *federally designated level signifying poverty.*

31 5. "Health care plan" means any arrangement whereby any person
32 undertakes to provide, arrange for, pay for or reimburse any part of the cost
33 of any health care services and at least part of the arrangement consists of
34 arranging for or the provision of health care services paid for by or on
35 behalf of the enrollee on a periodic prepaid basis.

36 ~~5.1~~ 6. "Health care services" means any services included in the
37 furnishing to any natural person of medical or dental care or hospitalization
38 , or incident to the furnishing of such care or hospitalization, as well as the
39 furnishing to any person of any other services for the purpose of
40 preventing, alleviating, curing or healing human illness or injury.

41 ~~6.1~~ 7. "Health maintenance organization" means any person which
42 provides or arranges for provision of a health care service or services and is
43 responsible for the availability and accessibility of such service or services
44 to its enrollees, which services are paid for or on behalf of the enrollees on
45 a periodic prepaid basis without regard to the dates health services are
46 rendered and without regard to the extent of services actually furnished to
47 the enrollees, except that supplementing the fixed prepayments by nominal
48 additional payments for services in accordance with regulations adopted by
49 the commissioner shall not be deemed to render the arrangement not to be



1 on a prepaid basis. A health maintenance organization, in addition to
2 offering health care services, may offer indemnity or service benefits
3 provided through insurers or otherwise.

4 ~~7.1~~ 8. "Provider" means any physician, hospital or other person who
5 is licensed or otherwise authorized in this state to furnish health care
6 services.

7 **Sec. 50.** NRS 695F.090 is hereby amended to read as follows:
8 695F.090 Prepaid limited health service organizations are subject to
9 the provisions of this chapter and to the following provisions, to the extent
10 reasonably applicable:

11 1. NRS 687B.310 to 687B.420, inclusive, concerning cancellation and
12 nonrenewal of policies.

13 2. NRS 687B.122 to 687B.128, inclusive, concerning readability of
14 policies.

15 3. The requirements of NRS 679B.152.

16 4. The fees imposed pursuant to NRS 449.465.

17 5. NRS 686A.010 to 686A.310, inclusive, concerning trade practices
18 and frauds.

19 6. The assessment imposed pursuant to subsection 3 of NRS
20 679B.158.

21 7. Chapter 683A of NRS.

22 8. ~~To the extent applicable, the~~ *The* provisions of NRS 689B.340 to
23 ~~689B.600,~~ *689B.590*, inclusive, and chapter 689C of NRS relating to the
24 portability and availability of health insurance.

25 9. *Subsection 3 of NRS 689A.030 relating to the provision of*
26 *coverage to an eligible member of the family of a policyholder specified*
27 *in paragraph (c) or (d) of that subsection.*

28 10. NRS 689A.035, 689A.410 and 689A.413.

29 ~~10.1~~ 11. NRS 680B.025 to 680B.039, inclusive, concerning premium
30 tax, premium tax rate, annual report and estimated quarterly tax payments.
31 For the purposes of this subsection, unless the context otherwise requires
32 that a section apply only to insurers, any reference in those sections to
33 "insurer" must be replaced by a reference to "prepaid limited health service
34 organization."

35 ~~11.1~~ 12. Chapter 692C of NRS, concerning holding companies.

36 **Sec. 51.** The amendatory provisions of this act do not apply to
37 offenses committed before January 1, 2002.

38 **Sec. 52.** This act becomes effective upon passage and approval for the
39 purpose of adopting regulations by the commissioner of insurance to
40 carry out the provisions of sections 2 to 44, inclusive, of this act and on
41 January 1, 2002, for all other purposes.

