



POLICY AND PROGRAM REPORT



Insurance Regulation

April 2016

REGULATING INSURANCE

Historically, states have exercised their inherent “police power” to protect the public health, safety, and welfare when regulating insurance. Congress affirmed the states’ authority over insurance regulation in 1945 when it passed the McCarran-Ferguson Act. Further, 15 U.S.C. § 1011:

. . . declares that the continued regulation and taxation by the several States of the business of insurance is in the public interest, and that silence on the part of the Congress shall not be construed to impose any barrier to the regulation or taxation of such business by the several States.

This policy declaration has been interpreted to mean that the operations of the insurance industry are so vital to society they require public oversight and regulation.

Consequently, state legislatures are largely responsible for establishing the rules under which the complex insurance industry must operate in their respective states. Generally, states have created boards or commissions to oversee insurance companies doing business within their borders.

Regulating Insurance in the State of Nevada

Insurance, unlike most other financial services, is still primarily regulated by the State. Individual insurance companies are regulated by the state in which they are domiciled and are subject to the laws in other states where they do business. The Nevada Insurance Code (Title 57 of *Nevada Revised Statutes* [NRS]) sets forth the provisions and statutes that govern the business of insurance in the State of Nevada. The purpose of the Nevada Insurance Code, as defined by NRS 679A.140, is to:

- Protect policyholders and all having an interest under insurance policies;
- Implement the public interest in the business of insurance;

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- Provide adequate standards of solidity of insurers, and of integrity and competence in conduct of their affairs in the home offices and in the field;
- Improve and thereby preserve State regulation of insurance;
- Ensure that policyholders, claimants, and insurers are treated fairly and equitably;
- Encourage full cooperation of the Commissioner of Insurance with other regulatory bodies, both of this State and other states and of the federal government;
- Ensure that the State has an adequate and healthy insurance market characterized by competitive conditions and the exercise of initiative;
- Prevent misleading, unfair, and monopolistic practices in insurance operations; and
- Continue to provide the State of Nevada with a comprehensive, modern, and adequate body of law, in response to the McCarran-Ferguson Act (Public Law 15, 79th Congress, 15 U.S.C. §§ 1011-1015, inclusive), for the effective regulation and supervision of insurance business transacted within or affecting interests of the people of this State.

DIVISION OF INSURANCE

The Division of Insurance of the Department of Business and Industry is responsible for protecting the rights of Nevada consumers in their experience with the insurance industry and for ensuring the financial solvency of insurers. Under the direction of Amy L. Parks, Nevada's Acting Commissioner of Insurance, the Division regulates and licenses insurance agents, brokers, and other professionals; sets ethical and financial standards for insurance companies; and reviews rates. The Division also reviews programs operated by self-insured employers for workers' compensation and investigates claims of insurance fraud.

Consumer Services

Consumers with complaints or with questions concerning insurance claims, companies, or policies can contact the Consumer Services Section of the Division of Insurance (contact information is provided at the end of this report). The Consumer Services Section can answer questions regarding problems with all types of insurance including: (1) auto insurance; (2) bail bonds; (3) health insurance; (4) homeowners insurance; (5) preneed and funeral plans; and (6) title insurance. In addition, the Section advises insurance companies and agents of their obligations and ensures compliance with the Nevada Insurance Code.

If a consumer has a complaint, a complaint form can be obtained by contacting the Consumer Services Section via telephone or on the Internet. Once the written complaint is received by the Division of Insurance, the Consumer Services staff will act as a liaison and work with the complainant and the company or agent to resolve the grievance.

Nevada Life and Health Insurance Guaranty Association Act

In 1973, the Nevada Legislature passed the Nevada Life and Health Insurance Guaranty Association Act (codified in Chapter 686C [“Nevada Life and Health Insurance Guaranty Association”] of NRS), requiring most insurance companies licensed in Nevada to become members of the Guaranty Association. The purpose of this association is to assure that Nevada policyholders will be protected, within limits, in the event that a member insurer becomes financially unable to meet its obligations. If this should happen, the Guaranty Association assesses its other member insurance companies for the money to pay the claims of insured persons who live in Nevada and, in some cases, to keep coverage in force.

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Nevada is a member of the National Association of Insurance Commissioners (NAIC), which is the United States standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia, and 5 U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. The NAIC advises individual state insurance departments on model laws in attempts to standardize insurance laws and regulations, but ultimately the states choose whether the law is accepted, revised and accepted, or ignored.

RELEVANT CONTACT INFORMATION

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