

LCB File No. R193-99

**PROPOSED REGULATION OF THE DIVISION OF INSURANCE
OF THE DEPARTMENT OF BUSINESS AND INDUSTRY**

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

October 22, 1999

The Department of Business and Industry, Division of Insurance (Division) is proposing new regulations pertaining to captive insurance companies, health insurance for small employers and eligible persons, health maintenance organizations, and service contracts. A workshop has been set for 10:00 a.m., on December 1, 1999, at the offices of the Division, 1665 Hot Springs Road, Suite 152, Carson City, Nevada. The purpose of the workshop is to solicit comments from interested persons on the following general topics addressed in the proposed regulations.

- 1. Captive Insurance Companies. The proposed regulation establishes requirements for the filing of an annual report, the minimum standards for an annual audit, requirements for deposits, and standards for reinsurance. The regulation also prescribes the application form and the letter of credit.**
- 2. Health Insurance for Small Employers and Eligible Persons. The proposed regulations limit the use of medical questionnaires, requires the use of disclosure forms, and prohibits tied insurance sales.**
- 3. Health Maintenance Organizations. The proposed regulations allow fee for service arrangements with providers, amends provisions regarding reserves for premium taxes, and payment on statutory bonds.**
- 4. Service Contracts. The proposed regulations establish the fees and documents that must be filed, requirements for claims, and the processing of terminated contracts.**
- 5. Workers' Compensation. The proposed regulation repeals the requirement for a declination from the State Industrial Insurance System before accessing the residual market, and allows the advisory organization to file special programs under the residual market to meet market needs.**

A copy of this notice and the proposed regulations 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 proposed regulations will be available at the offices of the Division, 1665 Hot Springs Road, Suite 152, Carson City, Nevada 89706, 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

regulations 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 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 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
1665 Hot Springs Road, Suite 152
Carson City, NV 89706

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

Legislative Counsel Bureau
Capitol Complex
Carson City, NV 89710

Blasdel Building
Capitol Complex
Carson City, NV 89710

State Capitol
Capitol Complex
Carson City, NV 89710

Capitol Press Room
State Capitol Basement
Carson City, NV 89710

County Clerk
Courthouse
Carson City, NV 89710

Nevada State Library & Archives
Capitol Complex
Carson City, NV 89710

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

Churchill County Library
553 South Maine Street
Fallon, NV 89406

Las Vegas Library
833 Las Vegas Blvd. North
Las Vegas, NV 89101

Douglas County Library
1625 Library Lane
P.O. Box 337
Minden, NV 89423

Elko County Library
720 Court Street
Elko, NV 89801

Goldfield Public Library
Fourth & Cook Street
P.O. Box 430
Goldfield, NV 89013

Eureka Branch Library
10190 Monroe Street
P.O. Box 293
Eureka, NV 89316

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

Battle Mountain Branch Library
P.O. Box 141
Battle Mountain, NV 89820

Lincoln County Library
93 Main Street
P.O. Box 330
Pioche, NV 89043

Lyon County Library
20 Nevin Way
Yerington, NV 89447

Mineral County Library
First & A Street
P.O. Box 1390
Hawthorne, NV 89415

Tonopah Public Library
171 Central Street
P.O. Box 449
Tonopah, NV 89049

Pershing County Library
1125 Central Avenue
P.O. Box 781
Lovelock, NV 89419

Storey County Library
95 South R Street
P.O. Box 14
Virginia City, NV 89440

Washoe County Library
301 South Center Street
P.O. Box 2151
Reno, NV 89505

White Pine County Library
950 Campton Street
Ely, NV 89301

Clark County Library
1401 East Flamingo Road
Las Vegas, NV 89119

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 1665 Hot Springs Road, Suite 152, Carson City, Nevada 89706, or by calling no later than 5 working days prior to the hearing, (702) 687-4270.

DATED this _____ day of _____, 1999.

ALICE A. MOLASKY-ARMAN
Commissioner of Insurance

NOTICE OF INTENT TO ACT UPON REGULATIONS

Notice of Hearing for the Adoption 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 10:00 a.m., on December 1, 1999, immediately following a public workshop, at the offices of the Division, 1665 Hot Springs Road, Suite 152, Carson City, Nevada. The purpose of the hearing is to receive comments from all interested persons regarding the adoption of regulations pertaining to health insurance for small employers and eligible persons.

REGULATIONS CONCERNING HEALTH INSURANCE FOR SMALL EMPLOYERS AND ELIGIBLE PERSONS

The following information is provided pursuant to the requirements of NRS 233B.060:

1. The proposed regulations are needed to address problems that have developed while implementing the health insurance reforms enacted by the 1997 Legislature and to respond to amendments to the health insurance laws by the 1999 Legislature.
2. The proposed regulation limits the use of medical questionnaires and rating based on an employee or dependent who has waived coverage, requires the use of health insurance disclosure forms, and prohibits any requirement to purchase other insurance as a precondition to purchasing health insurance.
3. Estimated economic effect of the regulation:
On the business which it is to regulate:
The proposed regulation should have neither an immediate nor long-term impact of any significance on the industry.
On the public:
The proposed regulations should have no economic impact on the public.
4. The Division expects to incur some additional expense to enforce the proposed regulations.
5. The Division is not aware of any overlap or duplication of the regulation with any state, local or federal regulation.
6. The proposed regulation does not establish any new fees or increase an existing fee.

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, 1665 Hot Springs Road, Suite 152, Carson City, Nevada 89706. Written submissions must be received by the Division on or before November 29, 1999. 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 proposed regulation 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 amended will be available at the offices of the Division, 1665 Hot Springs Road, Suite 152, Carson City, Nevada 89706, 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 will also be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary.

Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, will 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
1665 Hot Springs Road, Suite 152
Carson City, NV 89706

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

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Minden, NV 89423

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720 Court Street
Elko, NV 89801

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Goldfield, NV 89013

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Eureka, NV 89316

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85 East 5th Street
Winnemucca, NV 89445

Battle Mountain Branch Library
P.O. Box 141
Battle Mountain, NV 89820

Lincoln County Library
93 Main Street
P.O. Box 330
Pioche, NV 89043

Lyon County Library
20 Nevin Way
Yerington, NV 89447

Mineral County Library
First & A Street
P.O. Box 1390
Hawthorne, NV 89415

Tonopah Public Library
171 Central Street
P.O. Box 449
Tonopah, NV 89049

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Lovelock, NV 89419

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DATED this _____ day of _____, 19_____.

ALICE A. MOLASKY-ARMAN
Commissioner of Insurance

**PROPOSED REGULATION OF THE DIVISION OF INSURANCE
OF THE DEPARTMENT OF BUSINESS AND INDUSTRY**

REGULATIONS CONCERNING HEALTH INSURANCE FOR
SMALL EMPLOYERS AND ELIGIBLE PERSONS

Authority: NRS 679B.130, NRS 689A.740, NRS 689C.600

Section 1. *Chapter 689C of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 4, inclusive, of this regulation.*

Sec. 2. *A small employer carrier shall not request a medical questionnaire or calculate a premium rate for a small employer group based on underwriting information for an employee or dependent that has waived coverage.*

Sec. 3. *A small employer carrier shall provide it's sales representatives with product information including a health disclosure form summarizing the small employer group and conversion basic and standard health benefit plans that have been approved by the commissioner.*

Sec. 4. *A small employer carrier shall not require the purchase of a group life insurance policy or any other form of insurance as a requirement for the purchase or renewal of a small employer group health benefit plan.*

Sec. 5. *Chapter 689A of NAC is hereby amended by adding thereto the provisions set forth as sections 6 and 7 of this regulation.*

Sec. 6. *An individual carrier shall provide it's sales representatives with product information including a health disclosure form summarizing the individual basic and standard health benefit plans that have been approved by the commissioner.*

Sec. 7. *An individual carrier shall not require the purchase of a life insurance policy or any other form of insurance as a requirement for the purchase or renewal of a individual basic and standard health benefit plan.*