

LCB File No. R196-99

**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 captive insurance companies.

REGULATIONS FOR THE WORKERS' COMPENSATION RESIDUAL MARKET

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

1. The proposed regulation is needed to repeal language that impedes competition among private carriers, and establish a mechanism to enable the residual market to assist the state in solving market problems.
2. The proposed regulation repeals the requirement for an employer to have a declination of coverage from the State Industrial Insurance System before becoming eligible for coverage from the residual market, and allows the advisory organization to file special programs through the residual market to meet market needs.
3. Estimated economic effect of the regulation:
On the business which it is to regulate:
 - (a) The amendments should have little beneficial impact on the industry.
 - (b) The amendments should have neither an immediate nor long-term adverse impact on the industry.On the public:

The amended regulation should have no economic impact on the public.
4. The Division does not anticipate any additional expense to enforce the proposed regulation.
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.

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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P.O. Box 337
Minden, NV 89423

Elko County Library
720 Court Street
Elko, NV 89801

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Fourth & Cook Street
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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

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

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Virginia City, NV 89440

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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 WORKERS' COMPENSATION INSURANCE
AND THE RESIDUAL MARKET**

Authority: NRS 679B.130 and NRS 686B.1771.

Section 1. NAC 686B.840, effective January 1, 2001, is hereby amended to be effective January 1, 2000.

NAC 686B.840 1. To qualify for insurance under the Nevada Workers' Compensation Insurance Plan, an employer must have been declined coverage by at least two insurers that are not affiliated with each other. ~~one of which must be the state industrial insurance system.~~

2. The provisions of subsection 1 must not be construed to prohibit an employer from continuing to apply for industrial insurance after the employer has been declined coverage by two qualified insurers.

Sec. 2. *The advisory organization may file with the commissioner a program of group insurance for persons who have not been accepted by an insurer.*