

LCB File No. R172-01

**PROPOSED REGULATION OF THE DIVISION OF INSURANCE
OF THE DEPARTMENT OF HUMAN RESOURCES**

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 13, 2001, immediately following a public workshop, at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701. Interested persons may also participate through a simultaneous video-conference conducted at the Bradley Building, 2501 E. Sahara Ave., Manufactured Housing Division Conference Room, Second Floor, Las Vegas, Nevada, 89104. The purpose of the hearing is to receive comments from all interested persons regarding the adoption of:

**REGULATIONS CONCERNING THE LICENSING OF INSURANCE
PRODUCERS, TITLE AGENTS AND ESCROW OFFICERS**

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

1. The proposed regulation was developed in response to A.B. 618 (2001) which contained numerous amendments to chapter 683A of NRS concerning the licensing of insurance producers, and to correct a recent change to a regulation regarding the licensing of title agents and escrow officers.
2. The proposed regulation establishes procedures for obtaining criminal history reports for resident producer licensing, annual renewal of appointments, grace period for producer license renewals, adds personal lines prelicensing and continuing education requirements, repeals the mandatory workers' compensation education requirement, and reestablishes a residency requirement for title agents and escrow officers with a provision allowing licensure if the person resides within 50 miles of the border of the state.
3. Estimated economic effect of the regulation:
On the business which it is to regulate:
The proposed regulation may have both an immediate and a long-term impact on the industry as producers must obtain criminal history reports prior to licensing.
On the public:
The proposed regulations should have no economic impact on the public.
4. The Division may incur some additional expenses to enforce the proposed regulation that cannot be measured at this time.

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, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701. Written submissions must be received by the Division on or before December 7, 2001. 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 proposed regulation will be available at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, 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
 788 Fairview Drive, Suite 300
 Carson City, NV 89701

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

Nevada State Library & Archives

Courthouse
Carson City, NV 89710

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

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

Lyon County Library
20 Nevin Way
Yerington, NV 89447

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 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, or by calling no later than 5 working days prior to the hearing,

(702) 687-4270, extension 260.

DATED this _____ day of _____, 2001.

By:

ALICE A. MOLASKY-ARMAN
Commissioner of Insurance

f:\s\j\regs2002\regnotice.683Areg

LCB File No. R172-01

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

**Regulation Concerning the Licensing of Insurance Producers,
Title Agents and Escrow Officers**

AUTHORITY: NRS 679B.130

Section 1. Chapter 683A of NAC is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this regulation.

Sec. 2. *1. Pursuant to section 87(3) of chapter 446, Statutes of Nevada 2001, at page 2166, an applicant for a license as a resident producer of insurance must obtain the results of a search concerning him conducted by the Federal Bureau of Investigations in its national criminal records and a search concerning him of the central repository for Nevada records of criminal history.*

2. The procedures for obtaining the criminal history reports and the fees charged are established by the State of Nevada Highway Patrol Division- Records and Identification Services section.

3. If an applicant has had no criminal history, as indicated and certified on their application for a license, the commissioner may issue a license before the actual report is received if the applicant provides evidence of their request by furnishing a copy of the receipt obtained from the Nevada Highway Patrol Records and identification section or other documentation that show proof of the request. The applicant should instruct the Nevada Highway Patrol Division- Records and Identification Services section to mail the results of the criminal history reports directly to the division.

4. Pursuant to section 93 of chapter 446, Statutes of Nevada 2001, at page 2166, the commissioner may suspend, revoke or refuse to continue the license if the applicant's criminal history report shows a conviction or other criminal activity that was not disclosed on their licensing application.

Sec. 3. *Pursuant to section 88(3) of chapter 446, Statutes of Nevada 2001, at page 2166, the license of a producer of insurance remains in force until it expires or is suspended, revoked or otherwise terminated, subject to payment of the fees for renewal on or before the last day of the month in which the license is renewable. The licensee may renew the license without a lapse within 30 days of the due date if the renewal is requested and the applicable penalty specified in section 88(3) of Chapter 446, Statutes of Nevada 2001, at page 2166, is paid. A request for renewal of a license 30 days after the due date will be considered terminated and the licensee must reapply and pay the applicable penalty specified in section 88(3) of Assembly Bill 618.*

Sec. 4. NAC 683A.170 is hereby amended to read as follows:

1. NAC 683A.170 to 683A.261, inclusive, do not apply to:

(a) A person applying for a nonresident license.

(b) A person exempted from the requirement of taking the licensing examination by ~~NRS 683A.180 and 683A.190~~ *section 90 of Assembly Bill 618.*

(c) A person who has been employed by an insurer for at least 10 years and has been actively involved in the underwriting of insurance or settling claims.

(d) A person with at least 10 years' current experience as a licensed insurance ~~agent~~ *producer*. For the purposes of this subsection, "current" means active employment as ~~an agent~~ *producer of insurance* within the last 15 years.

(e) A person who:

(1) Pursuant to NAC 683A.325, is subject to the provisions of NAC 683A.320 to 683A.370, inclusive; and

(2) Successfully completes, within the 12 months immediately preceding his application for a license, 30 hours of continuing education in courses approved by the division pursuant to NAC 683A.320 to 683A.370, inclusive.

2. A person claiming that he is exempt from the requirements of NAC 683A.170 to 683A.261, inclusive, pursuant to:

(a) Paragraph (c) of subsection 1 must submit to the division:

(1) A written claim of exemption; and

(2) Documentation from the insurer by which he has been employed indicating that he has met the requirements of that paragraph.

(b) Paragraph (d) of subsection 1 must submit to the division:

(1) A written claim of exemption; and

(2) Documentation from the entity by which he has been licensed indicating that he has met the requirements of that paragraph.

Sec. 5. NAC 683A.180 is hereby amended to read as follows:

In addition to the requirements of chapter 683A of NRS, an applicant for a license to act as ~~an insurance agent, broker or solicitor~~ *a producer of insurance or insurance consultant* for:

1. Life insurance, including annuities;

2. Accident and health insurance;

3. Property insurance;

4. Casualty insurance ~~[-or]~~

5. *Personal Lines*; *or*

6. Any combination of those types of insurance,

must complete, with a final grade of at least 70 percent, a course of instruction approved by the commissioner for the line of insurance for which he is applying for a license. The course must have been completed within the 2 years immediately preceding the date of his application for the license.

Sec. 6. NAC 683A.221 is hereby amended to read as follows:

A course must consist of at least 5 hours of instruction in the classroom in the provisions of Title 57 of NRS and the regulations adopted pursuant to those provisions, at least one-half of which must cover the laws and regulations common to all lines of insurance, and:

1. For a course in life insurance, at least 20 hours of instruction in the classroom *or the equivalent in self study* covering:

(a) Principles and concepts of insurance in general;

(b) Basic principles and concepts of life insurance;

(c) The contract for life insurance and provisions of the policy;

(d) Classifications and types of life insurance;

- (e) Annuities;
- (f) The ethical responsibilities of the agent;
- (g) The organization of the business of life insurance; and
- (h) Regulation by the government.

2. For a course in accident and health insurance, at least 20 hours of instruction in the classroom *or the equivalent in self study* covering:

- (a) Principles and concepts of insurance in general;
- (b) Basic principles and concepts of accident and health insurance;
- (c) The contract for accident and health insurance and provisions of the policy;
- (d) Accident and health insurance offered by private companies;
- (e) Accident and health insurance offered by a governmental entity;
- (f) Types of policies and coverage for accident and health insurance;
- (g) Group insurance and plans of special insurance;
- (h) The ethical responsibilities of the agent; and
- (i) Regulation by the government.

3. For a course in property insurance, at least 20 hours of instruction in the classroom *or the equivalent in self study*, covering:

- (a) Principles and concepts of insurance in general;
- (b) Basic principles and concepts of property and casualty insurance;
- (c) The contract for property insurance and provisions of the policy;
- (d) Types of policies and coverage for property insurance;
- (e) The ethical responsibilities of the agent;
- (f) The organization of the business of property insurance; and
- (g) Regulation by the government.

4. For a course in casualty insurance, at least 20 hours of instruction in the classroom *or the equivalent in self study*, covering:

- (a) Principles and concepts of insurance in general;
- (b) Basic principles and concepts of property and casualty insurance;
- (c) The contract for casualty insurance and provisions of the policy;
- (d) Insurance to protect against liability;
- (e) Automobile insurance;

- (f) Workers' compensation and employers' liability insurance;
- (g) Fidelity insurance, surety bonds and other types of casualty insurance;
- (h) The ethical responsibilities of the agent;
- (i) The organization of the business of casualty insurance; and
- (j) Regulation by the government.

5. For a course in a combination of life and health insurance or property and casualty insurance, at least 30 hours of instruction in the classroom *or the equivalent in self study*, covering all the subjects required for each of those separate lines of insurance.

6. For a course in all lines of insurance, at least 60 hours of instruction in the classroom *or the equivalent in self study*, covering the subjects required for each separate line of insurance.

7. For a course in personal lines insurance, at least 15 hours of instruction in the classroom or the equivalent in self study, covering the subjects of property and casualty dealing with personal lines insurance.

Sec. 7. NAC 683A.270 is hereby amended to read as follows:

An applicant for a license as ~~[an agent, broker or solicitor]~~ *a producer of insurance or insurance consultant* must attain an adjusted score of 80 or more points on the appropriate licensing examination in order to pass the examination.

Sec. 8. NAC 683A.275 is hereby amended to read as follows:

1. A person licensed as a short-term lessor of passenger vehicles pursuant to NRS 482.363 must be licensed as a limited agent pursuant to ~~[NRS 683A.260]~~ section 88(1)(k) of chapter 446, Statutes of Nevada 2001, at page 2166 before engaging in the sale or solicitation of policies of insurance requested by short-term lessees of passenger vehicles.

2. Each short-term lessor of passenger vehicles ~~[licensed pursuant to NRS 683A.260]~~ shall provide training for each employee who will solicit or sell policies of insurance to short-term lessees. The training must include instruction relating to:

- (a) The policies of insurance that will be offered for sale to short-term lessees;
- (b) Ethical practices concerning the sale of policies of insurance; and
- (c) The sales materials and disclosures provided to short-term lessees.

3. The manager of each location of a short-term lessor of passenger vehicles is responsible for

the supervision of each employee who solicits or sells policies of insurance at that location.

4. A short-term lessor of passenger vehicles shall maintain the following records for at least 5 years:

(a) A copy of the instructional materials used to train employees pursuant to subsection 2;

(b) A list that includes the name of each manager who is responsible for the supervision of employees pursuant to subsection 3;

(c) A list that includes the name of each employee who is authorized by the short-term lessor to solicit or sell policies of insurance to short-term lessees; and

(d) Proof that each such employee has completed the training required by subsection 2.

5. A short-term lessor of passenger vehicles shall make the records required by subsection 4 available for examination by the commissioner or his designee upon request.

Sec. 9. NAC 683A.310 is hereby amended to read as follows:

Where the license and agency contract of the original writing ~~[agent]~~ *producer* are terminated, and a mutual agreement between the company and ~~[agent]~~ *producer* is made, the ~~[agent]~~ *producer* may collect and forward future installment premium payments to the company on a net basis.

Sec. 10. NAC 683A.315 is hereby amended to read as follows:

1. A bank licensed by the commissioner to sell annuities shall disclose to its customers that the annuities sold by the bank:

(a) Are not insured by the Federal Deposit Insurance Corporation;

(b) Are not obligations of the bank;

(c) Are not guaranteed by the bank; and

(d) Involve investment risks, including the possible loss of principal.

2. The disclosure must be:

(a) Printed on or attached to each policy or advertisement for the sale of an annuity which is provided by the bank to its customers; and

(b) Printed in at least 10-point type.

3. A bank which fails to comply with the provisions of this section is subject to disciplinary action by the commissioner pursuant to ~~[NRS 683A.450 to]~~ *sections 93 and 94 of chapter 446,*

Statutes of Nevada 2001, at page 2166 and NRS 683A. 480 and 683A.490 ~~[, inclusive].~~

Sec. 11. NRS 683A.317 is hereby amended to read as follows:

~~[The commissioner may require an insurer to submit the annual report required pursuant to NRS 683A.280 on a computer disk in a format specified by the commissioner.]~~

1. Pursuant to section 96(4) of chapter 446, Statutes of Nevada 2001 at page 2166, an insurer shall renew annually each appointment of a producer of insurance who acts as their agent. A producers appointment will be considered to be expired on June 30 of each year beginning June 30, 2002.

2. Prior to June 30, 2002, each insurer shall verify electronically through a vendor providing appointment information or by written request to the division and the appropriate fee, that the records of the insurer and those of the division reconcile.

3. The division will invoice each insurer prior to July 1 of each year for all appointments that are active on the division's database as of June 30. The insurer will return the invoice to the division with the requested amount to renew the appointments of it's producers. Payment or remittance will include the appointment renewal fees for all agents on the invoice and may not be less than the amount of the invoice. Any insurer who disputes the amount of the invoice must file a written complaint to the division which shows why the insurer feels the fee is not due. No refunds will be made but a credit may be given if a discrepancy is the result of a division error.

Sec. 12. NAC 683A.325 is hereby amended to read as follows:

1. Except as otherwise provided in subsection 2, the provisions of NAC 683A.320 to 683A.370, inclusive, apply to a person who:

(a) Holds a license as ~~[an agent, a broker or solicitor]~~ *a producer of insurance* issued pursuant to chapter 683A of NRS *and an insurance consultant issued pursuant to chapter 683C of NRS*; and

(b) Engages in the business of insurance.

2. The provisions of NAC 683A.320 to 683A.370, inclusive, do not apply to a person who holds:

(a) A limited license issued pursuant to ~~[NRS 683A.260]~~ *section 88 of chapter 446, Statutes*

of Nevada 2001, at page 2166; or

(b) A license as a nonresident ~~[agent or a nonresident broker]~~ *producer of insurance or nonresident insurance consultant*.

Sec. 13. NAC 683A.330 is hereby amended to read as follows:

1. Except as otherwise provided in this section, to renew a license as ~~[an agent, broker or solicitor]~~ *a producer of insurance*, each licensee must certify that he has successfully completed 30 hours of approved continuing education within the 3-year period before the date of renewal ~~[of his oldest active license as an agent, broker or solicitor]~~. The hours of continuing education must be related to the line or lines of insurance for which the licensee holds such a license.

2. The commissioner will exempt a licensee from the requirements for continuing education if the licensee certifies that:

(a) He has earned and continues to maintain his designation as a chartered property casualty underwriter (CPCU), chartered life underwriter (CLU), certified insurance counselor (CIC), certified financial planner (CFP) or chartered financial consultant (ChFC); or

(b) He has 20 years of continuous experience and has earned his primary source of income in the business of insurance by selling, marketing, underwriting, adjusting, practicing law, managing or regulating, or engaging in any combination of these fields of insurance.

3. The certification required by subsection 1 or 2 must be submitted to the commissioner in an affidavit approved by the commissioner.

Sec. 14. NAC 683A.335 is hereby amended to read as follows:

1. Any person who requests approval for a course for continuing education shall furnish to the commissioner at least 60 days before the beginning of the course:

(a) An outline of the subject matter;

(b) The method of presentation;

(c) The qualifications of the instructor;

(d) The number of classroom hours or, if for a correspondence course or self-study course, the equivalent of classroom hours, and a written procedure for conducting a supervised final examination; and

(e) Any other information required by the commissioner.

2. Submission of the information required by subsection 1 must be on an application approved by the commissioner.

3. The course must be designed to increase the knowledge and understanding of the licensee of:

- (a) Principles and coverage of insurance;
- (b) Applicable laws, rules and regulations concerning insurance;
- (c) Recent changes in coverages; and
- (d) The duties, ethics and responsibilities of the licensee.

4. The commissioner will not approve a course that:

(a) Is provided by ~~[an insurance agent]~~ *a producer of insurance* or an agency licensed to sell insurance in this state unless the *producer of* insurance ~~[agent]~~ or agency is a trade association of the insurance industry; or

(b) Teaches:

- (1) Prelicensing training;
- (2) Motivation or psychology;
- (3) Marketing;
- (4) Prospecting;
- (5) Recruiting;
- (6) Sales;
- (7) Computer applications that are unrelated to insurance;
- (8) Skills for communication; or
- (9) The management of personnel or of an office.

The provisions of this subsection do not limit the authority of the commissioner to refuse to approve a course for noncompliance with any other provision of NAC 683A.320 to 683A.370, inclusive. The commissioner will not approve a course if the total number of classroom hours is less than ~~[2 hours or more than 30 hours]~~ *one hour. One hour of credit will be awarded for each 50 minutes of instruction.*

6. The commissioner will grant or deny approval of each course in writing within 60 days after he receives the information required pursuant to subsection 1.

7. Any material change in the content of a course approved by the commissioner must be submitted for approval before presentation of the course.

8. A course that has been approved by the commissioner is not required to be approved for any subsequent presentation of the course, except that the provider of the course shall submit a notice to the commissioner, not later than 30 days before the course is offered, that includes the following information:

- (a) The name and number of the course;
- (b) The name of the instructor of the course;
- (c) The place where the course will be offered; and
- (d) The date and time when the course will be offered.

Sec. 15. NAC 683A.370 is hereby amended to read as follows:

1. The division will not:

- (a) Renew the license of a licensee who fails to comply with the requirements of NAC 683A.320 to 683A.370, inclusive; or
- (b) Issue any license to a licensee until he complies with the requirements of NAC 683A.320 to 683A.370, inclusive.

2. Any person who submits a false or fraudulent affidavit that certifies his compliance with the requirements of NAC 683A.320 to 683A.370, inclusive, shall be deemed to have:

- (a) Violated a regulation for the purposes of ~~[paragraph (b) of]~~ subsection 1 of ~~[NRS 683A.450]~~ *section 93 of chapter 446, Statutes of Nevada 2001, at page 2166*;
- (b) Made a material misrepresentation in application for a license for the purposes of ~~[paragraph (e) of]~~ subsections 1 *or* 3 of ~~[NRS 683A.450]~~ *section 93 of chapter 446, Statutes of Nevada 2001, at page 2166*; and
- (c) Proven himself untrustworthy for the purposes of ~~[paragraph (g) of]~~ subsection ~~[1]~~ 8 of ~~[NRS 683A.450]~~ *section 93 of chapter 446, Statutes of Nevada 2001, at page 2166*.

Sec. 16. NAC 683A.390 is hereby amended to read as follows:

As used in NAC 683A.390 to 683A.440, inclusive, “licensee” includes any person licensed by the commissioner, including ~~[agents, brokers, solicitors]~~ *producer’s of insurance*, surplus lines brokers, motor club agents, bail bondsmen and administrators.

Sec. 17. NAC 683A.420 is hereby amended to read as follows:

The commissioner will use the following formula to determine the status of a fiduciary account:

1. From the total of the gross accounts receivable from insureds the commissioner will deduct any uncollected commissions remaining in the accounts receivable then add the total of the deposits in all accounts identified as trust accounts. The commissioner will use the average rate for commissions to determine the uncollected commissions.

2. The commissioner will add the net accounts payable to insurers, ~~agents, and brokers~~ *producers of insurance* to the sum of all accounts receivable which are more than 90 days old.

3. If the total in subsection 2 is greater than the total in subsection 1, the account has a deficit.

Sec. 18. NAC 683A.430 is hereby amended to read as follows:

1. Any person having a deficit in his fiduciary account, as measured pursuant to NAC 683A.420, must cure the deficiency within 5 days after receiving notice of the deficiency from the commissioner by:

(a) Depositing an amount equal to the deficiency in his trust account; and

(b) Sending a written explanation for the deficiency to the commissioner.

2. The commissioner will consider any person who fails to cure a deficiency in the fiduciary account pursuant to subsection 1, to be financially irresponsible pursuant to subsection ~~H~~ 8 of ~~NRS 683A.450~~ *section 93 of chapter 446, Statutes of Nevada 2001, at page 2166.*

Sec. 19. NAC 683A.440 is hereby amended to read as follows:

The commissioner will consider any person who fails to remit a return premium to the person to whom it is owed within 30 days after receiving the return premium:

1. To have violated the provisions of NRS 683A.400; and

2. To be financially irresponsible pursuant to subsection 1 of ~~NRS 683A.450~~ *section 93 of chapter 446, Statutes of Nevada 2001, at page 2166.*

Sec. 20. NAC 683A.450 is hereby amended to read as follows:

As used in NAC 683A.450 to 683A.560, inclusive, unless the context otherwise requires:

1. “Actuary” means a person who is a member in good standing of the American Academy of Actuaries.

2. “Insurer” means a person who holds a certificate of authority in this state pursuant to NRS

680A.060.

3. “Managing general agent”:

(a) Means a person who adjusts or pays claims in excess of an amount prescribed by the commissioner or negotiates the sale of reinsurance on behalf of the insurer ~~[and]~~ *or*:

(1) Manages all or part of the business of an insurer, including a division, department or underwriting office;

(2) Acts as an agent for the insurer regardless of his title; and

(3) Produces and underwrites direct written premiums equal to 5 percent or more of the surplus of the insurer for any one year or quarter reported in the last annual statement filed by the insurer pursuant to the provisions of NRS 680A.270.

(b) Does not include a person:

(1) Who is an employee of the insurer;

(2) Who is a manager located in the United States of a branch located in the United States of an alien insurer; or

(3) Whose compensation is based on a criteria other than the volume of premiums written and who has underwriting authority, manages all of the insurance and is an affiliate of the insurer. As used in this subparagraph, “affiliate” has the meaning ascribed to it in NRS 692C.030.

4. “Underwrite” means the authority to assume or reject risks on behalf of the insurer.

Sec. 21. NAC 683A.460 is hereby amended to read as follows:

A managing general agent:

1. Shall not represent an insurer in this state unless he holds a license issued by this state as:

(a) A ~~in-agent;~~

~~—(b) A nonresident agent;~~

~~—(c) A broker; or~~

~~—(d) A nonresident broker]~~ *producer of insurance.*

2. Shall maintain a bond for \$50,000 and may maintain a policy that covers any errors and omissions of the managing general agent.

Sec. 22. NAC 683A.530 is hereby amended to read as follows:

A managing general agent shall not:

1. Commit the insurer to participate in an insurance or reinsurance syndicate.
2. Appoint ~~[an agent]~~ *producer of insurance* who is not licensed by this state as ~~[an agent]~~ *producer* for the type of insurance for which he is appointed.
3. Without the prior approval of the insurer:
 - (a) Pay or commit the insurer to pay a claim over an amount specified by the insurer, net of reinsurance, which exceeds 1 percent of the policyholder's surplus of the insurer on December 31 of the prior calendar year.
 - (b) Collect a payment from a reinsurer or commit the insurer to a claim settlement with a reinsurer without the prior approval of the insurer. If the approval is given by the insurer, the managing general agent shall promptly submit a report of the transaction to the insurer.
4. Allow a person who is an agent of the managing general agent to serve on the board of directors of the managing general agent.
5. Employ a person who is an employee of the insurer.
6. Delegate any duty imposed on him by the provisions of NAC 683A.470 to 683A.530, inclusive.
7. Bind reinsurance or retrocessions on behalf of the insurer. The managing general agent may bind facultative reinsurance contracts under obligatory facultative agreements if his contract with the insurer contains reinsurance underwriting guidelines including, for both reinsurance assumed and ceded:
 - (a) A list of reinsurers with which such automatic agreements are in effect;
 - (b) The coverages and amounts or percentages that may be reinsured; and
 - (c) Schedules for commissions.

Sec. 23. NAC 683A.540 is hereby amended to read as follows:

1. The insurer shall file with the division, in a form approved by the commissioner, an independent financial examination of each managing general agent with which it has done business.
2. If a managing general agent establishes loss reserves, the insurer shall obtain annually the opinion of an actuary attesting to the adequacy of the loss reserves established for losses incurred and on the outstanding business produced by the managing general agent. This opinion must be

made separately from any other required loss reserve certification.

3. The insurer shall, at least once every 6 months, conduct an on-site review of the operations of the managing general agent for underwriting and processing claims.

4. An officer of the insurer, who is not affiliated with the managing general agent, must have binding authority for all reinsurance contracts or for the insurer's participation in insurance or reinsurance syndicates.

5. Within 30 days after appointing or terminating the contract of a managing general agent, the insurer shall provide written notice to the commissioner. Notices of appointment of a managing general agent must include a statement of the duties that he will perform for the insurer, the lines of insurance for which he is to be authorized to act, and any other information requested by the commissioner.

6. At least once every 3 months, an insurer shall review its books and records to determine if any ~~[agent or broker]~~ *producer of insurance* has become a managing general agent. If the insurer determines that the person has become a managing general agent, the insurer shall promptly notify that person and the commissioner of the determination. The insurer and the person must comply with the provisions of NAC 683A.470 to 683A.550, inclusive, within 30 days after such a determination by the insurer.

7. An insurer shall not appoint to its board of directors an officer, director, employee or controlling shareholder of its managing general agents. This subsection does not apply to relationships governed by chapter 692C of NRS.

Sec. 24. NAC 692A.030 is hereby amended to read as follows:

1. A written application for a title agent's or escrow officer's license must be filed with the commissioner by the person applying for the license, accompanied by the applicable fee. The application must include the following:

a. The name of the person applying for a license.

b. Evidence that he is a bona fide resident of this state or resides not more than 50 miles from the border of this state.

~~[b]~~ c. The name and address of each of his employers for at least 2 years immediately preceding the application.

~~[e]~~ d. A description of his experience relating to title insurance or escrow and evidence of his

knowledge of the laws of this state pertaining to insurance.

~~(d)~~ **e.** A statement whether:

1. The person is or was previously licensed to transact the business of insurance or to handle escrows, settlements or closings, and if so, where he was licensed and whether that license was ever suspended or revoked or the renewal of continuance of it refused;
2. The person has even been denied such a license; and
3. The person has ever had a contract as an agent or escrow officer canceled and, if so, the reasons for that cancellation.

~~(e)~~ **f.** Any other information reasonably required by the commissioner to determine the person's qualifications for the license.

2. The application must be verified by the person applying for the license.

Sec. 25. NAC 683A.084, 683A.372, 683A.374, 683A.376, 683A.378, 683A.380, 683A.382, 683A.384, 683A.386 and 683A.388 are hereby repealed.

Text of repealed sections.

REPEALED: NAC 683A.084

1. "Bank holding company" means:

(a) Any company:

(1) Which directly or indirectly owns, controls, or holds at least 25 percent of the voting stock of each of two or more banks;

(2) Which controls the election of a majority of the directors of each of two or more banks;

or

(3) Which holds by one or more trustees, for its own benefit or the benefit of its stockholders, at least 25 percent of the voting stock of each of two or more banks; or

(b) Any bank:

(1) Which directly or indirectly owns, controls, or holds at least 25 percent of the voting stock of one or more banks other than itself; or

(2) Which controls the election of a majority of the directors of one or more banks other than itself.

2. A bank is not a bank holding company if its ownership or control of stock is in a fiduciary capacity unless the stock is held for the benefit of the bank or its officers or directors.

3. The term bank holding company is limited to one which controls a bank authorized in this state to accept demand deposits.

REPEALED: NAC 683A.372. As used in NAC 683A.372 to 683A.388, inclusive, unless the context otherwise requires, “industrial insurance” means insurance which provides the compensation required by chapters 616A to 617, inclusive, of NRS and employer’s liability insurance incidental to and provided in connection with that insurance.

REPEALED: NAC 683A.374. NAC 683A.372 to 683A.388, inclusive, do not apply to an agent, broker or solicitor who is a resident of another state if the other state where the agent, broker or solicitor resides does not require an agent, broker or solicitor of this state to complete a course in industrial insurance before the agent, broker or solicitor of this state may transact industrial insurance in that state.

REPEALED: NAC 683A.376. Except as otherwise provided in NAC 683A.374, before an agent, broker or solicitor may transact industrial insurance in this state, the agent, broker or solicitor must:

1. Be licensed to transact casualty insurance in this state; and
2. Complete a course in industrial insurance approved by the commissioner.

REPEALED: NAC 683A.378.

1. Before transacting industrial insurance in this state for an insurer or an agent, an agent, broker or solicitor must furnish to that insurer or agent a copy of the original certificate of completion issued pursuant to NAC 683A.382 for the course in industrial insurance approved by the commissioner that the agent, broker or solicitor successfully completed.

2. The agent, broker or solicitor shall retain the original certificate of completion furnished pursuant to subsection 1.

3. An insurer or agent shall not accept an application for industrial insurance from an agent, broker or solicitor unless the insurer or agent has verified, by examining a copy of the certificate

of completion, that the agent, broker or solicitor has successfully completed a course in industrial insurance approved by the commissioner. The insurer or agent shall retain a copy of the certificate of completion.

4. The failure of an agent, broker or solicitor to provide verification of credits for a course in industrial insurance approved by the commissioner is evidence that the agent, broker or solicitor did not complete the required course.

REPEALED: NAC 683A.380.

1. A person who requests approval for a course in industrial insurance shall furnish to the commissioner at least 60 days before the beginning of the course:

- (a) An outline of the subject matter;
- (b) The method of presentation;
- (c) The qualifications of the instructor;
- (d) The number of classroom hours; and
- (e) Any other information required by the commissioner.

2. The information required pursuant to subsection 1 must be submitted on an application approved by the commissioner.

3. The course must be designed to increase the knowledge and understanding of the student of:

- (a) Principles and coverage of industrial insurance;
- (b) Applicable laws, rules and regulations concerning industrial insurance;
- (c) Recent changes in coverages; and
- (d) The duties, ethics and responsibilities of the student concerning industrial insurance.

4. The commissioner will not approve a course unless:

(a) The total number of classroom hours consists of at least 6 hours, or if the course is a self-study course, at least 6 hours of study is required;

(b) The course meets the requirements of subsection 3; and

(c) The students enrolled in the course are required to pass a final examination with a score of not less than 70 percent.

The provisions of this subsection do not limit the authority of the commissioner to refuse to approve a course for noncompliance with any other provision of NAC 683A.372 to 683A.388,

inclusive.

5. The commissioner will grant or deny approval of each course in writing within 60 days after he receives the information required pursuant to subsection 1.

6. Any material change in the content of a course approved by the commissioner must be submitted for the approval of the commissioner before presentation of the course.

REPEALED: NAC 683A.382. A person who provides a course in industrial insurance approved by the commissioner shall:

1. Issue an original certificate of completion to each person who successfully completes the course. The certificate must be on a form approved by the commissioner.

2. Maintain records of attendance or, if the course is a self-study course, records of enrollment, and examination scores for 4 years.

3. Make the records and scores available to the commissioner upon request.

REPEALED: NAC 683A.384.

1. A course in industrial insurance must not be advertised as an approved course unless the commissioner has approved the course in writing.

2. If a course in industrial insurance is advertised:

(a) After an application for approval of the course has been submitted to the commissioner; and

(b) Before the commissioner has approved the course in writing, the advertisement must contain a statement indicating that an application has been submitted for approval of the course, and that submission of the application does not guarantee that the course will be approved for credit.

3. An advertisement of an approved course in industrial insurance must contain:

(a) The title of the course;

(b) The name and address of the person approved to provide the course;

(c) The number of hours of credit for continuing education and industrial insurance for which the course has been approved; and

(d) A brief summary or outline of the contents of the course.

REPEALED: NAC 683A.386.

1. The commissioner may suspend or revoke his approval of a course if he determines that:
 - (a) The content of the course has been changed materially without the approval of the commissioner and the change affects the number of hours of credit assigned to the course;
 - (b) A certificate of completion has been issued and hours have been credited to a person who has not completed the course;
 - (c) A certificate of completion has not been issued and hours have not been credited when requested to a person who has successfully completed the course;
 - (d) The quality of instruction is inadequate;
 - (e) The content of the course does not meet the objectives of subsection 3 of NAC 683A.380;or
 - (f) The provider has not maintained the records required by subsection 2 of NAC 683A.382.
2. The division or its designated representative may audit a course to ensure that the content or instructor meets the requirements of NAC 683A.380.
3. If approval of a course is suspended or revoked by the commissioner, approval may be reinstated at the discretion of the commissioner and after the commissioner receives proof that the conditions giving rise to the suspension or revocation have been corrected.

REPEALED: NAC 683A.388. An agent, broker or solicitor may apply the number of hours of credit earned in a course in industrial insurance approved by the commissioner to the hours of continuing education required by NAC 683A.330.