

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R028-02

March 21, 2002

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

AUTHORITY: §§1-4, NRS 679B.130.

Section 1. NAC 679B.033 is hereby amended to read as follows:

679B.033 1. The ~~[National Association of Insurance Commissioners' Examiners Handbook, which contains the]~~ *following publications of the National Association of Insurance Commissioners are hereby adopted by reference and may be obtained from the National Association of Insurance Commissioners, Publications Department, 2301 McGee Street, Suite 800, Kansas City, Missouri 64108-2604, at the respective prices indicated:*

(a) *The Examiners Handbook, which consists of Volume One, "Financial Condition Examiners ~~[Handbook," the]~~ Handbook" and Volume Two, "Model Market Conduct Examiners ~~[Handbook," the "Rating and Statistical Organization Examination Handbook" and the "Health Maintenance Organization Examination Handbook,"~~ is hereby adopted by reference.] Handbook," and which may be obtained at the price of \$125 for Volume One and \$125 for Volume Two.*

(b) *The Accounting Practices and Procedures Manual ~~[for Property and Casualty Insurance Companies, the Accounting Practices and Procedures Manual for Life, Accident and Health Insurance Companies and the Accounting Practices and Procedures Manual for Health~~*

~~Maintenance Organizations are hereby adopted by reference.], which may be obtained at the price of \$225.~~

(c) The *Annual Statement Instructions Manual for Life and Accident and Health*, ~~[the]~~ which may be obtained at the price of \$225.

(d) *The Annual Statement Instructions Manual for Property and Casualty* ~~[and the]~~, which may be obtained at the price of \$225.

(e) *The Annual Statement Instructions Manual for Health* ~~[Maintenance Organizations of the National Association of Insurance Commissioners are hereby adopted by reference.], which may be obtained at the price of \$175.~~

2. The publications listed in subsection 1 apply to the:

(a) ~~[Conduct and report]~~ *Conducting and reporting* of an examination made pursuant to NRS 679B.230 to 679B.300, inclusive, 695C.310 and 695D.270; and

(b) Evaluation of the financial condition of an insurer or organization based on an examination or its annual statement. As used in this paragraph, “organization” includes:

- (1) A health maintenance organization, as that term is defined in NRS 695C.030; and
- (2) An organization for dental care, as that term is defined in NRS 695D.060.

3. If any publication listed in subsection 1 is revised, the commissioner will review the revision to determine its suitability for this state. If the commissioner determines that the revision is not suitable for this state, he will give notice within 30 days after the effective date of the revision. If the commissioner does not give notice within 30 days, the revision becomes part of the publication adopted by reference pursuant to subsection 1. If a revision becomes part of a publication pursuant to this subsection and a person objects to and is aggrieved by the revision,

that person may request a hearing before the commissioner pursuant to NRS 679B.310 to 679B.370, inclusive.

4. The ~~[*Model Market Conduct Examiners Handbook*]~~ “*Model Market Conduct Examiners Handbook*” will be used in the examination of the records of an administrator.

5. ~~[A copy of the *National Association of Insurance Commissioners’ Examiners Handbook* may be obtained from the National Association of Insurance Commissioners, 120 West 12th Street, Suite 1100, Kansas City, Missouri 64105, at a price of \$175.~~

~~—6.— A copy of:~~

~~—(a) The *Accounting Practices and Procedures Manual for Property and Casualty Insurance Companies*, at a price of \$150;~~

~~—(b) The *Accounting Practices and Procedures Manual for Life, Accident and Health Insurance Companies*, at a price of \$150;~~

~~—(c) The *Accounting Practices and Procedures Manual for Health Maintenance Organizations*, at a price of \$50;~~

~~—(d) The *Annual Statement Instructions Manual for Life and Accident and Health*, at a price of \$150;~~

~~—(e) The *Annual Statement Instructions Manual for Property and Casualty*, at a price of \$150; and~~

~~—(f) The *Annual Statement Instructions Manual for Health Maintenance Organizations*, at a price of \$150,~~

FLUSH ~~may be obtained from the National Association of Insurance Commissioners, 120 West 12th Street, Suite 1100, Kansas City, Missouri 64105-1925.]~~ ***All persons, including, without limitation, insurers and health maintenance organizations, required to file financial***

statements with the commissioner shall prepare those statements in accordance with the appropriate publications adopted by reference in this section.

Sec. 2. NAC 679B.0335 is hereby amended to read as follows:

679B.0335 1. Reasonable and proper expenses incurred in an examination conducted pursuant to NRS 679B.290 may include, but are not limited to:

(a) For a financial examiner or market conduct examiner, a daily salary as defined in the *Examiners Handbook published by the* National Association of Insurance ~~Commissioners'~~ ~~Examiners Handbook.~~ *Commissioners, which has been adopted by reference in NAC 679B.033.*

(b) For expert assistants, a daily salary based upon the rate established in the contract approved by the state board of examiners.

(c) The maximum per diem rate for the location of the examination as set forth in the Federal Travel Regulation System of the General Services Administration, 41 C.F.R. chapters 301 to 304, inclusive.

(d) Expenses for transportation, including, but not limited to, the cost of airfare, railfare, taxicab fare and automobile rental and the reimbursement of any personal automobile expenses necessary to reach the location of the examination. The calculation of expenses for transportation may include expenses for transportation incurred by virtue of the length of time necessary to complete the examination.

(e) Upon approval of the commissioner, miscellaneous expenses incurred by the examiner and assistants while performing an examination. Miscellaneous expenses may include, but are not limited to, expenses for telephone calls, facsimile transmissions and postal charges relating to the examination.

(f) An administrative charge, expressed as a percentage of the daily salary of the examiner or assistant, as provided in paragraphs (a) and (b) of this subsection and as provided in the division budget approved by the Nevada legislature.

2. A copy of the Federal Travel Regulation System, stock number 922-002-00000-2, may be obtained from the Superintendent of Documents, U.S. Government Bookstore, Room 118, Federal Building, 1000 Liberty Avenue, Pittsburgh, Pennsylvania 15222, at a price of ~~[\$97.]~~ \$347.

Sec. 3. NAC 680A.196 is hereby amended to read as follows:

680A.196 An examination of the insurer's financial statements by a certified public accountant for the purposes of NRS 680A.265 and NAC 680A.172 to 680A.204, inclusive, must be conducted in accordance with:

1. Generally accepted auditing standards; and
2. Such other procedures set forth in the ~~[Financial Condition Examiner's Handbook of]~~ *“Financial Condition Examiners Handbook,” which composes Volume One of the Examiners Handbook published by* the National Association of Insurance Commissioners, as adopted by reference in NAC 679B.033, as the certified public accountant deems necessary.

Sec. 4. NAC 692A.130 is hereby amended to read as follows:

692A.130 1. Except as otherwise provided in subsection 2, the fees to be paid by title agents and title insurers for the supervision and examination are those set forth in the scales and limitations recommended for fees in the *Examiners Handbook published by the* National Association of Insurance ~~[Commissioners' Examiners Handbook]~~ *Commissioners,* which has been adopted by reference in NAC 679B.033. ~~[A copy of the handbook may be obtained for a price of \$175 by writing to:~~

~~—National Association of Insurance Commissioners~~

~~—120 West 12th Street, Suite 1100~~

~~—Kansas City, Missouri 64105]~~

2. If, pursuant to subsection 4 of NRS 692A.100, the examination is performed by the commissioner of financial institutions, the fee will be \$50 per hour.

3. In addition to the fee charged pursuant to subsection 1 or 2, the commissioner will also charge the title agent or title insurer:

(a) A reasonable amount for related travel, hotel and meal expenses; and

(b) To cover administrative costs, an amount equal to one-half of the fee charged pursuant to subsection 1 or 2.