

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R091-03

August 20, 2003

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

AUTHORITY: §§1-7, NRS 679B.130 and section 164 of Senate Bill No. 250 of the 72nd Session of the Nevada Legislature, chapter 508, Statutes of Nevada 2003, at page 3480; §8, NRS 679B.130 and section 165 of Senate Bill No. 250 of the 72nd Session of the Nevada Legislature, chapter 508, Statutes of Nevada 2003, at page 3480.

Section 1. Chapter 690B of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 8, inclusive, of this regulation.

Sec. 2. *As used in sections 2 to 8, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3, 4 and 5 of this regulation have the meanings ascribed to them in those sections.*

Sec. 3. *“Policy of medical malpractice insurance” means a policy of professional liability insurance covering the liability of a practitioner licensed pursuant to chapter 630 or 633 of NRS.*

Sec. 4. *“Qualified risk management system” means a risk management system approved by the Commissioner pursuant to the provisions of section 6 of this regulation.*

Sec. 5. *“Risk management system” means a system of procedures designed to reduce:*

1. The risk of a claim of malpractice covered by a policy of medical malpractice insurance;

2. The costs related to a claim of malpractice covered by a policy of medical malpractice insurance; or

3. Both the risk of a claim of malpractice and the costs related to a claim of malpractice covered by a policy of medical malpractice insurance.

Sec. 6. *1. A risk management system offered by an insurer issuing a policy of medical malpractice insurance to an insured pursuant to section 7 of this regulation must be approved by the Commissioner as a qualified risk management system before it is offered.*

2. The insurer shall submit to the Commissioner an application on a form prescribed by the Commissioner for the approval of the risk management system as a qualified risk management system.

3. The Commissioner may approve a risk management system as a qualified risk management system if the Commissioner determines that the risk management system:

(a) Is designed to reduce:

(1) The risk of a claim of malpractice covered by a policy of medical malpractice insurance;

(2) The costs related to a claim of malpractice covered by a policy of medical malpractice insurance; or

(3) Both the risk of a claim of malpractice and the costs related to a claim of malpractice covered by a policy of medical malpractice insurance; and

(b) Consists of:

(1) A system for risk management developed by the insurer or a third party that is applicable to the medical specialty of the insured covered by the policy;

(2) Seminars or other training that provide instruction on risk management and qualify for continuing medical education credit; or

(3) A program of instruction on communication skills, documentation techniques, litigation management techniques or other similar risk management techniques and a mechanism to verify compliance with the system by the insured.

Sec. 7. 1. *An insurer that issues a policy of medical malpractice insurance must offer a qualified risk management system to an insured.*

2. If the insured implements a qualified risk management system offered by the insurer, the rating plan of the insurer must provide for a reduction in the premium for the policy of professional liability insurance.

3. At the discretion of the insurer, the rating plan of the insurer may provide that the reduction in premium may be given:

(a) As a discount at the beginning of the period covered by the policy; or

(b) As a refund at the end of the period covered by the policy.

4. In addition to any other fees that may be a part of the rating plan of the insurer, the insurer may charge a reasonable fee as part of the rating plan for providing a qualified risk management system to an insured.

Sec. 8. 1. *Each insurer that issues a policy of medical malpractice insurance must submit a report to the Commissioner on the loss prevention and control programs of the insurer, including, without limitation, the qualified risk management systems offered by the insurer.*

2. On or before May 1 of each year, the Commissioner will provide to each insurer the form for making the report.

3. On or before July 1 of each year, the report must be returned to the Commissioner.