

LCB File No. R130-03

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

NOTICE OF WORKSHOPS TO SOLICIT COMMENTS ON PROPOSED REGULATIONS

The Department of Business and Industry, Division of Insurance (Division) is proposing new regulations pertaining to prompt payment to providers; complaints; determining minimum nonforfeiture amount for annuity insurance insurers; and medical professional liability insurance. A workshop has been set for 9:00 a.m., on October 2, 2003, at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701. Interested parties may also participate through a simultaneous video-conference conducted at the Bradley Building, 2501 East Sahara Avenue, Manufactured Housing Division Conference Room, 2nd Floor, Las Vegas, Nevada 89104. The purpose of the workshop is to solicit comments from interested persons on the following general topics addressed in the proposed regulations.

- 1. Prompt Payment to Providers.** The proposed regulation will amend Nevada Administrative Code (NAC) 686A.306 to clarify the reporting requirements on prompt payment to providers.
- 2. Complaints.** The proposed regulation ensures that complaint procedures and carrier reporting on complaints are consistent among all licensees under Title 57 of the Nevada Revised Statutes. The new sections added address the changes made by Assembly Bill 79 of the 72nd Session of the Nevada Legislature. Chapters 695C, 695F and 695G of the NAC are amended.
- 3. Determining Minimum Nonforfeiture Amount for Annuity Insurance Insurers.** Presently, chapter 688A of the Nevada Revised Statutes regulates life insurers regarding minimum nonforfeiture amounts. This regulation will extend the nonforfeiture determination compliance to include licensed insurers marketing annuity insurance pursuant to chapters 688A of the laws and regulations.
- 4. Medical Professional Liability Insurance.** Disclosure requirements; statistical reporting requirements; and reporting requirements on excess judgments or settlements.
- 5. External Review Organization Certification.** This regulation adds a new section to chapter 683A of the NAC as required by Assembly Bill 79 of the 72nd Session of the Nevada Legislature. The new section sets forth the provisions in which an External Review Organization is certified by the Commissioner.
- 6. Workers' Compensation Insurance (Industrial Insurance).** Certification procedures, provisions and requirements for external review organizations.

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, 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 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 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
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
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

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

Elko County Library
720 Court Street
Elko, NV 89801
Humboldt County Library

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

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 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 August, 2003.

By: _____
ALICE A. MOLASKY-ARMAN
Commissioner of Insurance

LCB File No. R130-03

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

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 9:00 a.m., on October 2, 2003, 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 East Sahara Avenue, Manufactured Housing Division Conference Room, 2nd Floor, Las Vegas, Nevada 89104. The purpose of the hearing is to receive comments from all interested persons regarding the adoption of:

**REGULATION CONCERNING DETERMINATING MINIMUM NONFORFEITURE
AMOUNT FOR ANNUITY INSURANCE INSURERS**

The following information is provided pursuant to the requirements of NRS 233B.0603:

1. This regulation will add the annuity nonforfeiture value regulation to chapter 688A of the Nevada Administrative Code (NAC) to include licensed life insurers pursuant to chapter 688A of the Nevada laws and regulations.
2. This regulation will allow the industry to decrease the guaranteed interest rate on Individual Preferred Annuities from three percent (3%) to no less than one percent (1%).
3. Estimated economic effect of the regulation:

On the business which is to be regulated:

The proposed regulation should not have either an immediate or long-term impact on the administrators.

On the public:

There could be a financial effect on the financial growth of an individuals annuity policy.

4. This regulation should not add any cost to the Division of Insurance.
5. This regulation does not overlap or duplicate any federal or state agencies.
6. This regulation is not pursuant to federal law.

7. This regulation does not require a new fee or increase of 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 September 25, 2003. 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

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Division of Insurance
2501 East Sahara Avenue, Suite 302
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DATED this _____ day of August, 2003.

By:

ALICE A. MOLASKY-ARMAN
Commissioner of Insurance

LCB File No. R130-03

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

DETERMINATION OF MINIMUM NONFORFEITURE AMOUNTS

Authority: NRS 679B.130

Section 1. *Chapter 688A of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 4 of this regulation.*

Sec. 2. 1. *The interest rate used in determining minimum nonforfeiture amounts pursuant to subsection 3 of section 56.9 of Assembly Bill 453 of the 72nd session of the Nevada Legislature shall be an annual rate of interest determined as the lesser of three percent (3%) per annum and the following which shall be specified in the contract if the interest rate will be reset:*

(a) The five-year Constant Maturity Treasury Rate reported by the Federal Reserve as of the date, or average over a period, rounded to the nearest 1/20th of one percent (1%), specified in the contract no longer than fifteen (15) months prior to the contract issue date or redetermination date under paragraph (d) of this section;

(b) Reduced by 125 basis points;

(c) Where the resulting interest rate is not less than one percent (1%); and

(d) The interest rate shall apply for an initial period and may be redetermined for additional periods. The redetermination date, basis and period, if any, shall be stated in the contract. The basis is the date or average over a specified period that produces the value of the five-year Constant Maturity Treasury Rate to be used at each redetermination date.

2. *During the period or term that a contract provides substantive participation in an equity indexed benefit, it may increase an additional 100 basis points to reflect the value of the equity index benefit. The present value at the contract issue date, and at each redetermination date thereafter, of the additional reduction shall not exceed the market value of the benefit. The commissioner may require a demonstration that the present value of the additional reduction does not exceed the market value of the benefit. Lacking such a demonstration that is acceptable to the commissioner, the commissioner may disallow or limit the additional reduction.*

Sec. 3. *Each insurer that is licensed to market life insurance in this state shall submit the following reports to the commissioner:*

(a) If an insurer markets deferred annuities or has active policies, an annual actuarial certification of compliance with section 2 of this regulation if calculating the minimum nonforfeiture amounts pursuant to subsection 3 of section 56.9 of Assembly Bill 453 of the 72nd session of the Nevada Legislature;

(b) If an insurer is not actively marketing or has no deferred annuity policies in force, actuarial certification stating that the insurer does not actively market policies in this state

that are calculated pursuant of subsection 3 of section 56.9 of Assembly Bill 453 of the 72nd session of the Nevada Legislature; and
(c) Required reports for paragraphs (a) and (b) of section 3 are due on the first day of February for the previous calendar year. The first report is due February 1, 2005 for calendar year 2004.

Sec. 4. *Each licensed insurer filing new forms for approval that incorporate the provisions provided in subsection 3 of section 56.9 of Assembly Bill 453 of the 72nd session of the Nevada Legislature must include in the filing an actuarial memorandum attesting to compliance with section 2 of this regulation.*