

**ADOPTED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R170-03

Effective February 12, 2004

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

AUTHORITY: §§1-3 and 5-10, NRS 679B.130 and 683A.241; §4, NRS 679B.130 and 683A.251; §11, NRS 679B.130 and 683A.261.

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. *“Designated representative” means a person with whom the Commissioner contracts pursuant to section 3 of this regulation.*

Sec. 3. *The Commissioner may contract with a person outside the Division to perform all or part of the administrative duties of the continuing education program, subject to the direction and approval of the Commissioner.*

Sec. 4. NAC 683A.272 is hereby amended to read as follows:

683A.272 1. An applicant for a license as a resident producer of insurance must:

(a) ~~[Request a copy of a]~~ *Submit with his application:*

(I) Two complete sets of fingerprints which the Commissioner may forward to the Nevada Highway Patrol Division of the Department of Public Safety for a search concerning him ~~[conducted]~~ :

(I) Conducted by the Federal Bureau of Investigation in its national criminal records ~~[~~
~~and of a search concerning him of]~~ ; *and*

(II) Of the Central Repository for Nevada Records of Criminal History; *and*

(2) A cashier's check or money order made payable to the Nevada Highway Patrol for the applicable fees established by the Nevada Highway Patrol Division of the Department of Public Safety.

(b) Comply with the procedures for obtaining the information required in this subsection that are established by the Nevada Highway Patrol Division of the Department of Public Safety in NRS 179A.075 to 179A.160, inclusive . ~~[, and pay the applicable fees established by the Nevada Highway Patrol Division; and~~

~~—(c) Request the Nevada Highway Patrol Division to mail the information obtained pursuant to this subsection directly to the Division.]~~

2. The Commissioner may issue a license as a resident producer of insurance before the ~~[information obtained]~~ *criminal background search of the applicant conducted* pursuant to subsection 1 is ~~[received]~~ *completed* if the applicant:

(a) Indicates and certifies on his application for a license that he has no criminal history; and

(b) ~~[Provides evidence of the request for a copy of the searches required pursuant to subsection 1 by furnishing a copy of the receipt obtained from the Nevada Highway Patrol Division or other documentation that shows proof of the request.]~~ *Has complied with the procedures required pursuant to subsection 1.*

3. The Commissioner may contract with a person outside the Division to process the fingerprints submitted pursuant to subsection 1 so that the fingerprints may be electronically transmitted to the Nevada Highway Patrol Division of the Department of Public Safety or another law enforcement agency.

Sec. 5. NAC 683A.325 is hereby amended to read as follows:

683A.325 1. Except as otherwise provided in subsection 2, the provisions of NAC 683A.320 to 683A.370, inclusive, *and sections 2 and 3 of this regulation* apply to a person who:

(a) Holds a license as a producer of insurance issued pursuant to chapter 683A of NRS or 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, *and sections 2 and 3 of this regulation* do not apply to a person who holds:

(a) A limited license issued pursuant to NRS 683A.261; or

(b) A license as a nonresident producer of insurance or a nonresident insurance consultant.

Sec. 6. NAC 683A.335 is hereby amended to read as follows:

683A.335 1. Any person who requests approval for a course for continuing education shall furnish to the Commissioner *or to his designated representative* 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~~, a self-study course ~~or~~ *or an on-line computer course*, the equivalent of classroom hours, and a written procedure for conducting a supervised final examination; ~~and~~

(e) *Any applicable fees established and required by the Commissioner; and*

(f) Any other information required by the Commissioner ~~or~~ *or his designated representative*.

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 *or his designated representative* will not approve a course that:

(a) Is provided by a producer of insurance or an agency licensed to sell insurance in this state unless the producer of insurance 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 *or his designated representative* to refuse to approve a course for noncompliance with any other provision of NAC 683A.320 to 683A.370, inclusive **[]**, *and sections 2 and 3 of this regulation.*

5. The Commissioner *or his designated representative* will not approve a course if the total number of classroom hours is less than 1 hour. One hour of credit will be awarded for each 50 minutes of instruction, or the equivalent in self-study approved pursuant to NAC 683A.211.

6. The Commissioner *or his designated representative* 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 *or his designated representative* must be submitted for approval before presentation of the course.

8. A course that has been approved by the Commissioner *or his designated representative* 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 ~~or his designated representative~~ *or his designated representative*, 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. 7. NAC 683A.337 is hereby amended to read as follows:

683A.337 1. A course of continuing education must not be advertised as an approved course unless the ~~Division~~ *Commissioner or his designated representative* has approved the course in writing.

2. If a course of continuing education is advertised:

- (a) After an application for approval of the course has been submitted to the ~~[Division;]~~ *Commissioner or his designated representative*; and
- (b) Before the ~~[Division]~~ *Commissioner or his designated representative* 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. Any advertisement of an approved course of continuing education must contain:

- (a) The title of the course;
- (b) The name and address of the person approved to provide the course;
- (c) The lines of insurance for which the course has been approved;
- (d) The number of hours of credit for continuing education for which the course has been approved; and
- (e) A brief summary or outline of the contents of the course.

Sec. 8. NAC 683A.340 is hereby amended to read as follows:

683A.340 The provider of a course approved by the Commissioner *or his designated representative* shall:

- 1. Give a 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 and examination scores for 4 years.
- 3. Make these records and scores available to the Division upon request.
- 4. Not employ an unsuitable person as an instructor for the course.

Sec. 9. NAC 683A.345 is hereby amended to read as follows:

683A.345 A licensee who is seeking approval for hours of continuing education after he completed a course organized by and conducted with the supervision of a trade association of the insurance industry or a national association of agents and brokers that was not approved by the Commissioner *or his designated representative* must:

1. Request approval of the hours from the Commissioner ~~;~~ *or his designated representative;*
2. Submit the information required in subsection 1 of NAC 683A.335; and
3. Submit a document signed by the instructor or provider of the course which verifies the attendance of the licensee and his successful completion of each portion of the course for which credit is sought.

Sec. 10. NAC 683A.365 is hereby amended to read as follows:

683A.365 1. The Commissioner *or his designated representative* may suspend or revoke his approval of a course if he determines that:

- (a) The content of the course has been changed without notice to the Commissioner *or his designated representative* and the change affects the number of hours of credit assigned to the course;
- (b) A certificate of completion has been issued and hours 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.335;

(f) The provider has not maintained the records required by subsection 2 of NAC 683A.340;

or

(g) The provider has employed an unsuitable person as an instructor for the course.

2. The ~~{Division or its}~~ *Commissioner or his* designated representative may audit a course to ensure that the content or instructor meets the requirements of NAC 683A.335.

3. If approval of a course is suspended or revoked by the Commissioner ~~{}~~ *or his designated representative*, approval may be reinstated at the discretion of the Commissioner *or his designated representative* and after the Commissioner *or his designated representative* receives proof that the conditions giving rise to the suspension or revocation have been corrected.

Sec. 11. NAC 683A.273 is hereby repealed.

TEXT OF REPEALED SECTION

683A.273 Renewal: Request; grace period; fees; penalty for late renewal. (NRS 679B.130) 1. If a licensee as a producer of insurance does not request renewal of his license or pay the fee for renewal required pursuant to subsection 5 of NRS 680B.010 and the fee of \$15 for deposit in the insurance recovery account required pursuant to subsection 2 of NRS 683A.261 on or before the due date for renewal, the licensee will have a 30-day grace period after the due date for renewal to make such a request and pay the fees required pursuant to subsection 2 before the license will expire.

2. A licensee who requests renewal of a license after the due date for renewal but within the 30-day grace period after the due date for renewal pursuant to subsection 1 must pay:

(a) The fee for renewal required pursuant to subsection 5 of NRS 680B.010;

(b) The fee of \$15 for deposit in the insurance recovery account required pursuant to subsection 2 of NRS 683A.261; and

(c) The penalty fee of twice the renewal fee required pursuant to subsection 3 of NRS 683A.261.

3. If a licensee does not request renewal of a license or pay the fees required pursuant to subsection 2 before the expiration of the 30-day grace period after the due date for renewal, the license will expire. If the licensee requests renewal of such a license after the 30-day grace period, but within 12 months after the due date for renewal, the licensee must reapply for the same license and pay the penalty of twice the unpaid renewal fee required pursuant to subsection 3 of NRS 683A.261.

NOTICE OF ADOPTION OF PROPOSED REGULATION
LCB File No. R170-03

The Commissioner of Insurance adopted regulations assigned LCB File No. R170-03 which pertain to chapter 683A of the Nevada Administrative Code on January 5, 2004.

Notice date: 10/10/2003
Hearing date: 11/13/2003

Date of adoption by agency: 1/5/2004
Filing date: 2/12/2004

INFORMATIONAL STATEMENT

A workshop and hearing was held on November 13, 2003, in Carson City, Nevada, and video-conferenced to the Bradley Building in Las Vegas, concerning the adoption of the regulation regarding producer criminal history reports, continuing education and the repeal of NAC 683A.273, license renewal provisions.

Public comment was solicited by posting notice of the hearing in the following public locations: 788 Fairview Drive, Legislative Counsel Bureau, Capitol Building Lobby, Blasdel Building, Carson City Courthouse, State Library, Clark County Library, Capitol Press Room and the Division's Las Vegas Office.

In addition, the Department of Business and Industry, Division of Insurance (Division), maintains a list of interested parties, comprised mainly of insurance companies, agencies and other persons regulated by the Division. These persons were notified of the hearing and information that copies of the regulation could be obtained from or examined at the offices of the Division in Carson City.

The workshop and hearing was attended by one person. No oral testimony was provided by the public at the hearing; one written comment by Adam Mersereau of Primerica Life Insurance Company was received prior to the workshop and hearing. Primerica supported the proposed regulation in regard to the digital fingerprint technology and encouraged the Division to make certain it is readily available to applicants.

The Commissioner has issued an order adopting the regulation, as proposed pursuant to the workshop and hearing, as a permanent regulation of the Division.

The economic impact of the regulation is as follows:

- (a) On the business it is to regulate:
The repeal of NAC 683A.273 will require the provisions of NRS 683A.251 to be used for renewal of a producer license. This will reduce the late penalty from \$125 to \$62.50, if renewal is requested by a licensee within 30 days of the renewal date.
- (b) On the public:

There will be no cost to the Division if the Division contracts with a vendor for the administration of the continuing education program; however, the vendor will charge the continuing education provider a fee for approval and administration of continuing education courses.

The Division is not aware of any overlap or duplication of the regulation with any state, local or federal regulation.

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

IN THE MATTER OF THE

CAUSE NO. **03.725**
LCB File No. R170-03

**REGULATION RELATING TO PRODUCER
CRIMINAL HISTORY REPORTS, CONTINUING
EDUCATION AND THE REPEAL OF NAC
683A.273.**

**SUMMARY OF PROCEEDINGS
AND ORDER**

SUMMARY OF PROCEEDINGS

A public workshop, as required by NRS 233B.061, on the proposed regulation relating to producer criminal history reports, continuing education and the repeal of NAC 683A.273, was held before Alice A. Molasky-Arman, Commissioner of Insurance (Commissioner), on November 13, 2003, in Carson City, Nevada, and video-conferenced to the Bradley Building in Las Vegas, Nevada. A public hearing on the proposed regulation was also held before Commissioner Molasky-Arman on November 13, 2003, in Carson City, Nevada, and video-conferenced to the Bradley Building in Las Vegas, Nevada. The regulation is proposed under the authority of NRS 679B.130.

The Department of Business and Industry, Division of Insurance (Division), received no oral testimony and one written comment before the workshop. The workshop was attended by one individual and no individuals from the public attended the hearing. The following person provided testimony before the Hearing Officer: Debbie Thurner, representing the Division.

The written comment was received from Adam Mersereau of Primerica Life Insurance Company. Primerica supported the proposed regulation in regard to the digital fingerprint technology and encouraged the Division to make certain it is readily available to applicants. Debbie Thurner testified that the intent of the regulation was to:

1. Amend chapter 683A of NAC which is the procedure for an applicant to obtain his/her criminal history report, as required by NRS 683A.251, by requiring the applicant to send his/her fingerprints and fees, made payable to the Nevada Highway Patrol, to the Division with his/her application.

2. Amend NAC 683A.325, and applicable corresponding sections, to allow the Commissioner to contract with a responsible person to administer the approval and tracking of continuing education courses and to recognize on-line computer courses as self-study.

3. Repeal NAC 683A.273 because the provisions for renewal of a producer license are contained in NRS 683A.261 as passed in the 2003 Legislative Session effective October 1, 2003.

ORDER OF THE COMMISSIONER

Having reviewed the record in this matter, it is hereby ordered that the proposed regulation concerning producer criminal history reports, continuing education and the repeal of NAC 683A.273, LCB File No. R170-03, be adopted as a permanent regulation of the Division. SO ORDERED this _____ day of December, 2003.

ALICE A. MOLASKY-ARMAN
Commissioner of Insurance