

**LCB File No. R177-03**

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

**NOTICE OF WORKSHOPS TO SOLICIT COMMENTS ON  
PROPOSED REGULATION**

The Department of Business and Industry, Division of Insurance (Division), is proposing new regulations pertaining to life insurance multiple policies, disclosure for small face amount life insurance policies, advertisement for individual health insurers, viatical/life settlements, and to repeal all regulations pertaining to the medical dental screening panel in chapter 41A of the Nevada Administrative Code (NAC). A workshop has been set for 9:00 a.m., on November 18, 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, 2<sup>nd</sup> 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. Life Insurance Multiple Policies. The proposed regulation would require insurers that are licensed to market life insurance to, upon receipt of a death claim, research their records to determine if there are other policies in their company for that person or alias names of that person. The proposed regulation will amend chapters 688A and 688B of the NAC.**
- 2. Disclosure for Small Face Amount Life Insurance Policies. The proposed regulation requires an insurer to disclose to the insured if the amount of premiums paid exceeds the death benefit of that policy. This applies to life insurance policies with a death benefit of \$15,000 or less. This regulation will amend chapters 688A and 688B of the NAC.**
- 3. Advertisement for Individual Health Insurers. The proposed regulation will extend the advertisement compliance to include licensed insurers marketing individual health insurance pursuant to chapter 689A by amending subsection 2 and adding subsection 3 to NAC 689A.270.**
- 4. Viatical/Life Settlements. The proposed regulation addresses requirements for viatical settlements regarding the standards for evaluation for reasonable payments, reporting requirements, requirements of insurers to coordinate policy benefit information and compensation to viatical entities.**
- 5. Medical Dental Screening Panel. The proposed regulation is needed to address the requirements of chapter 3, Statutes of Nevada, 2002 Special Session of the Nevada Legislature. This regulation repeals all sections of chapter 41A of the NAC that refer to the Medical Dental Screening Panel.**

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

Elko County Library

Goldfield Public Library

720 Court Street  
Elko, NV 89801

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 5<sup>th</sup> 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  
ATTN: Reference  
P.O. Box 2151  
Reno, NV 89505-2151

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, (775) 687-4270, extension 260.

DATED this \_\_\_\_\_ day of October, 2003.

By:

ALICE A. MOLASKY-ARMAN  
Commissioner of Insurance

**LCB File No. R177-03**

**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 November 18, 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, 2<sup>nd</sup> Floor, Las Vegas, Nevada 89104. The purpose of the hearing is to receive comments from all interested persons regarding the adoption of:

**REGULATION REGARDING LIFE INSURANCE MULTIPLE POLICIES**

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

1. The proposed regulation is needed to insure benefit payments of all existing in-force life insurance policies.
2. This regulation requires an insurer:
  - (a) Upon receipt of a death claim, to conduct a reasonable search for other policies;
  - (b) To investigate all other additional policies to verify liability and to determine liability no later than six (6) months following the claim filing date;
  - (c) If such policies exist, notify the owner (if other than insured) and beneficiary(ies) and arrange for payment pursuant to the policies;
  - (d) Establish a claim processing standard and methodology to obtain other names by which the insured may have been known and to include questions on claim forms to remind the beneficiary to provide this information; and
  - (e) Maintain claim records to demonstrate that processing standards and methodology are being followed.
3. Estimated economic effect of the regulation:

On the business which is to be regulated: Minimal effect on the industry.  
On the public: No direct short or long term effect, whether adverse or beneficial.
4. The Division does not anticipate additional costs to enforce the regulation.

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 is not required pursuant to federal regulation.
7. The proposed regulation does not include provisions that are more stringent than a federal regulation.
8. The proposed regulation does not establish a new fee 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 November 12, 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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 2501 East Sahara Avenue, Suite 302  
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Hawthorne, NV 89415

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20 Nevin Way  
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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  
ATTN: Reference  
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Reno, NV 89505-2151

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DATED this \_\_\_\_\_ day of October, 2003.

By:

ALICE A. MOLASKY-ARMAN  
Commissioner of Insurance

**LCB File No. R177-03**

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

**Authority: NRS 679B.130**

**Section 1.** Chapters 688A and 688B of the NAC are hereby amended by adding thereto to both chapters the provisions set forth as sections 2 to 5, inclusive, of this regulation.

**Sec. 2.** *Insurers selling group life insurance policies or credit life insurance policies for which the insurer does not maintain records of the certificate holder shall be exempt from the requirements of this regulation.*

**Sec. 3.** *Insurers offering life insurance policies shall:*

*1. Upon submission of a death claim form pursuant to an insurance contract, conduct a reasonable search for other policies on the decedent's life.*

*2. Investigate additional policy files identified by the search, for which liability is not immediately verified, and complete a determination of liability no later than six (6) months following the claim filing date.*

*3. Where such other policies exist, notify the policy owner (if different from the insured) and the beneficiary and arrange for payment pursuant to the policies.*

*4. Adopt a written claim processing standard and methodology that will allow the insurer to process a death or endowment or other claim being presented against a life insurance or accidental death or dismemberment policy.*

*5. Inquire as part of their claim processing standard and methodology, for every claim filed with the insurer for death benefits, about other names by which the insured may have been known, such as a maiden name, hyphenated name, nickname, derivative form of the first and middle name or an alias. If the filer of the claim form includes such additional name information on the claim form, or if the insurer otherwise knows about other names by which the insured may have been known, the insurer shall include this information as a part of its search criterion to determine whether additional policies exist.*

*6. Maintain claims records that demonstrate that the insurer has followed the written claim processing standard and methodology required in this section.*

**Sec. 4.** *If any section, term or provision of this regulation shall be judged invalid for any reason, that judgment shall not affect, impair or invalidate any other section, term or provision of this regulation, and the remaining sections, terms and provisions shall be and remain in full force and effect.*

**Sec. 5.** *This regulation shall apply to claims for life insurance policies that may provide a death, endowment, maturity or other benefits due to the death of the named insured, or endowment of an existing policy or any accidental death and dismemberment policies that would provide additional death benefits on existing policies.*