

**LCB File No. R178-03**

**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. R178-03**

**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 DISCLOSURE FOR  
SMALL FACE AMOUNT LIFE INSURANCE POLICIES**

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

1. The proposed regulation is needed to require insurers to provide information to the public about the status of their policy regarding comparison of paid premium to policy benefit.
2. The proposed regulation requires an insurer of certain policies of life insurance to provide a disclosure statement to policyholders and/or certificate holders which compares the total potential premium paid on their policies/certificates to the amount of the death benefit.
3. Estimated economic effect of the regulation:

On the business which is to be regulated: Minimal effect on the industry due to research and notification to policyholders affecting both short and long term.

On the public: No direct adverse short or long term impact. The public should experience both short and long term beneficial effect from the disclosure of benefit information.

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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95 South R Street  
P.O. Box 14  
Virginia City, NV 89440

Washoe County Library  
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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. R178-03**

**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 7, inclusive, of this regulation.

**Sec. 2.** *“Small face amount policy” means a life insurance policy or certificate with an initial face amount of \$15,000 or less.*

**Sec. 3.** *Sections 2 through 7, inclusive, of this regulation apply to all group and individual life policies and certificates except:*

- 1. Variable life insurance.*
- 2. Individual and group annuities.*
- 3. Credit life insurance.*
- 4. Group or individual policies of life insurance issued to members of an employer group or other permitted group where:*
  - (a) Every plan of coverage was selected by the employer or other group representative;*
  - (b) Some portion of the premium is paid by the group or through payroll deduction; and*
  - (c) Group underwriting or group simplified underwriting is used; or*
- 5. Policies and certificates where an illustration has been provided pursuant to the requirements of NAC 688A.477 through NAC 688A.4785.*

**Sec. 4. 1.** *An insurer issuing a small face amount policy or certificate shall provide a disclosure to a policyholder(s) or certificate holder(s) if at any time over the term of the policy the cumulative premiums paid may exceed the face amount of the policy. The required disclosure shall be provided to the policy owner or certificate holder no later than at the time the policy or certificate is delivered. The disclosure shall not be attached to the policy, but may be delivered with the policy. The disclosure must include:*

- (a) The purpose of the disclosure;*
- (b) Directions on where to locate in the policy the face amount of the policy and annual premium;*
- (c) Instructions for calculating total premium paid compared to the face amount of the policy;*
- (d) Factors that will affect life insurance costs;*
- (e) Factors that will affect how many years it may take for premium to equal or exceed the face amount;*
- (f) Whom to call for assistance;*
- (g) Procedures to obtain full refund of premium; and*
- (h) Procedures to obtain full refund if premium payments were stopped or policy was canceled after the time that a full refund was available.*



*2. If, for a particular policy form, the cumulative premiums may exceed the face amount for some demographic or benefit combination but not for all combinations, the insurer may choose to either:*

*(a) Provide the disclosure only in those circumstances where the premiums may exceed the face amount; or*

*(b) Provide the disclosure for all demographic and benefit combinations.*

**Sec. 5.** *The insurer and its producers have a duty to clarify policy terms and to provide other information to policyholders and certificate holders that ask questions about the disclosure statement.*

**Sec. 6.** *Insurers must provide applicable existing policyholders and certificate holders the disclosure described in section 4 of this regulation within six (6) months of the effective date of this regulation.*

**Sec. 7.** *Sections 1 through 5, inclusive, of this regulation shall apply only to insurance policies and certificates issued on or after the effective date.*