

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R247-03

January 29, 2004

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

AUTHORITY: §§1-5, NRS 679B.130.

Section 1. NAC 679B.033 is hereby amended to read as follows:

679B.033 1. The following publications of the National Association of Insurance Commissioners are hereby adopted by reference and may be obtained from the National Association of Insurance Commissioners, Publications Department, 2301 McGee Street, Suite 800, Kansas City, Missouri ~~[64108-2604,]~~ *64108-1662*, at the respective prices indicated:

(a) The *Examiners Handbook*, which consists of ~~[Volume One,]~~ :

(1) The Financial Condition Examiners Handbook , which may be obtained at the domestic price of \$250 and the international price of \$270; and [Volume Two, Model]

(2) The Market Conduct Examiners Handbook [,and] , which may be obtained at the domestic price of [\$125 for Volume One and \$125 for Volume Two.] \$250 and the international price of \$270.

(b) The *Accounting Practices and Procedures Manual*, which may be obtained at the *domestic* price of ~~[\$225.]~~ *\$395 and the international price of \$435.*

(c) *The Annual Statement Blanks for Life and Accident and Health, which may be obtained at the domestic price of \$200 and the international price of \$220.*

(d) *The Annual Statement Blanks for Health, which may be obtained at the domestic price of \$200 and the international price of \$220.*

(e) The *Annual Statement Instructions Manual for Life and Accident and Health*, which may be obtained at the *domestic* price of \$225 ~~[-]~~ *and the international price of \$250*. These instructions must be used by an insurer that, under its certificate of authority, transacts health insurance or life insurance, as those terms are defined in NRS 681A.030 and 681A.040, respectively.

~~[(d)]~~ (f) The *Annual Statement Instructions Manual for Property and Casualty*, which may be obtained at the *domestic* price of \$225 ~~[-]~~ *and the international price of \$250*. These instructions must be used by an insurer that, under its certificate of authority, transacts casualty insurance or property insurance, as those terms are defined in NRS 681A.020 and 681A.060, respectively.

~~[(e)]~~ (g) The *Annual Statement Instructions Manual for Health*, which may be obtained at the *domestic* price of ~~[\$175.]~~ *\$225 and the international price of \$250*. These instructions must be used by an insurer whose certificate of authority is issued in accordance with NRS 695B.110, 695C.090, 695D.110 or 695F.100.

2. The publications listed in subsection 1 apply to the:

(a) Conduct and report of an examination made pursuant to NRS 679B.230 to 679B.300, inclusive, 695C.310 and 695D.270; and

(b) Evaluation of the financial condition of an insurer or organization based on an examination or its annual statement. As used in this paragraph, “organization” includes:

- (1) A health maintenance organization, as that term is defined in NRS 695C.030; and
- (2) An organization for dental care, as that term is defined in NRS 695D.060.

3. If any publication listed in subsection 1 is revised, the Commissioner will review the revision to determine its suitability for this state. If the Commissioner determines that the revision is not suitable for this state, he will give notice within 30 days after the effective date of the revision. If the Commissioner does not give notice within 30 days, the revision becomes part of the publication adopted by reference pursuant to subsection 1. If a revision becomes part of a publication pursuant to this subsection and a person objects to and is aggrieved by the revision, that person may request a hearing before the Commissioner pursuant to NRS 679B.310 to 679B.370, inclusive.

4. The ~~Model~~ *Market Conduct Examiners Handbook* will be used in the examination of the records of an administrator.

5. All persons, including, without limitation, insurers and health maintenance organizations, required to file financial statements with the Commissioner shall prepare those statements in accordance with the appropriate publications adopted by reference in this section.

Sec. 2. Chapter 695B of NAC is hereby amended by adding thereto the provisions set forth as sections 3, 4 and 5 of this regulation.

Sec. 3. *All reserves maintained by a nonprofit corporation pursuant to NRS 695B.140:*

1. Must be deposited in a trust account in a federally insured financial institution located in this state. All income earned by the account belongs to the nonprofit corporation and may be credited and paid to the nonprofit corporation and used for its operations.

2. Are in addition to those reserves established by the nonprofit corporation according to good business and accounting practices for incurred but not reported claims and other similar claims.

Sec. 4. 1. As a condition of doing business in this state, each nonprofit corporation which maintains and operates a hospital, medical or dental service plan must file with the Commissioner an annual statement required by NRS 695B.160 that:

(a) Conforms to the format prescribed by the National Association of Insurance Commissioners in the Annual Statement Instructions for the nonprofit corporation filing the statement and the Accounting Practices and Procedures Manual, which have been adopted by reference in NAC 679B.033;

(b) Contains exhibits and schedules that follow the specifications developed by the National Association of Insurance Commissioners; and

(c) Contains any other information relating to the nonprofit corporation required by the Commissioner.

2. Information from the annual statement of the nonprofit corporation must be filed:

(a) Pursuant to the specifications adopted by the National Association of Insurance Commissioners for filing information in an electronic format;

(b) At the central office of the National Association of Insurance Commissioners, 2301 McGee Street, Suite 800, Kansas City, Missouri 64108-2662; and

(c) On or before March 1 of each year.

3. If a foreign or alien nonprofit corporation files a statement in an electronic format with the National Association of Insurance Commissioners, that statement will be deemed to have been filed with the Commissioner if:

(a) The foreign or alien nonprofit corporation submits an affidavit or a copy of a jurat executed by a notarial officer pursuant to NRS 240.1655 and 240.167 to the Commissioner indicating that the statement has been so filed; and

(b) The affidavit or copy of the jurat is accompanied by the applicable fees set forth in NRS 680B.010.

4. An annual statement required by NRS 695B.160 to be filed with the Commissioner by a nonprofit corporation must be on the current version of the Annual Statement Blanks adopted by the National Association of Insurance Commissioners, which has been adopted by reference in NAC 679B.033. Each nonprofit corporation shall, in preparing the statement, follow the Annual Statement Instructions adopted by the National Association of Insurance Commissioners, which accompanies the Annual Statement Blanks.

5. If necessary to determine the financial condition, fulfillment of contractual obligations or compliance with law of a foreign or alien nonprofit corporation, the Commissioner may require the foreign or alien nonprofit corporation to file a financial statement more frequently than annually. Such a statement must be:

(a) Filed on the current form adopted by the National Association of Insurance Commissioners for the type of nonprofit corporation filing;

(b) Completed in accordance with the instructions accompanying that form; and

(c) Filed with the National Association of Insurance Commissioners in an electronic format.

6. Each domestic nonprofit corporation shall file a quarterly statement with the Commissioner. A quarterly statement must be:

(a) Filed on the current form adopted by the National Association of Insurance Commissioners for the type of nonprofit corporation filing;

(b) Completed in accordance with the instructions accompanying that form; and

(c) Filed with the National Association of Insurance Commissioners in an electronic format.

7. The audited financial statement required to be filed pursuant to NRS 680A.265 is a separate document from the annual statement required to be filed pursuant to NRS 695B.160. Each nonprofit corporation filing the audited financial statement shall follow the Annual Statement Instructions adopted by the National Association of Insurance Commissioners. Consolidated statements for nonprofit corporations that are members of an insurance holding company are not acceptable. For the purposes of paragraph (d) of subsection 2 of NRS 695B.110, the term “annual report” means the audited financial statement required to be filed pursuant to NRS 680A.265.

8. The Commissioner may grant a reasonable extension of time for filing the annual statement required by NRS 695B.160 or the audited financial statement required by NRS 680A.265 if the request for an extension is submitted in writing and in advance and shows good cause.

9. The Commissioner will, if appropriate, take disciplinary action pursuant to the applicable provisions of this chapter or chapter 695B of NRS against a nonprofit corporation which fails to file its annual statement or audited financial statement on the prescribed forms, in the prescribed format or by the prescribed date.

10. As used in this section, “jurat” means a declaration by a notarial officer that the signer of a document signed the document in the presence of the notarial officer and swore to or affirmed that the statements in the document are true.

Sec. 5. *Each examination of a nonprofit corporation which establishes, maintains or operates a hospital, medical or dental service plan, including, without limitation, an*

examination conducted pursuant to NRS 695B.160, must be conducted in accordance with the requirements found in the handbooks and manuals adopted by reference in NAC 679B.033 and the provisions of NRS 679B.250 to 679B.300, inclusive.