

LCB File No. R025-04

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 financial reporting and captive insurers; disclosure requirements for auto and homeowner's policies; employee leasing organization notification; uniform credentialing forms; and medicare supplement plans. A workshop has been set for 9:00 a.m., on March 23, 2004, 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. Captive Insurers' Financial Reporting.** The proposed regulation updates and amends the captive insurers chapter to clarify and correct the financial reporting requirements of the domestic captive insurers. The proposed regulation amends chapter 694C of the NAC.
- 2. Disclosures and Notices.** The proposed regulation will require automobile insurers to provide a disclosure on the policy when coverage is reduced or limited for permissive users of the insured vehicle(s). The proposed regulation will also amend Nevada Administrative Code (NAC) 690B.240 to require insurers issuing homeowner's insurance policies to provide notice to the insured explaining the insurer's rating plan when the plan provides for an increase in premium based upon incidents or claims.
- 3. Employee Leasing Organization Notification.** The proposed regulation adds a new section to chapter 687B of the NAC. The new section sets forth the provisions whereby a carrier or an HMO providing health insurance coverage to an employee leasing organization has to notify the client companies of the employee leasing organization upon termination of the health insurance coverage.
- 4. Uniform Credentialing Form.** The proposed regulation adds a new section to chapter 679B of the NAC. The new section sets forth the provisions whereby insurers, carriers, societies, corporations, health maintenance organizations and managed care organizations will use a uniform credentialing form related to the credentials of a provider of health care.
- 5. Medicare Supplement Plans.** The proposed regulation will amend chapter 687B of the NAC by expanding the Medicare Supplement guaranteed issue requirements for standardized Medicare Supplement plans to allow any pre-standardized policyholder to obtain a standardized policy; amends chapter 687B of the NAC to ensure that senior citizen insureds do not lose policy benefits due to an unintentional lapse in coverage by

allowing them to designate a third party to receive important notices; and amends NAC 687B.250, 687B.311 and 687B.319 by adding and deleting language to avoid future amendments to chapter 687B due to the annual changes in the Medicare Supplement deductible rates by using blanks in lieu of the dollar amounts. The reader is informed on how a change to plans F and J are calculated and directed to consult the most current version of the *Guide to Health Insurance for People with Medicare* for the most current deductible rates.

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

Douglas County Library

833 Las Vegas Blvd. North
Las Vegas, NV 89101

1625 Library Lane
P.O. Box 337
Minden, NV 89423

Elko County Library
720 Court Street
Elko, NV 89801

Goldfield Public Library
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 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
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.

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 March 23, 2004, 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 NOTICE OF TERMINATION OF HEALTH INSURANCE TO CLIENT COMPANIES OF EMPLOYEE LEASING ORGANIZATIONS

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

1. The proposed regulation provides for the notification of client companies of employee leasing organizations by the carrier providing the health insurance coverage when the carrier is terminating the health coverage for the employee leasing organization.
2. The proposed regulation amends chapter 687B of the Nevada Administrative Code (NAC) by requiring all carriers and HMOs that provide coverage for health insurance to employee leasing organizations to notify not only the employee leasing company but the client companies of the employee leasing organization when the health coverage is terminated.
3. Estimated economic effect of the regulation:

On the business which it is to regulate:

The proposed regulation would require a minimal additional cost to the carriers and HMOs to provide additional notification of termination to the client companies of an employee leasing organization.

On the public:

The proposed regulation should have no economic impact on the public.

4. The Division may incur some additional expense to enforce the proposed regulation that cannot be measured at this time.
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 pursuant to federal law.

7. There are no federal regulations regarding these activities.
8. The proposed regulation does not establish any new fees 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 March 16, 2004. 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

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
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 Carson City, NV 89710

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720 Court Street
Elko, NV 89801

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

Battle Mountain Branch Library
P.O. Box 141
Battle Mountain, NV 89820

Mineral County Library
First & A Street
P.O. Box 1390
Hawthorne, NV 89415

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171 Central Street
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Tonopah, NV 89049

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

White Pine County Library
950 Campton Street
Ely, NV 89301

Carson City, NV 89710

Churchill County Library
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Fallon, NV 89406

Douglas County Library
1625 Library Lane
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Minden, NV 89423

Goldfield Public Library
Fourth & Cook Street
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Goldfield, NV 89013

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93 Main Street
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Pioche, NV 89043

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Yerington, NV 89447

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Lovelock, NV 89419

Washoe County Library
ATTN: Reference
P.O. Box 2151
Reno, NV 89505-2151

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1401 East Flamingo Road
Las Vegas, NV 89119

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(775) 687-4270, extension 260.

LCB File No. R025-04

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

**PROPOSED REGULATION REGARDING
EMPLOYEE LEASING ORGANIZATION NOTIFICATION**

Authority: NRS 679B.130 and NRS 687B.420

Section 1. Chapter 687B of NAC is amended by adding thereto a new section to read as follows:

1. An insurer or health maintenance organization shall not cancel or fail to renew a policy or contract issued to an employee leasing organization pursuant to chapter 688B, 689A, 689B, 689C, 695A, 695B, 695C, 695D or 695F of NRS unless notice in writing of the termination is given to each of the client companies of the employee leasing organization as well as the employee leasing organization.

2. An insurer or health maintenance organization must maintain current data on each client company for each employee leasing organization to meet the requirements of subsection 1 of this regulation. The employee leasing organization must provide this information to the insurer or health maintenance organization at the time of application for health insurance coverage and update the information on the client companies on a monthly basis. The insurer or health maintenance organization must keep this information confidential.