

**ADOPTED REGULATION OF  
THE COMMISSIONER OF INSURANCE**

**LCB File No. R082-07**

Effective January 30, 2008

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

AUTHORITY: §1, NRS 679B.130 and 686B.100.

A REGULATION relating to insurance; authorizing certain insurers who provide policies of professional liability insurance coverage to practitioners licensed pursuant to chapters 630 to 640, inclusive, of NRS to file schedule-rating plans with the Commissioner of Insurance; and providing other matters properly relating thereto.

**Section 1.** Chapter 690B of NAC is hereby amended by adding thereto a new section to read as follows:

*1. For the purposes of this section, “schedule rating” means the application of judgment credits and debits to the risk rate or premium charge which has been developed through the use of base rate or class rate modified by any other approved rating plan which does not duplicate credits or debits.*

*2. The Commissioner will accept a schedule-rating plan submitted by an insurer who provides policies of professional liability insurance covering the liability of a practitioner licensed pursuant to chapters 630 to 640, inclusive, of NRS for a breach of his professional duty toward a patient if:*

*(a) The schedule-rating factors apply only to individual risk characteristics which reflect potential hazards.*

*(b) The schedule rating applies only to policies which develop at least a \$2,500 annual premium or a \$7,500 3-year prepaid premium. When schedule credits or debits are being applied, the resulting premium must be \$2,500 or more for 1 year, or \$7,500 or more for 3 years.*

*(c) The schedule-rating plan provides for credits and debits.*

*(d) The schedule-rating plan is subject to a maximum total credit or debit of 25 percent for the policy of professional liability insurance and 40 percent for any individual practitioner who is covered under the policy.*

*3. An insurer who files a schedule-rating plan pursuant to this section shall retain adequate supporting data for the credits and debits applicable to each risk included in the schedule-rating plan and shall make such records available for inspection by the Division upon request.*

*4. Each filing of a schedule-rating plan with the Division must be accompanied by a statement by the filing official affirming that the filing conforms to the provisions of this section.*

**NOTICE OF ADOPTION OF PROPOSED REGULATION**  
**LCB File No. R082-07**

The Commissioner of Insurance adopted regulations assigned LCB File No. R082-07 which pertain to chapter 690B of the Nevada Administrative Code.

**INFORMATIONAL STATEMENT**

A workshop was held on October 23, 2007, and a hearing was held on October 24, 2007, at the offices of the Department of Business and Industry, Division of Insurance (“Division”), 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, with a simultaneous video-conference conducted at the Bradley Building, 2501 E. Sahara Avenue, Real Estate Division Conference Room, 2<sup>nd</sup> Floor, Las Vegas, Nevada 89104, regarding the adoption of the regulation concerning schedule rating for medical professional liability insurance.

Public comment was solicited by posting notice of the hearing in the following public locations: the Division’s Carson City and Las Vegas offices, Carson City Courthouse, Office of the Attorney General, the Donald W. Reynolds Press Center, Capitol Building Lobby, Capitol Building Press Room, Blasdel Building, Legislative Counsel Bureau, Nevada State Library, Carson City Library, Churchill County Library, Clark County District Library, Douglas County Library, Elko County Library, Esmeralda County Library, Eureka Branch Library, Humboldt County Library, Lander County Library, Lincoln County Library, Lyon County Library, Mineral County Library, Pershing County Library, Storey County Library, Tonopah Public Library, Washoe County Library, and White Pine County Library.

Notice was also mailed to each authorized casualty insurer. In addition, the Division maintains a general list of interested parties, comprised mainly of insurance companies, agencies and other persons regulated by the Division. These persons were also notified of the hearing and that copies of the regulation could be obtained from or examined at the offices of the Division in Carson City.

The hearing was attended by six persons in Carson City and one person in Las Vegas.

After considering the comments by those attending the hearing, and by those who submitted written comments, the Commissioner of Insurance has issued an order adopting the regulation, as amended, as a permanent regulation of the Division.

Based on the testimony received at the hearing, paragraph (b) of subsection 2 of section 1 of the proposed regulation is amended to read as follows:

***(b) The schedule rating applies only to [~~risks~~] policies which develop at least a \$2,500 annual premium or a \$7,500 3-year prepaid premium. When schedule credits or debits are being applied, the resulting premium must be \$2,500 or more for 1 year, or \$7,500 or more for 3 years.***

The word “risks” was deleted and replaced by the word “policies” to make it clear that the \$2,500 minimum size requirement applies at the overall policy level, not at the level of the individual practitioner insured under the policy.

The economic impact of the regulation is as follows:

- (a) On the business it is to regulate: Minimal.
- (b) On small businesses: Minimal.
- (c) On the public: None.

The Division will not incur any additional expense to enforce the proposed regulation.

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