

LCB File No. R111-07

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

**PROPOSED REGULATION CONCERNING
ACTUARIAL MEMORANDUMS FOR ASSOCIATIONS**

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

AUTHORITY: NRS 679B.130 and subsection 3(a) of Section 1 of Senate Bill 403 of the 74th Session of the 2007 Legislature.

A REGULATION relating to the requirement for the actuary to provide an actuarial memorandum on the rates established for the association established by Senate Bill 403 of the 74th Session of the 2007 Legislature.

Section 1. Chapter 689B of NAC is hereby amended by adding thereto a new section to read as follows:

Sec. 2. *An actuarial memorandum and rates are required to be filed with the Division when rates are established for the each guaranteed association established under Senate Bill 403 of the 74th Session of the 2007 Legislature. The actuarial memorandum must include the following: purpose and scope of the actuarial memorandum, the form numbers that the rates will apply to, description of plan benefits, base rate development, underwriting rate methodology, actuarial assumptions used in establishing the rates, exhibits addressing all loads and factors considered, basis for the rate structure, the attestation that the actuary has developed the rates in accordance with generally accepted actuarial practices including that the rates are reasonable in relation to the benefits provided, not inadequate, and not excessive or unfairly discriminatory, and an actuarial certification that the actuary is qualified to render an opinion.*

Sec. 3. *An actuarial memorandum and rates are required to be filed and approved by the Division annually. After the initial actuarial memorandum has been filed and approved by the Division, each subsequent actuarial memorandum must also include the rate increase history, the experience versus the assumptions analysis, any change in assumptions, the loss ratio history and projection before and after, and the number of members in the association.*

Sec. 4. *If the members covered under the group association plan falls below 200, the insurer must comply with the termination notice pursuant to NRS 687B.320.*