

**PROPOSED REGULATION OF THE  
COMMISSIONER OF INSURANCE**

**LCB File No. R111-07**

September 11, 2007

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

AUTHORITY: §§1-5, NRS 679B.130 and 689B.0265 (Chapter 458, Statutes of Nevada 2007, at p. 2547).

A REGULATION relating to insurance; specifying the information which must be included in actuarial opinions submitted to the Commissioner of Insurance by an insurer that offers coverage under a policy of group health insurance to a guaranteed association; providing for the cancellation of such policies; and providing other matters properly relating thereto.

**Section 1.** Chapter 689B of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 5, inclusive, of this regulation.

**Sec. 2.** *“Guaranteed association” has the meaning ascribed to it in NRS 689B.0265 (Chapter 458, Statutes of Nevada 2007, at p. 2457).*

**Sec. 3.** *An insurer that offers coverage under a policy of group health insurance to a guaranteed association must submit an actuarial opinion to the Commissioner pursuant to paragraph (a) of subsection 3 of NRS 689B.0265 (Chapter 458, Statutes of Nevada 2007, at p. 2547), which must include, without limitation:*

- 1. The purpose and scope of the actuarial opinion;*
- 2. The numbers of the forms to which the rates will apply;*
- 3. A description of the benefits included in the coverage;*
- 4. An explanation of how the base rate was developed;*

5. *The methodology used to determine the underwriting rate;*
6. *The actuarial assumptions used in establishing the rates;*
7. *Exhibits addressing all loads and factors considered in establishing the rates;*
8. *The basis used for the rate structure;*
9. *An 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, are not inadequate and are not excessive or unfairly discriminatory; and*
10. *An actuarial certification that the actuary is qualified to render the actuarial opinion.*

**Sec. 4. 1.** *The actuarial opinion required by section 3 of this regulation and the applicable rates must be submitted to and approved by the Commissioner annually.*

**2.** *After the submission of the initial actuarial opinion, each subsequent actuarial opinion submitted to the Commissioner by the insurer must, in addition to the items required by section 3 of this regulation, include, without limitation:*

- (a) All changes in rates from the inception of coverage;*
- (b) An analysis of actuarial assumptions as compared with actual experience;*
- (c) Any changes in actuarial assumptions;*
- (d) All loss ratios from the inception of coverage;*
- (e) If a change in rates is being proposed, projections of the loss ratio both before and after the rate change; and*
- (f) The number of members in the guaranteed association.*

**Sec. 5. 1.** *If the number of members, employees of members or employees of a guaranteed association or their dependents covered under a policy of group health insurance falls below 200, the insurer shall immediately notify the Commissioner.*

*2. If the Commissioner determines, in accordance with the provisions of paragraph (g) of subsection 1 of NRS 687B.320, that the continuation of the policy would violate, or place the insurer in violation of, subsection 1 of NRS 689B.0265 (Chapter 458, Statutes of Nevada 2007, at p. 2547) or any other provision of the Nevada Insurance Code, the insurer shall provide notice of the cancellation of the policy of group health insurance to each person insured under the policy in accordance with the provisions of subsection 2 of NRS 687B.320.*