

**ADOPTED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R053-09

Effective October 27, 2009

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

AUTHORITY: §1, NRS 679B.130.

A REGULATION relating to insurance; revising provisions relating to compensation for long-term care insurance; and providing other matters properly relating thereto.

Section 1. Section 7 of LCB File No. R121-07 is hereby amended to read as follows:

1. An insurer or similar organization may pay compensation to ~~[an agent]~~ *a producer* for the sale of a policy or certificate of long-term care insurance ~~[, except that the]~~ *on the basis of a set schedule. The* amount of the compensation paid ~~[in the first year in which the compensation is paid must not exceed 200 percent of the amount of the compensation payable in the second or any subsequent year.]~~ *for the replacement of a policy or certificate of long-term care insurance must be made in accordance with the renewal schedule of the replacing insurer unless the policy or certificate cannot be renewed by the original insurer.*
2. ~~[The amount of the compensation payable in any year following the second year must be equal to that paid in the second year and must be provided for a reasonable number of renewal years.]~~ *The compensation provided by the insurer or similar organization for the renewal of a replacement policy in subsequent years by the replacing insurer must be the same compensation schedule as provided by the replacing insurer unless the original insurer cannot renew the policy or certificate of long-term care insurance.*

3. ~~[The amount of the compensation payable to an agent for the sale or replacement of a policy or certificate of long-term care insurance must not exceed the compensation payable to the agent for the renewal of a policy or certificate of long-term care insurance.]~~ *If long-term care insurance is provided as part of an annuity, life insurance policy or rider, the requirements of this section apply only to the compensation attributable to the long-term care insurance provided by the policy.*

4. As used in this section, “compensation” ~~[means any pecuniary or nonpecuniary remuneration of any kind relating to the sale, replacement or renewal of a policy or certificate of long-term care insurance, including, without limitation, any commission, bonus, gift, prize, award or finder’s fee.]~~ *has the meaning ascribed to it in NAC 683A.708.*

NOTICE OF ADOPTION OF PROPOSED REGULATION
LCB File No. R053-09

The Commissioner of Insurance adopted regulations which pertain to chapter 687B of the Nevada Administrative Code.

INFORMATIONAL STATEMENT

A workshop was held on October 14, 2009, and a hearing was held on October 21, 2009, 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, 2nd Floor, Las Vegas, Nevada 89104, regarding the adoption of the regulation concerning long-term care producer compensation.

Public comment was solicited by posting notice of the hearing in the following public locations: 788 Fairview Drive, Legislative Counsel Bureau, Capitol Building Lobby, Blasdel Building, Carson City Courthouse, State Library, Carson City Library, Clark County Library, Churchill County Library, Douglas County Library, Elko County Library, Esmeralda County Library, Eureka Branch Library, Humboldt County Library, Lander County Library, Lincoln County Library, Mineral County Library, Lyon County Library, Tonopah Public Library, Pershing County Library, Storey County Library, Washoe County Library, White Pine County Library, Capitol Press Room, the Donald W. Reynolds Press Center, the Office of the Attorney General, and the Division’s Las Vegas Office.

Notice was also e-mailed to members of the Commissioner’s Advisory Committee on Health Care and Insurance and interested parties of that Committee. 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 workshop was attended by twelve interested parties in Carson City and three interested parties in Las Vegas. Oral testimony was provided by Van Mouradian, representing the Division.

The hearing was attended by twelve interested parties in Carson City and two interested parties in Las Vegas. During the hearing, oral testimony was provided by Van Mouradian, representing the Division.

After considering the testimony at the hearing, and the recommendation of the Hearing Officer, the Commissioner has issued an order adopting the regulation as a permanent regulation of the Division.

The economic impact of the regulation is as follows:

- (a) On the business it is to regulate: The proposed regulation will correct an error in the calculation of producer compensation for long-term care insurance.
- (b) On small business: The proposed regulation should have no economic impact on small businesses because this regulation deals with the compensation that a carrier is going to pay an appointed producer.
- (c) On the public: The proposed regulation should have no economic impact on the public.

There should only be a minimal cost to the Division to review forms updates to comply with the regulation. The Division is not aware of any overlap or duplication of the permanent regulation with any state, local or federal laws or regulations.

Very truly yours,

/s/

SCOTT J. KIPPER
Commissioner of Insurance

c: Brenda Erdoes, Legislative Counsel
Sherri LeTourneau, Division of Insurance
Van Mouradian, Chief, Life and Health Section, Division of Insurance

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

IN THE MATTER OF THE

CAUSE NO. **09.0369**
LCB FILE NO. R053-09

**REGULATION RELATING TO LONG-TERM
CARE PRODUCER COMPENSATION.**

**SUMMARY OF PROCEEDINGS
AND ORDER**

SUMMARY OF PROCEEDINGS

A public workshop, as required by Nevada Revised Statute (“NRS”) 233B.061, on the proposed regulation relating to long-term care producer compensation was held before Amy L. Parks, Hearing Officer, on October 14, 2009, in Carson City, Nevada, and video-conferenced to the Bradley Building in Las Vegas, Nevada. A public hearing on the proposed regulation was also held before the Hearing Officer on October 21, 2009, in Carson City, Nevada, and video-conferenced to the Bradley Building in Las Vegas, Nevada. The regulation is proposed under the authority of NRS 679B.130.

The Department of Business and Industry, Division of Insurance (“Division”), did not receive any written comments and oral testimony from the industry or interested parties. The workshop was attended by twelve individuals in Carson City and three individuals in Las Vegas. Van Mouradian, representing the Division, provided testimony before the Hearing Officer.

The hearing was attended by twelve interested parties in Carson City and two interested parties in Las Vegas. During the hearing, oral testimony was provided by Van Mouradian, representing the Division.

Based upon the testimony received at the hearing, there are not any recommended changes to the Legislative Counsel Bureau’s (“LCB”) draft regulation.

