

Chapter 687B of NAC

LCB File No. T009-09

**ADOPTED TEMPORARY REGULATION OF  
THE COMMISSIONER OF INSURANCE**

**Filed with the Secretary of State on April 28, 2009**

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

AUTHORITY: NRS 679B.130

A TEMPORARY REGULATION relating to Regulation R121-07 regarding producer compensation for long-term care insurance.

**Section 1.** Section 7 of R121-07 is hereby amended as follows:

- ~~1. An insurer or similar organization may pay compensation to an agent for the sale of a policy or certificate of long term care insurance, except that 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.~~
- ~~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.~~
- ~~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.~~
- ~~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.]~~

- 1. An insurer or similar organization may pay compensation to a producer for the sale of the policy or certificate of long-term care insurance on a set schedule basis. The amount of compensation paid 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 compensation provided by the insurer or similar organization for a replacement policy in subsequent (renewal) years by the replacing insurer shall be the same compensation schedule as provided by the replacing insurer unless the original insurer cannot renew the long-term care policy or certificate.*
- 3. If long-term care insurance is provided under annuities or life insurance policies or riders, the requirements of this section shall apply only to the compensation attributable to the long-term care insurance provided by these policies.*
- 4. "Compensation" is defined as in NAC 683A.708.*

**Sec. 2.** *Effective date. Pursuant to NRS 233B.063, as a temporary regulation, sections 1 to 2 become effective as of the date filed with the Secretary of State and remain in effect until November 1, 2009, unless otherwise replaced or repealed prior to that date.*

**NOTICE OF ADOPTION OF TEMPORARY REGULATION**  
**LCB File No. T009-09**

The Commissioner of Insurance adopted temporary regulations assigned LCB File No. T009-09 which pertain to chapter 687B of the Nevada Administrative Code.

**INFORMATIONAL STATEMENT**

A workshop was held on March 3, 2009 and a hearing was held on March 10, 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, 2<sup>nd</sup> Floor, Las Vegas, Nevada 89104, regarding the adoption of the temporary regulation concerning Long-Term Care Producer Compensation.

Public comment was solicited by posting notice of the hearing in the following public locations: Division’s Carson City office, Legislative Counsel Bureau, Capitol Building Lobby, Blasdel Building, Carson City Courthouse, State Library, Capitol Press Room, 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 15 interested parties in Carson City and one interested party in Las Vegas. The Division did not receive any written comments from interested parties. Oral testimony, in the form of suggested changes to the existing regulation, was provided by Van Mouradian, representing the Division. There were not any public comments, testimony or questions by the industry or interested parties. The Hearing Officer suggested that the word “the” be added in subsection 1 of section 1 between the words “of” and “replacing” for the hearing.

The hearing was attended by seven interested parties in Carson City and one interested party in Las Vegas. During the hearing, oral testimony was provided by Van Mouradian, representing the Division. There were not any public comments, testimony or questions by the industry or interested parties. The Life and Health staff feels that the changes recommended address the comments made at the workshop by the hearing officer.

Based upon the testimony received at the hearing, the proposed temporary regulation, LCB File No. T009-09, is revised as follows:

1. Subsection 1 of Section 1 is amended as follows:  
An insurer or similar organization may pay compensation to a producer for the sale of the policy or certificate of long-term care insurance on a set schedule basis. The amount of

compensation paid 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.

After considering the record and the recommendation of the hearing officer, the Commissioner has issued an order adopting the regulation, LCB File No. T009-09, as amended, as a temporary regulation of the Division.

The economic impact of the regulation is as follows:

- (a) On the business it is to regulate: The proposed regulation should have no economic impact on the industry that the Division of Insurance regulates.
- (b) On Small Business: The proposed regulation should have no economic impact on small business. The regulation corrects the compensation arrangements for producers that sell long-term care policies previously addressed in R121-07.
- (c) On the public: The proposed regulation should have no economic impact on the public.

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

Very truly yours,

/s/  
SCOTT J. KIPPER  
Commissioner of Insurance

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
DIVISION OF INSURANCE

IN THE MATTER OF THE

CAUSE NO. **09.0017**  
LCB File No. **T009-09**

**TEMPORARY REGULATION  
CONCERNING LONG-TERM CARE  
PRODUCER COMPENSATION**

---

**SUMMARY OF  
PROCEEDINGS  
AND ORDER**

**SUMMARY OF PROCEEDINGS**

A public workshop, as required by NRS 233B.061, on the proposed temporary regulation relating to the long-term care producer compensation was held before Amy L. Parks, Hearing Officer, on March 3, 2009, in Carson City, Nevada, and video-conferenced to the Bradley Building in Las Vegas, Nevada. A public hearing on the proposed temporary regulation was also held before the Hearing Officer on March 10, 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 or oral testimony from the industry or interested parties. The workshop was attended by 15 individuals in Carson City and one individual in Las Vegas. Van Mouradian, representing the Division, provided testimony before the Hearing Officer. The Hearing Officer asked that the Division staff address subsection 1 of section 1 to add the word “the” between the words “of” and “replacing” for the scheduled hearing.

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

Based upon the testimony received at the hearing,

1. Subsection 1 of section 1 is amended as follows:

