

# **PROPOSED REGULATION OF THE COMMISSIONER OF INSURANCE**

## **LCB File No. R030-12**

### **NOTICE OF WORKSHOP TO SOLICIT COMMENTS ON PROPOSED REGULATIONS**

The State of Nevada, Department of Business and Industry, Division of Insurance (“Division”), (775) 687-0700, is proposing the adoption, amendment or repeal of regulations pertaining to chapters 679B, 680A, 681A, 683A, 685A, 690B and 697 of the Nevada Administrative Code (“NAC”). A workshop has been set for **9:00 a.m., on August 1, 2012**, at the Division’s office located at 1818 East College Parkway, 1<sup>st</sup> floor hearing room, Carson City, Nevada 89706. Interested parties may also participate through a simultaneous videoconference conducted at the Bradley Building, 2501 East Sahara Avenue, 2<sup>nd</sup> floor conference room, Las Vegas, Nevada 89104. The purpose of the workshop is to solicit comments from interested persons on the following general topics that may be addressed in the proposed regulations. Please submit any written comments no later than **July 25, 2012**.

#### **LCB File No. R108-10. Prelicensing Exemption.**

A regulation relating to insurance; revising provisions relating to prelicensing requirements for persons involved in the sale or administration of insurance; and providing other matters properly relating thereto.

#### **LCB File No. R109-10. Bail Employees.**

A regulation relating to bail bond agents; revising the reference to the form for furnishing certain information concerning employees to the Commissioner of Insurance; and providing other matters properly relating thereto.

#### **LCB File No. R110-10. Intermediary Licenses.**

A regulation relating to insurance; revising provisions relating to the process for renewing intermediary licenses; and providing other matters properly relating thereto.

#### **LCB File No. R030-12. Hazardous Financial Conditions of Insurers.**

A regulation relating to insurance; revising the items that the Commissioner of Insurance will consider in determining whether the financial condition of an insurer may be hazardous to policyholders, creditors or the general public; revising provisions governing the requirements that the Commissioner may impose on an insurer with regard to which the Commissioner has made such a determination; and providing other matters properly relating thereto.

#### **LCB File No. R034-12. Nonadmitted Insurance.**

A regulation relating to insurance; revising provisions relating to nonadmitted insurance; and providing other matters properly relating thereto.

**LCB File No. R035-12. Electronic Transmissions.**

A regulation relating to insurance; establishing provisions governing the conducting of insurance transactions by electronic means; prescribing requirements for the transmission by electronic means of certain notices of an insurer under a policy of portable electronics insurance; and providing other matters properly relating thereto.

**LCB File No. R036-12. Vehicle Towing Consent Form.**

A regulation relating to possession of motor vehicles; prescribing the standard consent form which must be completed before an insurer may take possession of a motor vehicle from the operator of a tow car under certain circumstances; and providing other matters properly relating thereto.

**LCB File No. R082-12. Petition Filing.**

A regulation relating to insurance; revising the requirements for review of a petition by the Commissioner of Insurance; and providing other matters properly relating thereto.

A copy of all materials relating to the proposals may be obtained at the workshop or by contacting the Division, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706, (775) 687-0700. A reasonable fee for copying may be charged.

Notice of the workshop was provided via electronic means to all persons on the agency's e-mail list for administrative regulations, and this Notice of Workshop to Solicit Comments on Proposed Regulations was posted to the agency's Internet Web site at <http://doi.nv.gov/> and provided to or posted at the following locations:

Department of Business and Industry  
Division of Insurance  
1818 East College Parkway, Suite 103  
Carson City, NV 89706

Department of Business and Industry  
Division of Insurance  
2501 East Sahara Avenue, Suite 302  
Las Vegas, NV 89104

Capitol Press Room  
Capitol Building Basement  
Carson City, NV 89710

Donald W. Reynolds Press Center  
102 North Curry Street  
Carson City, NV 89701

Legislative Counsel Bureau  
401 South Carson Street  
Carson City, NV 89701

Office of the Attorney General  
100 North Carson Street  
Carson City, NV 89701

Blasdel Building  
209 East Musser Street  
Carson City, NV 89701

Nevada State Library & Archives  
100 North Stewart Street  
Carson City, NV 89701

Office of the Governor  
Capitol Building  
Carson City, NV 89710

Carson City Courthouse  
885 East Musser Street  
Carson City, NV 89701

Carson City Library  
900 North Roop Street  
Carson City, NV 89701

Churchill County Library  
553 South Main Street  
Fallon, NV 89406

Clark County District Library  
833 Las Vegas Boulevard North  
Las Vegas, NV 89101

Douglas County Library  
P.O. Box 337  
Minden, NV 89423

Elko County Library  
720 Court Street  
Elko, NV 89801

Esmeralda County Library  
P.O. Box 430  
Goldfield, NV 89013

Eureka Branch Library  
P.O. Box 293  
Eureka, NV 89316

Humboldt County Library  
85 East 5<sup>th</sup> Street  
Winnemucca, NV 89445

Lander County Library  
P.O. Box 141  
Battle Mountain, NV 89820

Lincoln County Library  
P.O. Box 330  
Pioche, NV 89043-0330

Lyon County Library  
20 Nevin Way  
Yerington, NV 89447

Mineral County Public Library  
P.O. Box 1390  
Hawthorne, NV 89415

Pershing County Library  
P.O. Box 781  
Lovelock, NV 89419

Storey County Public Library  
P.O. Box 14  
Virginia City, NV 89440

Tonopah Public Library  
P.O. Box 449  
Tonopah, NV 89049

Washoe County Library  
P.O. Box 2151  
Reno, NV 89505-2151

White Pine County Library  
950 Campton Street  
Ely, NV 89301

Members of the public who are disabled and require special accommodations or assistance at the hearing are requested to notify the Commissioner's secretary in writing at 1818 East College

Parkway, Suite 103, Carson City, Nevada 89706, or by calling (775) 687-0700, no later than five (5) working days prior to the hearing.

DATED this 6th day of July, 2012.

\_\_\_\_\_/s/\_\_\_\_\_  
SCOTT J. KIPPER  
Commissioner of Insurance

## NOTICE OF INTENT TO ACT UPON REGULATION

### Notice of Hearing for the Adoption, Amendment or Repeal of Regulations of The Department of Business and Industry, Division of Insurance

The State of Nevada Department of Business and Industry, Division of Insurance (“Division”), (775) 687-0700, will hold a public hearing at **9:00 a.m., on August 10, 2012**, at the Division’s office located at 1818 East College Parkway, 1<sup>st</sup> floor hearing room, Carson City, Nevada 89706. Interested persons may also participate through a simultaneous videoconference conducted at the Bradley Building, 2501 East Sahara Avenue, 2<sup>nd</sup> floor conference room, Las Vegas, Nevada 89104. The purpose of the hearing is to receive comments from all interested persons regarding the adoption, amendment or repeal of the regulation(s) that pertains to chapter 680A of the Nevada Administrative Code (“NAC”).

The following information is provided pursuant to the requirements of Nevada Revised Statute (“NRS”) 233B.0603 and the directives of the Governor:

#### **LCB File No. R030-12. Hazardous Financial Conditions of Insurers.**

A regulation relating to insurance; revising the items that the Commissioner of Insurance will consider in determining whether the financial condition of an insurer may be hazardous to policyholders, creditors or the general public; revising provisions governing the requirements that the Commissioner may impose on an insurer with regard to which the Commissioner has made such a determination; and providing other matters properly relating thereto.

- (1) Why is the regulation necessary and what is its purpose?

**This regulation is required per the National Association of Insurance Commissioners (NAIC) Financial Accreditation Standards and is necessary to address the financial condition and solvency of the insurers transacting the business of insurance in Nevada. The purpose of this regulation is to set forth the standards which the Commissioner of Insurance may use for identifying insurers in such financial condition as to render the continuance of their business hazardous to their policyholders, creditors or the general public. The regulation further addresses actions that the Commissioner may use to correct the financial condition of such an insurer. This is an existing regulation that requires amending to bring it into compliance with the revised NAIC model acts. The revisions to the existing language provide additional standards and authority for the Commissioner’s consideration to determine whether the continued operations of any insurer might be considered hazardous to its stakeholders.**

- (2) What are the terms or substance of the proposed regulation?

**The existing regulation sets forth the standards which the Commissioner of Insurance may use for identifying insurers in such financial condition as to render the continuance of their business hazardous to their policyholders, creditors or the general public. The regulation further addresses actions that the Commissioner may use to correct the financial condition of**

such an insurer. The proposed amendments to the regulation add additional standards for the Commissioner's consideration to determine whether the continued operations of any insurer might be considered hazardous to its stakeholders and additional authority to issue regulatory orders requiring the insurance companies to address their financial condition and take corrective actions to cure the financial deficiencies.

The NAIC Financial Accreditation Standards requires the Hazardous Financial Condition Model regulation to be in place in order for Nevada to maintain its accreditation status. The revisions / amendments are essential to maintain the accreditation status of Nevada and to ensure that all of Nevada's insurance companies are financially solvent.

(3) What is the anticipated impact of the regulation on the problem(s)? **Its impact is to help Nevada maintain its accreditation status and provide for better regulation over potentially troubled companies.**

(4) Do other regulations address the same problem(s)? **Yes, but not up to the current accreditation standards.**

(5) Are alternate forms of regulation sufficient to address the problem(s)? **No.**

(6) What value does the regulation have to the public? **This regulation aids the Division in ensuring that all of the insurance companies that are operating in Nevada are financially solvent.**

(7) What is the anticipated economic benefit of the regulation?

a. Public

1. Immediate: **Regulation assists the Division in maintaining the solvency of the insurance companies that operate in Nevada and provide better consumer protection.**

2. Long Term: **Regulation assists the Division in maintaining the solvency of the insurance companies that operate in Nevada and provide better consumer protection.**

b. Insurance Business

1. Immediate: **Regulation assists the Division in maintaining the solvency of the insurance companies that operate in Nevada. By being able to better prevent certain insolvencies, there will be a smaller burden on guaranty associations.**

2. Long Term: **Regulation assists the Division in maintaining the solvency of the insurance companies that operate in Nevada. By being able to better prevent certain insolvencies, there will be a smaller burden on guaranty associations.**

c. Small Businesses

1. Immediate: **Regulation assists the Division in maintaining the solvency of the insurance companies that operate in Nevada.**

2. Long Term: **Regulation assists the Division in maintaining the solvency of**

**the insurance companies that operate in Nevada.**

- d. Small Communities
  - 1. Immediate: **Regulation assists the Division in maintaining the solvency of the insurance companies that operate in Nevada.**
  - 2. Long Term: **Regulation assists the Division in maintaining the solvency of the insurance companies that operate in Nevada.**
- e. Government Entities
  - 1. Immediate: **Regulation assists the Division in maintaining the solvency of the insurance companies that operate in Nevada.**
  - 2. Long Term: **Regulation assists the Division in maintaining the solvency of the insurance companies that operate in Nevada.**

(8) What is the anticipated adverse impact, if any?

- a. Public
  - 1. Immediate: **No adverse impact.**
  - 2. Long Term: **No adverse impact.**
- b. Insurance Business
  - 1. Immediate: **No adverse impact.**
  - 2. Long Term: **No adverse impact.**
- c. Small Businesses
  - 1. Immediate: **No adverse impact.**
  - 2. Long Term: **No adverse impact.**
- d. Small Communities
  - 1. Immediate: **No adverse impact.**
  - 2. Long Term: **No adverse impact.**
- e. Government Entities
  - 1. Immediate: **No adverse impact.**
  - 2. Long Term: **No adverse impact.**

(9) What is the anticipated cost of the regulation, both direct and indirect?

- a. Enactment – **No anticipated cost.**
- b. Enforcement – **No additional cost anticipated.**
- c. Compliance – **No additional cost anticipated.**

(10) Does the regulation establish a new fee or increase an existing fee? **No fees are associated with this regulation.**

(11) Provide a statement which identifies the methods used by the agency in determining the

impact of the proposed regulation on a small business, prepared pursuant to subsection 3 of NRS 233B.0608. **This existing regulation had no impact on small business and neither do the amendments.**

(12) Provide a description of any regulations of other state or local governmental agencies which the proposed regulation overlaps or duplicates, and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, state the name of the regulating federal agency. **N/A**

(13) If the regulation is required pursuant to federal law, provide a citation and description of the federal law. **N/A**

(14) If the regulation includes provisions which are more stringent than a federal regulation that regulates the same activity, provide a summary of such provisions. **N/A**

Persons wishing to comment upon the proposed action of the Division may appear at the scheduled public hearing or may address their comments, data, views or arguments, in written form, to the Division, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706. **Written submissions must be received by the Division on or before July 25, 2012.** If no person who is directly affected by the proposed action appears to request time to make an oral presentation, the Division may proceed immediately to act upon any written submissions.

A copy of this notice and the regulation will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the regulation will be available at the offices of the Division, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706, and 2501 East Sahara Avenue, Suite 302, Las Vegas, Nevada 89104, and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. This notice and the text of the proposed regulation are also available in the State of Nevada Register of Administrative Regulations, which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653, and on the Internet at **<http://leg.state.nv.us/register/>**. Copies of this notice and the proposed regulation will be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary. This does not apply to a public body subject to the Open Meeting Law.

Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, shall issue a concise statement of the principal reasons for and against its adoption, and incorporate therein its reason for overruling the consideration urged against its adoption.

Notice of the hearing was provided via electronic means to all persons on the agency's e-mail list for administrative regulations, and this Notice of Intent to Act Upon Regulation was posted to the agency's Internet Web site at **<http://doi.nv.gov/>** and was provided to or posted at the following



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DATED this 6th day of July, 2012.

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/s/  
SCOTT J. KIPPER  
Commissioner of Insurance