

# PROPOSED REGULATION OF THE COMMISSIONER OF INSURANCE

## LCB File No. R067-13

### 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 **1:30 p.m. on March 4, 2014**, 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 pertain(s) to **chapter 690B** 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. R067-13. Limited Automobile Policy Disclosure.**

A regulation relating to casualty insurance; revising provisions relating to certain notices for policies of automobile insurance; and providing other matters properly relating thereto.

- (1) Why is the regulation necessary and what is its purpose? *This proposed regulation is considered housekeeping and is necessary to be consistent with today’s electronic environment. The current regulation specifies an exact method for providing notice when an automobile policy does not include liability coverage. This proposed regulation retains the notice requirement, while eliminating outdated printing requirements.*
- (2) What are the terms or substance of the proposed regulation? *The current regulation requires a notice to be **imprinted, stamped, or placed as a sticker in red 14-point or larger text on the face of a policy** when an automobile policy does not include liability coverage. The proposed regulation amends NAC 690B.310 to require the notice to be prominently displayed on the declarations page. The currently prescribed method of display may be cumbersome to the insurer and is unnecessary in this modern word processing environment.*
- (3) What is the anticipated impact of the regulation on the problem(s)? *The proposed regulation will provide insurers with more flexibility in providing the required information to those who are insured.*
- (4) Do other regulations address the same problem(s)? *No.*

- (5) Are alternate forms of regulation sufficient to address the problem(s)? *No.*
- (6) What value does the regulation have to the public? *Insurers will be able to craft the notices to better suit the needs of policyholders.*
- (7) What is the anticipated economic benefit of the regulation?
- a. Public
    - 1. Immediate: *There will be little economic effect of the regulation.*
    - 2. Long Term: *There will be little economic effect of the regulation.*
  - b. Insurance Business
    - 1. Immediate: *An insurer may be able to devise a cheaper method to impart the required notice than red 14-point text.*
    - 2. Long Term: *An insurer may be able to devise a cheaper method to impart the required notice than red 14-point text.*
  - c. Small Businesses
    - 1. Immediate: *There will be little, if any, economic effect of the regulation.*
    - 2. Long Term: *There will be little, if any, economic effect of the regulation.*
  - d. Small Communities
    - 1. Immediate: *There will be little economic effect of the regulation.*
    - 2. Long Term: *There will be little economic effect of the regulation.*
  - e. Government Entities
    - 1. Immediate: *There will be little economic effect of the regulation.*
    - 2. Long Term: *There will be little economic effect of the regulation.*
- (8) What is the anticipated adverse impact, if any?
- a. Public
    - 1. Immediate: *None*
    - 2. Long Term: *None*
  - b. Insurance Business
    - 1. Immediate: *None*
    - 2. Long Term: *None*
  - c. Small Businesses
    - 1. Immediate: *None*
    - 2. Long Term: *None*
  - d. Small Communities

1. Immediate: *None*
2. Long Term: *None*

- e. Government Entities
1. Immediate: *None*
  2. Long Term: *None*

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

- a. Enactment: *None*
- b. Enforcement: *None*
- c. Compliance: *None*

(10) Does the regulation establish a new fee or increase an existing fee? *No*.

(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. *Attached*.

(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. *None*.

(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 February 25, 2014.** 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 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

Esmeralda County Library  
P.O. Box 430



**STATE OF NEVADA  
DEPARTMENT OF BUSINESS & INDUSTRY  
DIVISION OF INSURANCE**

**Determination of Necessity of Small Business Impact Statement**

Revising provisions relating to certain disclosures relating to automobile insurance  
To be effective upon filing with the Secretary of State

1. BACKGROUND

This proposed regulation is considered housekeeping and is necessary to be consistent with today's electronic environment. The current regulation specifies an exact method for providing notice when an automobile policy does not include public liability coverage. This proposed regulation retains the notice requirement while eliminating outdated printing requirements.

2. DOES THE PROPOSED REGULATION IMPOSE A DIRECT AND SIGNIFICANT ECONOMIC BURDEN UPON A SMALL BUSINESS OR DIRECTLY RESTRICT THE FORMATION, OPERATION OR EXPANSION OF A SMALL BUSINESS? (NRS 233B.0608.1)

NO

YES

3. HOW WAS THAT CONCLUSION REACHED? (NRS 233B.0608.3)

The Division sent a survey to 434 insurers writing personal and commercial automobile insurance policies in Nevada; 262 responses were received. Of the responses received, 45 insurers indicated they employ fewer than 150 full- or part-time employees and would be classified as small businesses pursuant to NRS 233B.0382. 5 of the 45 insurers qualifying as small businesses indicated that they write automobile policies that do not include liability insurance coverage, the topic of this proposed regulation. All 5 insurers indicated that the required disclosure currently appears on the policy declaration page. The Division will continue to accept comment from parties through the workshop and hearing proceedings relating to this proposed regulation and will update the analysis as appropriate.

This analysis was conducted by: Adam Plain, CPCU AIE AFSB AIAF API ARC ARE  
Insurance Regulation Liaison  
Nevada Division of Insurance

I, Scott J. Kipper, Commissioner of Insurance for the State of Nevada, certify that, to the best of my knowledge or belief, a concerted effort was made to determine the impact of the proposed regulation on small businesses and that the information contained in the statement above is accurate. (NRS 233B.0608.3)

1/22/14  
(DATE)

/s/  
SCOTT J. KIPPER  
Commissioner of Insurance

**Small Business Impact Statement**  
R067-13

4. DESCRIPTION OF SOLICITATION  
N/A

5. SUMMARY OF COMMENTS RECEIVED FROM SMALL BUSINESSES (NRS 233B.0609.1.a)  
N/A

Other interested parties may receive a copy of this summary by contacting the Insurance Regulation Liaison of the Nevada Division of Insurance, Adam Plain, at (775) 687-0783 or [aplain@doi.nv.gov](mailto:aplain@doi.nv.gov).

6. ESTIMATED ECONOMIC EFFECT ON SMALL BUSINESSES THE REGULATION IS TO REGULATE (NRS 233B.0609.1.c)  
N/A

7. METHODS CONSIDERED TO REDUCE IMPACT ON SMALL BUSINESSES (NRS 233B.0609.1.d)  
N/A

8. ESTIMATED COST OF ENFORCEMENT (NRS 233B.0609.1.e)  
N/A

9. FEE CHANGES (NRS 233B.0609.1.f)  
N/A

10. DUPLICATIVE PROVISIONS (NRS 233B.0609.1.g)  
N/A

11. HOW WAS THE ANALYSIS CONDUCTED? (NRS 233B.0609.1.b)  
N/A

12. REASONS FOR CONCLUSIONS (NRS 233B.0609.1.h)  
N/A

I, Scott J. Kipper, Commissioner of Insurance for the State of Nevada, certify that, to the best of my knowledge or belief, the information contained in the statement above was prepared properly and is accurate. (NRS 233B.0609.2)

\_\_\_\_\_  
(DATE)

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