

**PROPOSED REGULATION OF THE  
COMMISSIONER OF INSURANCE**

**LCB File No. R001-16**

December 22, 2015

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

AUTHORITY: NRS 679B.130; 679B.300; 679B.305; and 680C.110

A REGULATION relating to insurance; revising initial and annual fees paid by certain insurers and repealing certain other regulations related to fees no longer statutorily authorized.

**Section 1.** Chapter 680C of the NAC is hereby created as set forth in sections 2, 3 and 4 of this regulation.

**Sec. 2.** *“Insurer” means a person, firm, association or corporation authorized:*

- (a) to transact casualty insurance, as defined in NRS 681A.020;*
- (b) to transact health insurance, as defined in NRS 681A.030;*
- (c) to transact life insurance, as defined in NRS 681A.040;*
- (d) to transact property insurance, as defined in NRS 681A.060; or a*
- (e) Title insurer, as defined in NRS 692A.070;*
- (f) Fraternal benefit society, as defined in NRS 695A.010;*
- (g) Corporation subject to the provisions of chapter 695B of NRS;*
- (h) Health maintenance organization, as defined in NRS 695C.030;*
- (i) Organization for dental care, as defined in NRS 695D.060; and*
- (j) Prepaid limited health service organization, as defined in NRS 695F.050.*

**Sec. 3.           *Determination of amount of fee imposed by statute; notice. (NRS 680C.110)***

*1. The Commissioner will on or before May 31 of each year determine the amount of the annual fee required under NRS 680C.110 by considering:*

*a) the amount of money appropriated by the Legislature for the support of the Fund for Insurance Administration and Enforcement;*

*b) the number of insurers as of December 31 of the preceding calendar year authorized to transact business in this state pursuant to 681A.020, 681A.030, 681A.040, 681A.060, 692A.070, 695C.030, 695D.060 or 695F.050 of NRS or a corporation subject to the provisions of 695B of NRS; and*

*c) the amount of direct premium written by each insurer pursuant to 1(b) for the prior calendar year ending December 31 as reported to the National Association of Insurance Commissioners.*

*2. The Commissioner shall hold a public meeting each year to present the budget as approved by the Legislature and the proposed amount of the annual fee to be paid by the insurers. Notice of the meeting will be posted:*

*a) at least five business days prior to the date of the meeting, not counting the day of the meeting;*

*b) at a minimum, at the offices of the Division of Insurance, the Legislative Building, the Grant Sawyer State Office Building and on the State's and Division's websites; and*

*c) Interested parties may also contact the Division to be added to its notification list.*

*3. The Division will provide each insurer an invoice for the amount of the fee on or before June 1 of each year.*

*4. In even-numbered years, the Commissioner shall hold a public meeting on or before*

*April 30 to present its preliminary budget request, to be submitted for inclusion in the Executive Budget pursuant to the guidelines determined by the Governor's Finance Office.*

*5. To the extent practicable, the preliminary budget request presented will contain base budget expenditures as well as enhancements to the budget including but not limited to personnel, operational, equipment and technology purchases and other such expenses necessary for the efficient and effective functions of the Division as a regulatory agency.*

*6. The preliminary budget request will also provide an estimated impact to the annual fee to fund any increase in the biennial budget.*

*7. The public meeting will be noticed at least five business days prior to the date of the meeting, not counting the day of the meeting. The public meeting will provide all interested parties the opportunity to provide comment on the proposed budget but does not restrict the Commissioner, the Director of the Department of Business & Industry, or the Governor to the budget submitted and recommended by the Governor as part of his or her authority in preparing the Executive Budget.*

**Sec. 4.           *Payment of fee imposed by statute; administrative fine. (NRS 680C.110)***

*1. Each insurer who is authorized to transact insurance in this state pursuant to 681A.020, 681A.030, 681A.040, 681A.060, 692A.070, 695C.030, 695D.060 or 695F.050 of NRS or a corporation subject to the provisions of 695B of NRS for the prior calendar year must pay the fee required pursuant to NRS 680C.110 not later than July 1 of each year.*

*2. An insurer who pays an initial fee pursuant to NRS 680C.110 subsection 5 is required to pay the annual fee pursuant to this section either:*

*a) on or before July 15, or*

*b) within 30 days from the date the initial fee is submitted, if submission occurs after July*

*1.*

*3. Each such insurer who fails to pay this annual fee or pays it late is subject to an administrative fine of not less than \$25 for each day the fee remains unpaid.*

**Sec. 5.** Chapter 679B of NAC is hereby amended by adding thereto a new section to read as follows:

*1. When necessary, the Commissioner shall assess all persons possessing a license issued by the Division under chapter 683A, 684A, 685A or 692A of NRS, an additional fee for the purpose of replenishing the Account to the statutory minimum set forth in NRS 679B.305. The assessment shall be imposed at the time of initial license issuance or at license renewal.*

*2. The assessed fee must not exceed \$10.*

*3. If a licensee fails to pay the assessment, the license shall not be issued or renewed. If a licensee seeking to renew a license submits the fee late, the licensee is subject to an administrative fine equal to the amount of the fee.*

**Sec. 6.** NAC 679B.070 is hereby amended to read as follows:

**NAC 679B.070 “Licensee” defined.** (NRS 679B.305) “Licensee” means a person who possesses a license issued by the Division under chapter 683A, 684A ~~or~~ 685A, *or 692A* of NRS.

**Sec. 7.** NAC 679B.151 is hereby amended to read as follows:

**NAC 679B.151 Disciplinary action.** (NRS 679B.130, 679B.305) The provisions of NAC 679B.041 to 679B.151, inclusive, do not limit the authority of the Commissioner to take disciplinary action against a licensee for a violation of any of the provisions of chapters 683A,

684A ~~and~~ 685A, *and 692A* of NRS, NAC 679B.041 to 679B.151, inclusive, or other regulations of the Division, nor does the repayment in full of any obligations to the Account by a licensee nullify or modify the effect of any disciplinary proceeding brought pursuant to the provisions of NAC 679B.041 to 679B.151, inclusive, or the statutory provisions of title 57 of NRS.

**Sec. 8.** NAC 679B.154 is hereby amended to read as follows:

**NAC 679B.154 Special Investigative Account: ~~Determination of amount of a~~ Assessment; notice.** (NRS 679B.700)

~~1.~~ The Commissioner *pursuant to NRS 679B.700(4)* will ~~determine the assessment for the Special Investigative Account by dividing the amount of money that the Legislature authorized for expenditure for that year for the support of the program established pursuant to NRS 679B.630 by the number of insurers who hold a certificate of authority in this State as of June 1 January 1 of the year of assessment.~~

~~2. The Division will mail~~ *provide* to each ~~company~~ *insurer* a notice of the amount of the assessment on or before ~~July~~ *June 1* of each year.

**Sec. 9.** NAC 679B.157 is hereby amended to read as follows:

**NAC 679B.157 Special Investigative Account: Payment of assessment; administrative fine; willful violation.** (NRS 679B.130, 679B.700)

1. Each insurer who holds a certificate of authority in this State *as of January 1* shall pay the assessment for the investigation of fraudulent claims on or before ~~August 1~~ *July 15* of each year.

2. Each such insurer who fails to pay this assessment or pays it late is subject to an administrative fine in an amount equal to the assessment. This fine is assessed by the Division

upon notice to the company accompanied by a bill for the assessment and fine. Payment of the bill waives any right to an administrative hearing on the matter, and the bill must so state.

3. An insurer who pays the assessment late in 2 consecutive years, or fails to pay it for 2 consecutive years, shall be deemed to have willfully violated this section and the provisions of NRS 679B.700. The late payment or nonpayment reflects on the competency of the management of the company.

**Sec. 10.** NAC 679B.158 and NAC 679B.160 are hereby repealed.