

**ADOPTED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R006-16

Effective June 28, 2016

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

AUTHORITY: §1, NRS 679B.130 and 686B.030.

A REGULATION relating to insurance; revising certain provisions relating to filings an insurer is required to submit to the Division of Insurance of the Department of Business and Industry; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law authorizes the Commissioner of Insurance to adopt regulations necessary for the administration of the Nevada Insurance Code. (NRS 679B.130) Existing regulations interpret subsection 2 of NRS 686B.030 as requiring an insurer to submit certain filings to the Division of Insurance of the Department of Business and Industry. (NAC 686B.505) This regulation defines “force-placed insurance” and provides that the Commissioner will interpret subsection 2 of NRS 686B.030 as requiring an insurer to file with the Division its rules, rates, policy coverage forms, endorsements, application forms and declarations pages for force-placed insurance.

Section 1. NAC 686B.505 is hereby amended to read as follows:

686B.505 **1.** The Commissioner will interpret subsection 2 of NRS 686B.030 as requiring the following filings:

~~1-1~~ **(a)** Policy coverage forms, endorsements, application forms and declarations pages for all business and commercial insurance.

~~1-2~~ **(b)** Rules, rates, policy coverage forms, endorsements, application forms and declarations pages for the following types of insurance:

~~1-a~~ **(1)** Dwelling, up to 4 units;

~~(b)~~ (2) Personal inland marine, including, but not limited to, personal watercraft;

~~(c)~~ (3) Vehicle mechanical breakdown; ~~and~~

~~(d)~~ (4) Insurance for home protection which is regulated pursuant to NRS 690B.100 to 690B.180, inclusive ~~(f)~~; *and*

(5) Force-placed insurance.

2. As used in this section, “force-placed insurance” means single interest or dual interest insurance that is purchased by a creditor after a transaction:

(a) For coverage against loss, expense or damage to the property used as collateral as a result of fire, theft, collision or other risk of loss that would impair the interest of the creditor or adversely affect the value of the collateral;

(b) In accordance with the terms of the credit agreement as a result of the debtor’s failure to provide the required insurance; and

(c) The cost of which is charged to the debtor.

**LEGISLATIVE REVIEW OF ADOPTED REGULATIONS
INFORMATIONAL STATEMENT AS REQUIRED BY NRS 233B.066**

LCB FILE NO. R006-16

The following statement is submitted by the State of Nevada, Department of Business and Industry, Division of Insurance (“Division”) for adopted amendments to Nevada Administrative Code (“NAC”) Chapter 686B.

1. A clear and concise explanation of the need for the adopted regulation.
The purpose of this proposed regulation is to clarify that force-placed auto and homeowners’ insurance are lines for which rates and forms must be filed. Rates for this type of insurance are considerably higher and provide less coverage than typical auto and homeowners’ insurance. This regulation would allow the Commissioner to ensure rates are adequate, not excessive, and not unfairly discriminatory to Nevada consumers.
2. A description of how public comment was solicited, a summary of public response, and an explanation of how other interested persons may obtain a copy of the summary.

(a) A description of how public comment was solicited:

Public comment was solicited by e-mailing the proposed regulation, notice of workshop, notice of intent to act upon the regulation, and small business impact statement to persons on the Division’s mailing list requesting notification of proposed regulations. The documents were also made available on the website of the Division, <http://doi.nv.gov/>, mailed to the main library for each county in Nevada, and posted at the following locations:

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

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

Legislative Building
401 South Carson Street
Carson City, Nevada 89701

Grant Sawyer Building
555 East Washington Avenue
Las Vegas, Nevada 89101

Blasdel Building
209 East Musser Street
Carson City, Nevada 89701

Capitol Building
101 North Carson Street
Carson City, Nevada 89701

Nevada Department of Employment,
Training and Rehabilitation
2800 E. Saint Louis Avenue
Las Vegas, Nevada 89104

Public comment was also solicited at the workshop held on April 12, 2016, and at the hearing held on April 26, 2016. The public meetings took place at the offices of the Division, 1818 East College Parkway, Carson City, Nevada 89706, with simultaneous videoconferencing to the Bradley Building, 2501 East Sahara Avenue, Las Vegas, Nevada 89104.

(b) A summary of the public response:

No written or oral comments were received.

(c) An explanation of how other interested persons may obtain a copy of the summary:

The summary in part 2(b) above reflects the comments and testimony that transpired with regard to regulation R006-16. A copy of said summary may be obtained by contacting Rajat Jain, at (775) 687-0700 or rjain@doi.nv.gov. This summary will also be made available by e-mail request to insinfo@doi.nv.gov.

3. The number of persons who:

(a) Attended each hearing: *11*

(b) Testified at each hearing: *1*

(c) Submitted to the agency written statements: *0*

4. A list of names and contact information, including telephone number, business address, business telephone number, electronic mail address, and name of entity or organization represented, for each person identified above in #3 (b) and (c), as provided to the agency:

Name	Entity/Organizat ion Represented	Business Address	Telephone No./ Business Telephone No.	E-Mail Address
Erin Summers	Division of Insurance	1818 E College Pkwy Carson City NV 89706	(775) 687- 0765	esummers@doi.nv.gov

5. A description of how comment was solicited from affected businesses, a summary of their responses, and an explanation of how other interested persons may obtain a copy of the summary.

Comments were solicited from affected businesses in the same manner as they were solicited from the public. Please see the description, summary and explanation provided above in response to question #2. In addition, a survey was sent to all companies believed to write force-placed insurance in Nevada to determine the impact on small business. The responses indicated there would not be a significant impact.

6. If after consideration of public comment the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.
As no comments were received, the regulation was adopted as proposed.
7. (a) The estimated economic effect of the adopted regulation on the business which it is to regulate:
- (1) Both adverse and beneficial effects: *Negligible*
 - (2) Both immediate and long-term effects: *Negligible*
- (b) The estimated economic effect of the adopted regulation on the public:
- (1) Both adverse and beneficial effects:
The cost of force-placed insurance is expected to drop.
 - (2) Both immediate and long-term effects:
The cost of force-placed insurance is expected to drop.
8. The estimated cost to the agency for enforcement of the adopted regulation.
None
9. A description of any regulations of other state or government 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, the name of the regulating federal agency.
N/A
10. If the regulation includes provisions that are more stringent than a federal regulation which regulates the same activity, a summary of those provisions.
N/A
11. If the regulation establishes a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.
There are no new fees or increases to existing fees, but insurers will have to pay a \$25 fee to submit a rate/rule filing for something that was not previously required to be filed. The Division expects a very small number of such filings.