

**ADOPTED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R075-16

Effective November 2, 2016

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

AUTHORITY: §1, NRS 679B.130 and 683A.0857.

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

Legislative Counsel’s Digest:

Existing law requires each administrator to file with the Commissioner of Insurance a bond in favor of the State of Nevada in an amount to be determined by the Commissioner. (NRS 683A.0857) Under existing regulations, the amount of the bond required for each administrator pursuant to NRS 683A.0857 must be increased according to a schedule for each \$1,000,000 received and distributed by the administrator during an average month. Existing regulations also require each administrator to file annually with the Commissioner a report stating the total amount of money received and distributed during the preceding fiscal year. (NAC 683A.155) This regulation deletes the annual filing requirement because Senate Bill No. 67 of the 2015 Legislative Session added this reporting requirement to existing statutory provisions governing annual reports which administrators are required to file with the Commissioner.

Section 1. NAC 683A.155 is hereby amended to read as follows:

683A.155 1. Except as otherwise provided in subsection 3, and in addition to the amount prescribed by statute, the amount of the bond for each administrator must be increased as follows for each \$1,000,000 ~~received and distributed~~ *of the total amount of money handled* by the administrator within this State during an average month:

Amount {Received and Distributed} <i>of Money Handled</i>	Total Amount of Bond
\$1,000,000 or less	\$100,000
More than \$1,000,000, but less than \$2,000,000	200,000
\$2,000,000 or more, but less than \$3,000,000	300,000
\$3,000,000 or more, but less than \$4,000,000	400,000
\$4,000,000 or more, but less than \$5,000,000	500,000
\$5,000,000 or more	10 percent of the amount {received and distributed,} <i>of money handled</i> , but not more than \$1,000,000

2. If the Commissioner finds that the increased bonds are unavailable, the Division will accept proof of coverage over \$100,000 in the additional amounts specified in subsection 1 under a fidelity policy and a policy which covers the errors and omissions of the administrator or his or her employees. The policies must be reviewed and approved by the Division and provide for notice to the Division 90 days before their cancellation or nonrenewal. Proof of the increases in the bond or the policies of insurance must be furnished to the Division within 30 days after the increase.

3. If an administrator is not authorized to issue a check or draft and only handles claims for the person employing him or her, the administrator is only required to maintain the bond for \$100,000.

4. For the purposes of this section, the amount of money ~~received and distributed~~ *handled* by the administrator during an average month is the total amount of money ~~received and distributed by him or her~~ *handled by the administrator on behalf of contracted entities in connection with his or her activities as an administrator* in this State during a fiscal year, divided by 12. ~~Within 90 days after the end of his or her fiscal year, each administrator shall file with the Commissioner a report stating the total amount of money so received and distributed during the preceding fiscal year. The report:~~

~~—(a) Must be certified by an officer or partner of the administrator, if it is a corporation or partnership; and~~

~~—(b) If there is any change in the required amount of the bond because of an increase or decrease in the amount of money received and distributed by the administrator, must be accompanied by a replacement bond in the appropriate amount.]~~

5. An administrator may submit a certificate of deposit from a financial institution in this State that is insured federally, made payable to the Commissioner of Insurance and the administrator, in lieu of the bond required by NRS 683A.0857. The certificate of deposit must:

(a) State that the amount of the deposit is unavailable for withdrawal except upon the signed authorization of the Division; and

(b) Be accompanied by a statement or letter from the issuing financial institution which verifies that:

(1) The requisite amount of money is being held to satisfy the requirement for a deposit; and

(2) The amount of the deposit is unavailable for withdrawal except upon the signed authorization of the Division.

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

LCB FILE NO. R075-16

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(s) 683A.

1. A clear and concise explanation of the need for the adopted regulation.
Subsection 4 of NAC 683A.155 contains a requirement to report annually the amount of money the administrator handled during the preceding fiscal year. However, this reporting requirement was included in an amendment to NRS 683A.08528 during the 2015 legislative session. Therefore, the reporting requirement described in NAC 683A.155(4) must be eliminated. Also, the proposed regulation seeks to amend certain terminology contained in NAC 683A.155 to match the terminology used in the enrolled version of NRS 683A.08528.
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 July 27, 2016, and at the hearing held on September 9, 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 R075-16. A copy of said summary may be obtained by contacting Terri Chambers, at (775) 687-0777 or tchambers@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 workshop: 3 (Division); 1 (Public)
Attended hearing: 6 (Division); 0 (Public)

(b) Testified at workshop: 1 (Division); 0 (Public)
Testified at hearing: 1 (Division); 0 (Public)

(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/Organization Represented	Business Address	Telephone No./ Business Telephone No.	E-Mail Address
Gregg Dennis	Southern Nevada Benefit Administrators (IIS Benefit Administrators)	3080 S. Durango Dr., Las Vegas, NV 89117	702-313-7384	Gregg@IISBenefITS.net
Terri Chambers	Nevada Division of Insurance	1818 E. College Pkwy, Ste. 103 Carson City, NV 89706	775-687-0777	tchambers@doi.nv.gov
Sherri Abeyta	Nevada Division of Insurance	1818 E. College Pkwy, Ste. 103 Carson City, NV 89706	775-687-0775	slabeyta@doi.nv.gov
Shirley Choma	Nevada Division of Insurance	1818 E. College Pkwy, Ste. 103 Carson City, NV 89706	775-687-0776	schoma@doi.nv.gov
Anne Lara	Nevada Division of Insurance	1818 E. College Pkwy, Ste. 103 Carson City, NV 89706	775-687-0794	alara@doi.nv.gov

Nicholas Stosic	Nevada Division of Insurance	1818 E. College Pkwy, Ste. 103 Carson City, NV 89706	775-687-0783	nstosic@doi.nv.gov
Laurie Squartsoff	Nevada Division of Insurance	1818 E. College Pkwy, Ste. 103 Carson City, NV 89706	775-687-0789	lsquartsoff@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.

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:

There are no adverse effects. The proposed regulation will benefit the businesses regulated by reducing the number of required annual reports from two to one.

(2) Both immediate and long-term effects:

None

(b) The estimated economic effect of the adopted regulation on the public:

(1) Both adverse and beneficial effects: None

(2) Both immediate and long-term effects: None

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.
Not applicable.

10. If the regulation includes provisions that are more stringent than a federal regulation which regulates the same activity, a summary of those provisions.
Not applicable.

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.
Not applicable.