

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R075-16

April 25, 2016

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

AUTHORITY: NRS 679b.130; NRS 683A.0857

A REGULATION relating to insurance; amending filing requirements for third-party administrators to comply with changes made to NRS 683A.08528 during the 2015 legislative session.

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

NAC 683A.155 Bond or certificate of deposit. (NRS 679B.130, 683A.0857)

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 *of the total money handled* ~~received and distributed~~ by the administrator *on behalf of contracted entities* within this State during an average month:

Amount <i>of Money Handled</i> Received and Distributed	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 <i>of money handled</i>

~~{received and distributed},~~

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 *handled* ~~{received and distributed}~~ by the administrator during an average month is the total amount of money *handled on behalf of contracted entities* ~~{received and distributed by him or her}~~ 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.