

**PROPOSED REGULATION OF THE  
COMMISSIONER OF INSURANCE**

**LCB File No. R075-16**

June 23, 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 <del>{Received and Distributed}</del> <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 <del>{received and distributed,}</del> <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.