

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R027-17

August 7, 2017

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

AUTHORITY: §1, NRS 679B.130 and 686A.680, as amended by section 33 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2341; §2, NRS 679B.130 and 690B.350, as amended by section 119 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2377; §3, NRS 679B.130, 690B.360, as amended by section 120 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2378, 691C.340, as amended by section 130 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2383, 691C.390, as amended by section 131 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2383, and 691C.430.

A REGULATION relating to insurance; revising provisions relating to the use by insurers of information in a consumer credit report; revising provisions relating to professional liability insurance for essential medical specialties; repealing certain provisions relating to medical malpractice insurance and credit personal property insurance; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

State law previously prohibited an insurer from using credit information regarding any policyholder without obtaining an updated consumer credit report and recalculating the insurance score at least once every 36 months. (NRS 686A.680) Existing regulations require that credit information used in a consumer credit report or insurance score be not more than 36 months old. (NAC 686A.710) Assembly Bill No. 83 of the 2017 Legislative Session deleted the requirement that an updated consumer credit report be obtained and the insurance score recalculated once every 36 months. (Section 33 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2341) **Section 1** of this regulation makes a conforming change by removing the requirement that credit information used in a consumer credit report or insurance score be not more than 36 months old.

State law previously required the Commissioner of Insurance to determine whether any medical specialties in this State are essential as a matter of public policy. (NRS 690B.350; NAC 690B.520) Assembly Bill No. 83 of the 2017 Legislative Session deleted this requirement and authorized the Commissioner to convene a hearing at his or her discretion to make certain determinations and designate essential medical specialties. (Section 119 of Assembly Bill No.

83, chapter 376, Statutes of Nevada 2017, at page 2377) **Section 2** of this regulation makes conforming changes by authorizing the Commissioner to determine, after a hearing has been convened at the discretion of the Commissioner, whether any medical specialties in this State are essential as a matter of public policy.

State law previously required the Commissioner to collect all information that is pertinent to monitoring whether an insurer that issues professional liability insurance for certain practitioners is complying with certain applicable standards for rates. (NRS 690B.360) Existing regulations additionally require an insurer to submit such information to the Commissioner on or before September 1 of each year. (NAC 690B.510) Assembly Bill No. 83 of the 2017 Legislative Session amended the statutory requirement into an authorization. (Section 120 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2378) **Section 3** of this regulation makes conforming changes by repealing the regulatory requirement that an insurer must submit such information to the Commissioner on or before September 1 of each year.

State law previously required each insurer that issues a policy of professional liability insurance to certain practitioners to submit to the Commissioner on or before September 15 of each year a report on its loss prevention and control program. (NRS 690B.370; NAC 690B.570) Assembly Bill No. 83 of the 2017 Legislative Session repealed this statutory requirement. (Section 168 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2406) **Section 3** makes conforming changes by repealing the associated regulation.

State law previously required the Commissioner to establish by regulation the minimum amount of unearned premiums that must remain outstanding at the time of cancellation of credit personal property insurance in order for a person to be entitled to refund. (NRS 691C.390) Existing regulations set forth this minimum amount. (NAC 691C.070) Assembly Bill No. 83 of the 2017 Legislative Session deleted the statutory requirement to establish this minimum amount. (Section 131 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2383) **Section 3** makes conforming changes by repealing the regulation that sets forth this minimum amount.

State law previously required the Commissioner to establish by regulation reasonable rates for credit personal property insurance. (NRS 691C.340) Existing regulations set forth these rates. (NAC 691C.100-691C.190) Assembly Bill No. 83 of the 2017 Legislative Session deletes this statutory requirement to establish reasonable rates. (Section 130 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2383) **Section 3** makes conforming changes by repealing the rates and related requirements.

Section 1. NAC 686A.710 is hereby amended to read as follows:

686A.710 1. For the purposes of *paragraph (f) of subsection ~~16~~ 1* of NRS 686A.680, *as amended by section 33 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2341*, if a company issues more than one policy under a line of business based on the same credit

information and the policies have different effective dates, the 90-day period described in *paragraph (f) of subsection ~~6~~ 1 of NRS 686A.680, as amended by section 33 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2341*, shall be deemed to apply to the policy with the earliest effective date.

2. If there is an addition or renewal of a policy under the line of business, the consumer credit report or insurance score used on the policy with the earliest effective date may be used at the addition or renewal of policies under the line of business . ~~provided that the credit information is not more than 36 months old.~~

Sec. 2. NAC 690B.520 is hereby amended to read as follows:

690B.520 1. Pursuant to NRS 690B.350, *as amended by section 119 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2377*, the Commissioner ~~will~~ *may, after a hearing convened at the discretion of the Commissioner pursuant to subsection 1 of NRS 690B.350, as amended by section 119 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2377*, determine whether any medical specialties in this State are essential as a matter of public policy.

2. A medical specialty ~~will~~ *may, after a hearing convened at the discretion of the Commissioner pursuant to subsection 1 of NRS 690B.350, as amended by section 119 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2377*, be deemed by the Commissioner to be essential as a matter of public policy if he or she determines that an unsafe condition exists because public access to a practitioner of the medical specialty is impaired as a result of insufficient availability of professional liability insurance to a practitioner of the medical specialty.

Sec. 3. NAC 690B.510, 690B.570 and 691C.070 to 691C.170, inclusive, are hereby repealed.

TEXT OF REPEALED SECTIONS

690B.510 Annual submission of certain information required by Commissioner. (NRS 679B.130, 690B.360) On or before September 1 of each year, an insurer offering professional liability insurance to a practitioner licensed pursuant to chapter 630, 631, 632 or 633 of NRS shall submit, on a form prescribed by the Commissioner, to the Commissioner the information required by the Commissioner pursuant to NRS 690B.360.

690B.570 Annual reports on programs of insurer: Submission; forms. (NRS 679B.130, 690B.370)

1. Each insurer that issues a policy of medical malpractice insurance must submit a report to the Commissioner on the loss prevention and control programs of the insurer, including, without limitation, the qualified risk management systems offered by the insurer.

2. On or before July 15 of each year, the Commissioner will provide to each insurer the form for making the report.

3. On or before September 15 of each year, the report must be returned to the Commissioner.

691C.070 Refund of unearned premium: Minimum amount. (NRS 679B.130, 691C.390, 691C.430) A person is not entitled to a refund if the amount of any unearned premium that remains outstanding at the time of cancellation of his or her policy of credit personal property insurance is less than \$5.

691C.100 Rates considered to be reasonable in relation to benefits provided and not excessive. (NRS 679B.130, 691C.340, 691C.430) For the purposes of subsection 1 of NRS 691C.340, the Commissioner will consider rates for policies of credit personal property insurance, including, without limitation, guaranteed asset protection insurance, that are not in excess of the rates set forth in NAC 691C.110 to 691C.170, inclusive, to be reasonable in relation to the benefits provided and not excessive.

691C.110 Credit personal property insurance with closed-end single premium: Recommended premium rate for dual-interest coverage with theft. (NRS 679B.130, 691C.340, 691C.430) For a policy of credit personal property insurance with a closed-end single premium, the recommended premium rate for dual-interest coverage with theft is \$1.03 per \$100 of initial net indebtedness per year.

691C.120 Credit personal property insurance with closed-end single premium: Recommended premium rate for dual-interest coverage without theft. (NRS 679B.130, 691C.340, 691C.430) For a policy of credit personal property insurance with a closed-end single premium, the recommended premium rate for dual-interest coverage without theft is 77 cents per \$100 of initial net indebtedness per year.

691C.130 Credit personal property insurance with closed-end single premium: Recommended premium rate for single-interest coverage with theft. (NRS 679B.130, 691C.340, 691C.430) For a policy of credit personal property insurance with a closed-end

single premium, the recommended premium rate for single-interest coverage with theft is 51 cents per \$100 of initial net indebtedness per year.

691C.140 Credit personal property insurance with closed-end single premium: Recommended premium rate for single-interest coverage without theft. (NRS 679B.130, 691C.340, 691C.430) For a policy of credit personal property insurance with a closed-end single premium, the recommended premium rate for single-interest coverage without theft is 38 cents per \$100 of initial net indebtedness per year.

691C.150 Open-end credit property insurance with monthly outstanding balance: Recommended premium rate for dual-interest coverage with theft. (NRS 679B.130, 691C.340, 691C.430) For a policy of open-end credit property insurance with a monthly outstanding balance, the recommended premium rate for dual-interest coverage with theft is 13 cents per \$100 of the outstanding balance of initial net indebtedness per month.

691C.160 Open-end credit property insurance with monthly outstanding balance: Recommended premium rate for dual-interest coverage without theft. (NRS 679B.130, 691C.340, 691C.430) For a policy of open-end credit property insurance with a monthly outstanding balance, the recommended premium rate for dual-interest coverage without theft is 9 cents per \$100 of the outstanding balance per month.

691C.170 Guaranteed asset protection insurance: Recommended premium rates. (NRS 679B.130, 691C.340, 691C.430) For a policy of guaranteed asset protection insurance, the recommended premium rates are as follows:

Term	Recommended Premium Rate	Suggested Commission	Percent of Commission	Company Retained Amount

1-48 months	\$285	\$85	30%	\$200
49-60 months	\$342	\$102	30%	\$240
61-72 months	\$412	\$124	30%	\$288
73-84 months	\$495	\$149	30%	\$346
85-96 months	\$594	\$178	30%	\$416
97-108 months	\$713	\$214	30%	\$499
109-120 months	\$855	\$256	30%	\$599