

**NOTICE OF INTENT TO ACT UPON REGULATION
AND
HEARING AGENDA**

Notice of Hearing for the Adoption, Amendment or Repeal of Regulations of
The Department of Business and Industry, Division of Insurance

The State of Nevada, Department of Business and Industry, Division of Insurance (“Division”), (775) 687-0700, will hold a public hearing at **1:30 p.m. on November 9, 2017**, in the 1st Floor Hearing Room, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706. Interested persons may also participate through a simultaneous videoconference conducted in the 4th Floor Tahoe Room at the Nevada State Business Center/Division of Insurance, 3300 West Sahara Avenue, Suite 275, Las Vegas, Nevada 89102. The purpose of the hearing is to receive comments from all interested persons regarding the adoption, amendment or repeal of regulations pertaining to chapter 686A of the Nevada Administrative Code (“NAC”).

The following information is provided pursuant to the requirements of Nevada Revised Statutes (“NRS”) 233B.0603 and the directives of the Governor:

LCB File No. R031-17. Automobile Total Loss Settlements. A regulation relating to insurance; revising provisions establishing minimum standards for claims settlement practices for the settlement of claims for automobile total loss; eliminating certain obsolete language; and providing other matters properly relating thereto.

- (1) Why is the regulation necessary and what is its purpose?

The purpose of this regulation is to enhance existing regulation, Nevada Administrative Code (“NAC”) 686A.680, by making it applicable to all total loss claims – first-party and third-party. The regulation was initially enacted in 1980, and some of the language in the existing text is confusing. There are portions of language that appear to indicate that the regulation is applicable only to first-party total loss claims. There are other portions which appear to apply to all total loss claims. The Division of Insurance (“Division”) often fields inquiries from insurance companies regarding the applicability of the regulation to third-party total loss claims. Based on the Division’s opinions, the practice in the insurance industry already applies this regulation to third-party total loss claims. The proposed change to NAC 686A.680 will formalize this position.

- (2) What are the terms or substance of the proposed regulation?

Existing regulation NAC 686A.680 pertains to the claims settlement process for an automobile total loss insurance claim. Portions of the existing regulation’s language lead insurers to question whether the regulation is applicable only to first-party claimants. This potentially results in third-party claimants receiving lower insurance claim settlement payments, making it more difficult to purchase a replacement vehicle. The proposed regulation makes revisions to NAC 686A.680 to clarify that the provisions of this regulation also apply to third-party automobile total loss claims. The regulation also proposes minimal changes to valuation

methods that insurers can utilize while determining the value of a totaled automobile.

(3) What is the anticipated impact of the regulation on the problem(s)?

The insurance industry will have a clear understanding of the regulatory requirements when settling total loss automobile claims for third-party claimants. This will also help ensure that members of the public get fair settlements for total loss vehicle claims, as third-party claims settlement will be consistent with first-party claims settlement. The frequency of the number of inquiries fielded by the Division will decrease.

(4) Do other regulations address the same problem(s)?

No.

(5) Are alternate forms of regulation sufficient to address the problem(s)?

No.

(6) What value does the regulation have to the public?

Currently, despite the Division's guidance to the insurance industry, there exist scenarios where members of the public may not be receiving full compensation in third-party total loss claims. The Division has fielded complaints where the insurer does not include all applicable taxes, license fees, and other fees incident to transfer of evidence of ownership of the automobile paid. The proposed consumer-friendly revision will help the public reach fair and accurate monetary settlements, and will enhance their ability to purchase a replacement vehicle.

(7) What is the anticipated economic benefit of the regulation?

a. Public

1. Immediate: *Will assist with fair and accurate compensation during claims settlement so that a replacement vehicle may be purchased.*

2. Long Term: *Will assist with fair and accurate compensation during claims settlement so that a replacement vehicle may be purchased.*

b. Insurance Business

1. Immediate: *Will result in smoother claims settlement practices for third-party claims without incurring additional loss adjustment expenses.*

2. Long Term: *Will result in smoother claims settlement practices for third-party claims without incurring additional loss adjustment expenses.*

c. Small Businesses

1. Immediate: *None*

2. Long Term: *None*

d. Small Communities

1. Immediate: *None*

2. Long Term: *None*

- e. Government Entities
 - 1. Immediate: *There is expected to be a reduction in staff time due to reduced number of complaints and requests for opinions on this matter.*
 - 2. Long Term: *There is expected to be a reduction in staff time due to reduced number of complaints and requests for opinions on this matter.*

(8) What is the anticipated adverse impact, if any?

- a. Public
 - 1. Immediate: *None*
 - 2. Long Term: *None*
- b. Insurance Business
 - 1. Immediate: *None*
 - 2. Long Term: *None*
- c. Small Businesses
 - 1. Immediate: *None*
 - 2. Long Term: *None*
- d. Small Communities
 - 1. Immediate: *None*
 - 2. Long Term: *None*
- e. Government Entities
 - 1. Immediate: *None*
 - 2. Long Term: *None*

(9) What is the anticipated cost of the regulation, both direct and indirect?

- a. Enactment: *None*
- b. Enforcement: *None*
- c. Compliance: *None*

(10) Does the regulation establish a new fee or increase an existing fee?

There are no new fees or increases to existing fees.

(11) Provide a statement which identifies the methods used by the agency in determining the impact of the proposed regulation on a small business, prepared pursuant to subsection 3 of NRS 233B.0608.

See attached.

(12) Provide a description of any regulations of other state or local governmental 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, state the name of the regulating federal agency.

None.

(13) If the regulation is required pursuant to federal law, provide a citation and description of the federal law.

Not applicable.

(14) If the regulation includes provisions which are more stringent than a federal regulation that regulates the same activity, provide a summary of such provisions.

Not applicable.

Persons wishing to comment upon the proposed actions of the Division may appear at the scheduled public hearing or may address their comments, data, views or arguments, in written form, to the Division, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706. **Written submissions must be received by the Division on or before October 18, 2017.** If no person who is directly affected by the proposed action appears to request time to make an oral presentation, the Division may proceed immediately to act upon any written submissions.

A copy of this notice and the regulation to be adopted, amended or repealed will be on file at the State Library, 100 North Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the regulation will be available at the offices of the Division, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706, and 3300 West Sahara Avenue, Suite 275, Las Vegas, Nevada 89102, and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. This notice and the text of the proposed regulation are also available in the State of Nevada Register of Administrative Regulations, which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653, and on the Internet at <http://leg.state.nv.us/register/>. Copies of this notice and the proposed regulation will be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary. This does not apply to a public body subject to the Open Meeting Law.

Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, shall issue a concise statement of the principal reasons for and against its adoption, and incorporate therein its reason for overruling the consideration urged against its adoption.

Notice of the hearing was provided via electronic means to all persons on the agency's e-mail list for administrative regulations, and this Notice of Intent to Act Upon Regulation was posted to the agency's Internet Web site at <http://doi.nv.gov/> and was provided to or posted at the following locations:

Nevada Division of Insurance
1818 East College Parkway, Suite 103
Carson City, Nevada 89706

Nevada State Business Center
3300 West Sahara Avenue
Las Vegas, Nevada 89102

Legislative Building

Grant Sawyer Building

401 South Carson Street
Carson City, Nevada 89701

Blasdel Building
209 East Musser Street
Carson City, Nevada 89701

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

Carson City Library
900 North Roop Street
Carson City, Nevada 89701

Douglas County Library
P.O. Box 337
Minden, Nevada 89423

Esmeralda County Library
P.O. Box 430
Goldfield, Nevada 89013

Humboldt County Library
85 East 5th Street
Winnemucca, Nevada 89445

Las Vegas-Clark County Library District
7060 W. Windmill Lane
Las Vegas, NV 89113

Lyon County Library
20 Nevin Way
Yerington, Nevada 89447

Pershing County Library
P.O. Box 781
Lovelock, Nevada 89419

Tonopah Public Library
P.O. Box 449
Tonopah, Nevada 89049

White Pine County Library
950 Campton Street
Ely, Nevada 89301

555 East Washington Avenue
Las Vegas, Nevada 89101

Capitol Building Main Floor
101 North Carson Street
Carson City, Nevada 89701

Nevada State Library & Archives
100 North Stewart Street
Carson City, Nevada 89701

Churchill County Library
553 South Main Street
Fallon, Nevada 89406

Elko County Library
720 Court Street
Elko, Nevada 89801

Eureka Branch Library
P.O. Box 293
Eureka, Nevada 89316

Lander County Library
P.O. Box 141
Battle Mountain, Nevada 89820

Lincoln County Library
P.O. Box 330
Pioche, Nevada 89043-0330

Mineral County Public Library
P.O. Box 1390
Hawthorne, Nevada 89415

Storey County Clerk
P.O. Drawer D
Virginia City, Nevada 89440

Washoe County/Downtown Reno Library
P.O. Box 2151
Reno, Nevada 89505-2151

Members of the public who would like additional information about the proposed regulation may contact Rajat Jain, Chief Insurance Examiner for the Property and Casualty Section, at (775) 687-0774, or via e-mail to rjain@doi.nv.gov.

Members of the public who are disabled and require special accommodations or assistance at the hearing are requested to notify the Commissioner's secretary, in writing, no later than five (5) working days before the hearing: 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706, or suebell@doi.nv.gov.

DATED this _____ day of September, 2017.

BARBARA D. RICHARDSON
Commissioner of Insurance

By: _____
LAURIE SQUARTSOFF
Chief Deputy Commissioner
With Delegation of Authority

HEARING AGENDA

The State of Nevada, Department of Business and Industry, Division of Insurance

November 9, 2017 • 1:30 p.m.

Location of Hearing:

Nevada Division of Insurance
1818 E. College Pkwy., 1st Floor Hearing Room
Carson City, NV 89706
(Division Offices located in Suite 103)

Available via Videoconference at:

Nevada Division of Insurance
3300 W. Sahara Ave., 4th Floor Tahoe Room
Las Vegas, NV 89102
(Division Offices located in Suite 275)

1. Open Hearing: R031-17.
2. Presentation, Discussion and Adoption of Proposed Regulation. (For Possible Action)

LCB File No. R031-17. Automobile Total Loss Settlements. A regulation relating to insurance; revising provisions establishing minimum standards for claims settlement practices for the settlement of claims for automobile total loss; eliminating certain obsolete language; and providing other matters properly relating thereto.

3. Public Comment.
4. Close Hearing: R031-17.

5. Adjournment.

Supporting public material for this hearing may be requested from Susan Bell, Legal Secretary, Nevada Division of Insurance, 1818 E. College Parkway, Carson City, Nevada 89706, (775) 687-0704, or suebell@doi.nv.gov.

Note: Any agenda item may be taken out of order; items may be combined for consideration by the public body; items may be pulled or removed from the agenda at any time; and, discussion relating to an item may be delayed or continued at any time. The Hearing Officer, within his/her discretion, may allow for public comment on individual agenda items. Public comment may be limited to three minutes per speaker.

Members of the public are encouraged to submit written comments for the record.

We are pleased to make reasonable accommodations for attendees with disabilities. Please notify the Commissioner's secretary, in writing, no later than five (5) working days before the hearing: 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706, or suebell@doi.nv.gov.

NOTICES FOR THIS HEARING HAVE BEEN POSTED IN ACCORDANCE WITH NRS 241 AT THE FOLLOWING LOCATIONS:

Nevada Division of Insurance, 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706

Nevada State Business Center, 3300 W. Sahara Avenue, Las Vegas, Nevada 89102

Nevada State Legislative Building, 401 S. Carson Street, Carson City, Nevada 89701

Grant Sawyer State Office Building, 555 E. Washington Avenue, Las Vegas, Nevada 89101

Blasdel State Office Building, 209 E. Musser Street, Carson City, Nevada 89701

Nevada State Capitol, 101 N. Carson Street, Carson City, Nevada 89701

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

The State of Nevada Website (www.nv.gov)

The Nevada State Legislature Website (www.leg.state.nv.us)

The Nevada Division of Insurance Website (www.doi.nv.gov)