

**PROPOSED REGULATION OF
THE COMMISSIONER OF INSURANCE**

LCB File No. R128-24

July 8, 2024

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

AUTHORITY: § 1, NRS 679B.130 and 683A.0857; § 2, NRS 679B.130.

A REGULATION relating to insurance; revising provisions relating to the amount of bond required by an administrator; repealing the requirement that an administrator notify the Commissioner of Insurance of any change in members, owners, directors, officers, physical location or certain addresses; 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 payable to the State of Nevada in an amount to be determined by the Commissioner. (NRS 679B.175, 683A.0857)

Under existing regulations, the amount of the bond required for each administrator must be increased according to a schedule for each \$1,000,000 handled by the administrator during an average month. (NAC 683A.155) **Section 1** of this regulation provides the amount of any such bond is not reduced by the amount of any bond that: (1) a third-party administrator of an association of self-insured public or private employers must obtain, deposit or file with the Commissioner; and (2) which has a bond amount requirement that is based on the amount of the association’s money that the administrator controls in a calendar year.

Existing regulations provide that if the Commissioner finds that increased bonds are unavailable, the Division of Insurance of the Department of Business and Industry will, in lieu of an increased bond, accept proof of coverage over \$100,000 under a fidelity policy and a policy which covers the errors and omissions of the administrator or his or her employees. (NAC 683A.155) **Section 1** eliminates this provision.

Existing law requires that each application for a certificate of registration as an administrator include a notarized affidavit from each person who manages or controls the administrator, including certain members, directors or officers, that contains certain information. (NRS 683A.08522) Existing regulations require an administrator to notify the Commissioner of any change in its members, owners, directors, officers or the physical location, mailing address or electronic mail address of an office of the administrator within 30 days after the change. (NAC 683A.125) **Section 2** of this regulation repeals this notification requirement.

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 of the total amount of money handled by the administrator within this State during an average month:

Amount of Money Handled	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 of money handled, 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 ~~for 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 by the administrator during an average month is the total amount of money 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.

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.

6. The amount of the bond required by this section and NRS 683A.0857 must not be reduced by the amount of any bond filed pursuant to NAC 616B.549.

Sec. 2. NAC 683A.125 is hereby repealed.

TEXT OF REPEALED SECTION

683A.125 Duty to notify Commissioner of certain changes. (NRS 679B.130) An administrator shall notify the Commissioner of any change in:

1. Its members, owners, directors or officers within 30 days after the change. The administrator shall submit a notarized affidavit as described in subsection 6 of NRS 683A.08522 for each new member, owner, director or officer within 30 days after the change.
2. The physical location, mailing address or electronic mail address of an office of the administrator within 30 days after the change.