

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB FILE NO. R175-24I

**The following document is the initial draft regulation proposed
by the agency submitted on 06/28/2024**

**PROPOSED PERMANENT REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R...-24

February 13, 2024

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

AUTHORITY: §

A REGULATION relating to insurance;

Section 1. Chapter 686B of NAC is hereby amended by adding thereto the provisions set forth as sections ____ to ____, inclusive, of this regulation.

Sec. 2. *“Rule of underwriting relating to rates” means any underwriting rule or model used in underwriting that affects:*

- 1. The premium that any insured would pay; or*
- 2. The insurer’s decision to not renew an existing policy.*

Sec. 3. *1. For the purpose of NRS 686B.070(1)(c), “supplementary rate information” includes, without limitation, any models, including predictive models, used by the insurer that:*

(a) Determine placement of an insured within a tier where the tier placement is considered as a variable within the insurer’s rating plan;

(b) Determine placement of an insured within one of several affiliated companies within a group, where each company would have a different rating plan and would possibly charge different rates to otherwise identical risks;

(c) Compute any manner of score or index used as either a direct rating variable or a determinant of eligibility or company placement, in whole or in part, if there is a possibility for such models to affect the premium that the insured is charged; or

(d) Determine the extent to which an insurer relies on actuarially indicated change to a base rate or relativity.

2. The provisions of subsection 1 apply to any model used by the insurer without regard to the origination of the model, whether it be first-party, third-party or otherwise.

Sec. 4. NAC 686B.503 is hereby amended to read as follows:

NAC 686B.503 *1. A filing for an increase or decrease in rates for homeowners' insurance or for property insurance for dwellings, commonly referred to as "dwelling fire insurance," must:*

~~1.~~ *(a) Identify the largest theoretical rate increase proposed by the filing; and*

~~2.~~ *(b) Identify the contribution of each component of the increase, including, but not limited to, the contribution of the amount of insurance, the protection class, the territory and the construction class.*

2. A filing submitted pursuant to subsection 1 shall be considered unfairly discriminatory if it includes, without limitation, the use of:

(a) Zip code or territory data in such a manner as to clearly fail to reflect equitably the differences in expected losses and expenses among the zip codes or territories in question;

(b) Market value of the home or dwelling when the market value has no direct correlation to the replacement cost of the home or dwelling; or

(c) Any model deemed supplementary rate information used in conjunction with other underwriting factors if the other underwriting factors are duplicative of factors considered as part of the model.

3. A filing submitted pursuant to subsection 1 shall be considered unfairly discriminatory if it does not include, without limitation, the use of the Nevada Personal-Lines Property Insurance Wildfire Mitigation Incentive Program authorized by NRS 679B.129.