

## LCB File No. R081-98

### NOTICE OF WORKSHOPS TO SOLICIT COMMENTS ON PROPOSED REGULATIONS

May 18, 1998

The Department of Business and Industry, Division of Insurance (Division) is proposing the amendment of regulations pertaining to chapters 679B, 688A, 688B and 695C of the Nevada Administrative Code. A workshop has been set for 10:00 a.m., on June 25, 1998, at the offices of the Division, 1665 Hot Springs Road, Suite 152, Carson City, Nevada. The purpose of the workshop is to solicit comments from interested persons on the following general topics addressed in the proposed regulations.

**1. Amendments to chapters 679B and 695C of NAC. The proposed regulation:**

- (a) Establishes a fee of \$15 for a returned check;**
- (b) Adds unfair trade practices as an authorized use of the fraud assessment;**
- (c) Establishes HIV reporting requirements for insurers;**
- (d) Repeals the regulations for the Office of Hospital Patients;**
- (e) Provides for the payment of commissions to agents by HMOs;**
- (f) Establishes time limits for the filing of provider lists by HMOs.**

**2. Amendments to chapter 688A and 688B of NAC. The proposed regulation establishes guidelines of the use of the Annuity 2000 Mortality Table, 1994 GAR Table, 1993 GAM Table and the 1983 Table "a".**

A copy of this notice and the proposed regulation will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the regulation to be amended will be available at the offices of the Division, 1665 Hot Springs Road, Suite 152, Carson City, Nevada 89706, and 2501 East Sahara Avenue, Suite 302, Las Vegas, Nevada 89104, 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://www.leg.state.nv.us>. Copies will also be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary.

This Notice of Workshop to Solicit Comments on Proposed Regulation has been sent all persons on the agency's mailing list for administrative regulations and posted at the following locations:

Department of Business and Industry  
Division of Insurance  
1665 Hot Springs Road, Suite 152  
Carson City, NV 89706

Department of Business and Industry  
Division of Insurance  
2501 East Sahara Avenue, Suite 302  
Las Vegas, NV 89104

Legislative Counsel Bureau  
Capitol Complex  
Carson City, NV 89710

Blasdel Building  
Capitol Complex  
Carson City, NV 89710

State Capitol  
Capitol Complex  
Carson City, NV 89710

Capitol Press Room  
State Capitol Basement  
Carson City, NV 89710

County Clerk  
Courthouse  
Carson City, NV 89710

Nevada State Library & Archives  
Capitol Complex  
Carson City, NV 89710

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

Churchill County Library  
553 South Maine Street  
Fallon, NV 89406

Las Vegas Library  
833 Las Vegas Blvd. North  
Las Vegas, NV 89101

Douglas County Library  
1625 Library Lane  
P.O. Box 337  
Minden, NV 89423

Elko County Library  
720 Court Street  
Elko, NV 89801

Goldfield Public Library  
Fourth & Cook Street  
P.O. Box 430  
Goldfield, NV 89013

Eureka Branch Library  
10190 Monroe Street  
P.O. Box 293  
Eureka, NV 89316

Humboldt County Library  
85 East 5<sup>th</sup> Street  
Winnemucca, NV 89445

Battle Mountain Branch Library  
P.O. Box 141  
Battle Mountain, NV 89820

Lincoln County Library  
93 Main Street  
P.O. Box 330  
Pioche, NV 89043

Lyon County Library  
20 Nevin Way  
Yerington, NV 89447

Mineral County Library  
First & A Street  
P.O. Box 1390  
Hawthorne, NV 89415

Tonopah Public Library  
171 Central Street  
P.O. Box 449  
Tonopah, NV 89049

Pershing County Library  
1125 Central Avenue  
P.O. Box 781  
Lovelock, NV 89419

Storey County Library  
95 South R Street  
P.O. Box 14  
Virginia City, NV 89440

Washoe County Library  
301 South Center Street  
P.O. Box 2151  
Reno, NV 89505

White Pine County Library  
950 Campton Street  
Ely, NV 89301

Clark County Library  
1401 East Flamingo Road  
Las Vegas, NV 89119

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 at 1665 Hot Springs Road, Suite 152, Carson City, Nevada 89706, or by calling no later than 5 working days prior to the hearing, (702) 687-4270.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_.

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ALICE A. MOLASKY-ARMAN  
Commissioner of Insurance

## NOTICE OF INTENT TO ACT UPON REGULATIONS

### Notice of Hearing for the Amendment of Regulations of the Department of Business and Industry, Division of Insurance

The Department of Business and Industry, Division of Insurance (Division) will hold a public hearing at 2:00 p.m., on June 25, 1998 at the offices of the Division, 1665 Hot Springs Road, Suite 152, Carson City, Nevada. The purpose of the hearing is to receive comments from all interested persons regarding the amendment of regulations pertaining to chapters 688A and 688B of the Nevada Administrative Code.

#### REGULATIONS FOR RECOGNIZING NEW ANNUITY MORTALITY TABLES FOR USE IN DETERMINING RESERVE LIABILITIES FOR ANNUITIES

The following information is provided pursuant to the requirements of NRS 233B.060:

1. The proposed regulation is needed to establish standards for new annuity mortality tables for use in determining reserve liability under individual and group annuities.
2. The regulation establishes the new mortality tables to be used in determining reserve liabilities for annuity products.
3. Estimated economic effect of the regulation:  
On the business which it is to regulate:
  - (a) The regulation should have a beneficial impact on the industry as it will establish consistent standards for all insurers.
  - (b) The regulation may have an immediate adverse impact on insurance companies to amend forms and to incorporate the new annuity tables if not already adopted.On the public:

The amended regulation should have no economic impact on the public.
4. The Division anticipates a nominal expense to enforce the proposed regulation.
5. The Division is not aware of any overlap or duplication of the regulation with any state, local or federal regulation.
6. The proposed regulation does not establish a new fee or increase an existing fee.

Persons wishing to comment upon the proposed action 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, 1665 Hot Springs Road, Suite 152, Carson City, Nevada 89706. Written submissions must be received by the Division on or before June 19, 1998. 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 proposed regulation will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the regulation to be amended will be available at the offices of the Division, 1665 Hot Springs Road, Suite 152, Carson City, Nevada 89706, and 2501 East Sahara Avenue, Suite 302, Las Vegas, Nevada 89104, 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://www.leg.state.nv.us>. Copies will also be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary.

Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, will 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.

This notice of hearing has been posted at the following locations:

Department of Business and Industry  
Division of Insurance  
1665 Hot Springs Road, Suite 152  
Carson City, NV 89706

Department of Business and Industry  
Division of Insurance  
2501 East Sahara Avenue, Suite 302  
Las Vegas, NV 89104

Legislative Counsel Bureau  
Capitol Complex  
Carson City, NV 89710

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Eureka, NV 89316

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Battle Mountain, NV 89820

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Yerington, NV 89447

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P.O. Box 449  
Tonopah, NV 89049

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Carson City, NV 89710

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93 Main Street  
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1401 East Flamingo Road  
Las Vegas, NV 89119

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DATED this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

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ALICE A. MOLASKY-ARMAN  
Commissioner of Insurance

**LCB File No. R081-98**

**PROPOSED REGULATION OF THE DIVISION OF INSURANCE**

**STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
DIVISION OF INSURANCE**

**REGULATION FOR RECOGNIZING NEW ANNUITY MORTALITY TABLES FOR  
USE IN DETERMINING RESERVE LIABILITIES FOR ANNUITIES**

Authority: NRS 679B.130

Section 1. Chapter 688A of NAC is hereby amended by adding thereto the provisions set forth as sections 2-7, inclusive, of this regulation.

Sec. 2. “1983 Table ‘a’” means that mortality table developed by the Society of Actuaries Committee to Recommend a New Mortality Basis for Individual Annuity Valuation and adopted as a recognized mortality table for annuities in June 1982 by the National Association of Insurance Commissioners.

Sec. 3. “Annuity 2000 Mortality Table” means that mortality table developed by the Society of Actuaries Committee on Life Insurance Research.

Sec. 4. Except as provided in Sections 5 and 6 of this regulation, the 1983 Table “a” is recognized and approved as an individual annuity mortality table for valuation and, at the option of the company, may be used for purposes of determining the minimum standard of valuation for any individual annuity or pure endowment contract.

Sec. 5. Except as provided in section 6 of this regulation, either the 1983 Table “a” or the Annuity 2000 Mortality Table shall be used for determining the minimum standard of valuation for any individual annuity or pure endowment contract.



Sec. 6. Except as provided in section 7 of this regulation, the Annuity 2000 Mortality Table shall be used for determining the minimum standard of valuation for any individual annuity or pure endowment contract.

Sec. 7. The 1983 Table “a” without projection is to be used for determining the minimum standards of valuation for an individual annuity or pure endowment contract solely when the contract is based on life contingencies and is issued to fund periodic benefits arising from:

1. Settlements of various forms of claims pertaining to court settlements or out of court settlements from tort actions;
2. Settlements involving similar actions such as workers’ compensation claims; or
3. Settlements of long term disability claims where a temporary or life annuity has been used in lieu of continuing disability payments.

Sec. 8. Chapter 688B of NAC is hereby amended by adding thereto the provisions set forth as sections 9 - 15, inclusive, of this regulation.

Sec. 9. “1994 GAR Table” means that mortality table developed by the society of Actuaries Annuity valuation Table Task force.

Sec. 10. “1983 GAM Table” means that mortality table developed by the Society of Actuaries Committee on Annuities and adopted as a recognized mortality table for annuities in December 1993 by the National Association of Insurance Commissioners.

Sec. 11. “1983 Table ‘a’” means that mortality table developed by the Society of Actuaries Committee to Recommend a New Mortality Basis for Individual Annuity Valuation and adopted as a recognized mortality table for annuities in June 1982 by the National Association of Insurance Commissioners.

Sec. 12. Except as provided in sections 13 and 14 of this regulation, the 1983 GAM Table,

the 1983 Table “a” and the 1994 GAR Table are recognized and approved as group annuity mortality tables for valuation and, at the option of the company, any one of these tables may be used for purposes of valuation for an annuity or pure endowment under a group annuity or pure endowment contract.

Sec. 13. Except as provided in section 14 of this regulation, either the 1983 GAM Table or the 1994 GAR Table shall be used for determining the minimum standard of valuation for any annuity or pure endowment under a group annuity or pure endowment contract.

Sec. 14. The 1994 GAR Table shall be used for determining the minimum standard of valuation for any annuity or pure endowment under a group annuity or pure endowment contract.

Sec. 15. In using the 1994 GAR Table, the mortality rate for a person age x in year (1994 + n) is calculated as follows:

$$q_x^{1994+n} = q_x^{1994} (1 - AA_x)^n$$

where the  $q_x^{1994}$  and  $AA_x$ s are as specified in the 1994 GAR Table.