

## **LCB File No. R089-98**

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

May 20, 1998

The Department of Business and Industry, Division of Insurance (Division) is proposing the amendment of regulations pertaining to chapters 616B, 683A, 683C, and 686A of the Nevada Administrative Code. A workshop has been set for 9:30 a.m., on June 30, 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 chapter 616B of NAC. The proposed regulation adds the following provisions of Title 57 of NRS as applicable to SIIS:**
  - (a) Use of licensed agents;**
  - (b) Report of material transactions;**
  - (c) Report of risk based capital; and**
  - (d) Unfair trade practices.**
  
- 2. Amendments to chapters 616B, 683A, and 683C of NAC. The proposed regulation requires solicitors for associations of public and private employers, agents, brokers and insurance consultants to complete an approved course on workers' compensation insurance before selling, soliciting or offering advice on workers' compensation insurance.**
  
- 3. Amendments to chapter 686A of NAC. The proposed regulation:**
  - (a) Prohibits unfair discrimination to victims of domestic violence;**
  - (b) Allows a property and casualty broker to charge fees;**
  - (c) Requires an insurer, agent or administrator to respond within 10 days to complaints filed with the Division;**
  - (d) Requires an insurer to pay a claim within 30 days after it is approved.**

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  
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 A REGULATION

### 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 1:30 p.m., on June 30, 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 616B, 683A and 683C of the Nevada Administrative Code.

### **REGULATION FOR VICTIMS OF DOMESTIC VIOLENCE, UNFAIR PRACTICES IN THE SETTLEMENT OF CLAIMS, COMPLAINTS FILED WITH THE DIVISION, AND COMPENSATION OF AGENTS AND BROKERS.**

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

1. The proposed regulation is needed to establish standards for the payment of claims, responses to complaints filed with the Division, and compensation of agents and brokers, and to establish underwriting and rating standards applicable to victims of domestic violence.
2. The regulation prohibits discrimination in the rating and underwriting of victims of domestic violence; allows agents and brokers to charge fees pursuant to a written contract; requires insurers, agents, and administrators to respond to complaints filed with the Division within 10 days; and requires insurers to pay claims within 30 days of acceptance of the claim.
3. Estimated economic effect of the regulation:  
On the business which it is to regulate:
  - (a) The regulation may have a beneficial impact on agents and brokers if they are able to charge fees for services rendered.
  - (b) The regulation may have an immediate and long term impact on insurers if they need to amend their underwriting and rating practices regarding victims of domestic violence.On the public:

The amended regulation may have an adverse economic impact on the public who may be charged fees for services provided by agents and brokers.
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 24, 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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DATED this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

ALICE A. MOLASKY-ARMAN  
LCB File No. R089-98

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
DIVISION OF INSURANCE

**REGULATION FOR VICTIMS OF DOMESTIC VIOLENCE, UNFAIR PRACTICES IN  
THE SETTLEMENT OF CLAIMS, COMPLAINTS FILED WITH THE DIVISION,  
AND COMPENSATION OF AGENTS AND BROKERS**

Authority: NRS 679B.130, NRS 686A.230

Section 1. Chapter 686A of NAC is hereby amended by adding thereto a new section to read as follows:

1. No insurer may deny or refuse to accept an application for insurance, refuse to insure, refuse to renew, cancel, restrict, or otherwise terminate a policy of insurance, or charge a different rate for the same coverage, solely on the basis that the applicant or insured person is, has been, or may be a victim of domestic violence.
2. Nothing in this section shall prevent an insurer from taking any of the actions set forth in subsection 1 of this section on the basis of loss history or medical condition or for any other reason not otherwise prohibited by this section, any other law, regulation, or rule.
3. As used in this section, domestic violence has the meaning ascribed to it in NRS 271.400.
4. This section does not apply to the lines of insurance set forth in subparagraphs (a), (b), (g) or (h) of subsection 1 of NRS 686B.030.

Sec. 2. NAC 686A.330 is hereby amended to read as follows:

1. Any agreement for consultation or advice which is entered into by a financial planner, life or health agent, life or health broker, or insurance consultant must be in writing and must contain:

- (a) The name and address of the financial planner, life or health agent, or life or health broker, or insurance consultant;
- (b) The name and address of any person or entity licensed pursuant to Title 57 or NRS which he represents;
- (c) A description of any license he holds;
- (d) A description of the fee to be charged and the services to be provided under the agreement;
- (e) A provision allowing the client, without penalty, to rescind the agreement within 10 days after it is entered into; and
- (f) A statement of whether the financial planner, life or health agent, or life or health broker is to receive any commission or other compensation for his services in addition to the fee paid by the client.

2. Each client or prospective client of a financial planner, life or health agent, or life or health broker, or insurance consultant must be provided with a copy of the agreement.

Sec. 3. Chapter 686A of NAC is amended by adding a new section to read as follows:

Any agreement for consultation or related advice which is entered into by an agent who is also licensed as a broker for property, casualty or surety may provide that:

1. Unless prohibited by an agreement between the agent and the insurance company, an agent who is also licensed as a broker, may, with respect to property, casualty and surety insurance sold to businesses, provide for the following compensation to the broker:

- (a) A commission paid by the insurer;
- (b) A fee paid by the insured; or
- (c) A combination of commission paid by the insurer and a fee paid by the insured.

2. If the compensation received by an agent who is licensed as a property, casualty or surety broker includes a fee, there must be written contract as provided for in subsection 4 of NRS 686A.230, . The contract must:

- (a) Include the full amount of compensation to be received;



- (b) Be signed by the broker and insured;
- (c) Be signed in advance of the transaction; and
- (d) Be retained by the broker for not less than 5 years.

Sec. 4. NAC 686A.350 is hereby repealed.

Sec. 5. NAC 686A.600 is hereby amended to read as follows:

1. NAC 686A.600 to 686A.680, inclusive, define certain minimum standards, violations of which, with a frequency which indicates a general business practice, will be deemed to constitute unfair claims settlement practices.
2. NAC 686A.600 to 686A.680, inclusive, apply to all persons, administrators, insurers, and to all insurance contracts or policies except policies of [industrial or] surety insurance.
3. Acts not specified in NAC 686A.600 to 686A.680, inclusive, may also be deemed to be violations of NRS 686A.310.

Sec. 6. Subsection 2 of NAC 686A.665 is hereby amended to read as follows:

2. Each insurer, agent, or administrator, upon receipt of any inquiry from the division respecting [a claim] any complaint filed with the division, shall within 10 working days of receipt of the inquiry, furnish the division with an adequate response to the inquiry. A response sent within 10 working days which only acknowledges receipt of the inquiry shall not be considered an adequate response.

Sec. 7. NAC 686A.675 is hereby amended as follows:

1. Within 30 working days after receipt by the insurer of properly executed proofs of loss, the first-party claimant must be advised of the acceptance or denial of the claim by the insurer. No insurer may deny a claim on the grounds of a specific policy provision, condition, or exclusion unless reference to that provision, condition, or exclusion is included in the denial. The denial must be given to the claimant in writing and filed and retained in the insurer's claim file. If the claim is approved, the insurer

shall pay the claim within 30 days after it is approved. If the approved claim is not paid within that period, the insurer shall pay interest on the claim at the rate of interest established pursuant to NRS 99.040. The interest must be calculated from the date the payment is due until the claim is paid.

2. If a claim is denied for reasons other than those described in subsection 1, and is made by an means other than writing, and appropriate notation must be made in the claim file of the insurer.

3. If the insurer needs more time to determine whether a claim of a first-party claimant should be accepted or denied, it must so notify the claimant within 30 working days after receipt of the proof of loss giving reasons that more time is needed. If the investigation remains incomplete, the insurer shall, [45] 30 days after the date of the initial notification and every [45] 30 days thereafter, send to the claimant a letter setting forth the reasons that additional time is needed for investigation.

4. Insurers may not fail to settle first-party claims on the basis that responsibility for payment should be assumed by others except as provided by policy provisions.

5. Insurers may not delay settlement of a claim directly with a claimant who is not an attorney or represented by an attorney by extending negotiations until the claimant's rights may be affected by a stature of limitations or a time limit which is part of an insurance contract or policy, without giving the claimant written notice that the time limit may be expiring and may affect the claimant's rights. Notice must be given 60 days before the date on which a time limit may expire.

6. No insurer may make statements which indicate that the rights of a third-party claimant may be impaired if a form or release is not completed within a given time, unless the statement is given for the purpose of notifying the third-party claimant of the provision of a statute of limitations.

7. Except for a claim involving health insurance, any case involving a claim in which there is a dispute over any portion of the insurance policy coverage, payment for the portion or portions not in dispute must be made notwithstanding the existence of the dispute where payment can be made without prejudice to any interested party.

SECTIONS TO BE REPEALED.

NAC 686A.350 “Commercial or business risks” interpreted. For the purposes of NRS 686A.230, the commissioner will interpret the term “commercial or business risks” to include:

1. Group life or group annuity products provided pursuant to chapter 688A or 688B of NRS; and
2. Group health products provided pursuant to chapter 689B of NRS.