

**PROPOSED REGULATION OF THE COMMISSIONER OF
INSURANCE**

LCB File No. R113-00

October 9, 2000

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

AUTHORITY: §§1 and 4, NRS 679B.130; §§2 and 3, NRS 679B.130, 689C.155 and 689C.940.

Section 1. Chapter 689B of NAC is hereby amended by adding thereto a new section to read as follows:

1. An insurer shall not issue a policy for stop-loss insurance for a group health plan subject to the provisions of this chapter and chapter 689B of NRS if the policy for stop-loss insurance:

(a) Has an annual attachment point for claims incurred per individual that is lower than \$10,000;

(b) Has an annual aggregate attachment point for groups of not more than 50 persons that is lower than the greater of:

(1) The number of group members times \$4,000;

(2) One hundred and twenty percent of expected claims; or

(3) Ten thousand dollars;

(c) Has an annual aggregate attachment point for groups of more than 50 persons that is lower than 110 percent of expected claims; or

(d) Provides direct coverage of health care expenses of an individual.

2. For the purposes of this section, an insurer shall determine the number of persons in a group on a consistent basis at least annually.

3. As used in this section:

(a) "Attachment point" means the amount of claims incurred by an insured group beyond which an insurer incurs a liability for payment.

(b) "Expected claims" means the amount of claims that, in the absence of a stop-loss policy or other insurance, are projected to be incurred by an insured group through its health plan.

(c) "Stop-loss insurance" means insurance purchased by an employer to limit exposure to claim expenses under a health benefit plan provided by the employer.

Sec. 2. Chapter 689C of NAC is hereby amended by adding thereto a new section to read as follows:

1. An insurer shall not issue a policy for stop-loss insurance that:

(a) Has an annual attachment point for claims incurred per individual that is lower than \$10,000;

(b) Has an annual aggregate attachment point for groups of not more than 50 persons that is lower than the greater of:

(1) The number of group members times \$4,000;

(2) One hundred and twenty percent of expected claims; or

(3) Ten thousand dollars;

(c) Has an annual aggregate attachment point for groups of more than 50 persons that is lower than 110 percent of expected claims; or

(d) Provides direct coverage of health care expenses of an individual.

2. *For the purposes of this section, an insurer shall determine the number of persons in a group on a consistent basis at least annually.*

3. *As used in this section:*

(a) *“Attachment point” means the amount of claims incurred by an insured group beyond which an insurer incurs a liability for payment.*

(b) *“Expected claims” means the amount of claims that, in the absence of stop-loss insurance or other insurance, are projected to be incurred by an insured group through its health plan.*

(c) *“Stop-loss insurance” means insurance purchased by an employer to limit exposure to claim expenses under a health benefit plan provided by the employer.*

Sec. 3. NAC 689C.240 is hereby amended to read as follows:

689C.240 A policy issued as ~~[a stop-loss policy]~~ *stop-loss insurance* is a health benefit plan for the purposes of this chapter and chapter 689C of NRS if the ~~[insurer is required to reimburse the insured for:~~

~~—1. The claims made by an employee or his dependent for an amount less than \$10,000; or~~

~~—2. The claims made by all the employees and their dependents for an amount less than 115~~

~~percent of expected claims.]~~ *policy meets the criteria set forth in section 2 of this regulation.*

Sec. 4. Chapter 695B of NAC is hereby amended by adding thereto a new section to read as follows:

1. *An insurer shall not issue a policy for stop-loss insurance for a hospital, medical or dental service plan subject to the provisions of this chapter and chapter 695B of NRS if the policy for stop-loss insurance:*

(a) Has an annual attachment point for claims incurred per individual that is lower than \$10,000;

(b) Has an annual aggregate attachment point for groups of not more than 50 persons that is lower than the greater of:

(1) The number of group members times \$4,000;

(2) One hundred and twenty percent of expected claims; or

(3) Ten thousand dollars;

(c) Has an annual aggregate attachment point for groups of more than 50 persons that is lower than 110 percent of expected claims; or

(d) Provides direct coverage of health care expenses of an individual.

2. For the purposes of this section, an insurer shall determine the number of persons in a group on a consistent basis at least annually.

3. As used in this section:

(a) "Attachment point" means the amount of claims incurred by an insured group beyond which an insurer incurs a liability for payment.

(b) "Expected claims" means the amount of claims that, in the absence of a stop-loss policy or other insurance, are projected to be incurred by an insured group through its health plan.

(c) "Stop-loss insurance" means insurance purchased by an employer to limit exposure to claim expenses under a health benefit plan provided by the employer.

NOTICE OF WORKSHOPS TO SOLICIT COMMENTS ON PROPOSED REGULATIONS

September 1, 2000

The Department of Business and Industry, Division of Insurance (Division) is proposing new regulations pertaining to stop-loss health insurance, automobile insurance, and licensure of title agents. A workshop has been set for 10:00 a.m., on October 10, 2000, at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada, 89701. The purpose of the workshop is to solicit comments from interested persons on the following general topics addressed in the proposed regulations.

- 1. Stop Loss Health Insurance.** The proposed regulation establishes the minimum attachment points for stop-loss policies of health insurance.
- 2. Automobile Insurance, Title agents.** The proposed regulation establishes disclosure requirements for operator policies; amends the definition of chargeable accidents; repeals the regulation regarding the national speed limit; and deletes the residency requirement for title agents.
- 3. Financial Privacy.** The proposed *temporary* regulation delays the effective date for licensees to comply with Title V of the Gramm-Leach-Bliley Act (15 U.S.C. 6801 through 6827) to July 1, 2001.

Members of the insurance industry, business community, and the public are also invited to comment on any impact the proposed regulations may have on small businesses. The Division has reviewed the proposed regulations and determined that they are not likely to impose a direct or significant impact on a small business, or directly restrict the formation, operation, or expansion of a small business. The regulation on stop-loss health insurance formally establishes by rule a long-standing policy of the Division concerning the minimum acceptable attachment points for stop-loss insurance. Neither the regulation on automobile insurance and title agents nor the regulation on financial privacy should have any impact on small businesses.

A copy of this notice and the proposed regulations 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 proposed regulations will be available at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada, 89701, and 2501 East Sahara Avenue, Suite 302, Las Vegas, Nevada 89104, and in all business hours. This notice and the text of the proposed regulations, *other than the regulation on financial privacy*, 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 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 Regulations has been sent to 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
788 Fairview Drive, Suite 300
Carson City, NV 89701

Legislative Counsel Bureau
Capitol Complex
Carson City, NV 89710

State Capitol
Capitol Complex
Carson City, NV 89710

County Clerk
Courthouse
Carson City, NV 89710

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

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

Elko County Library
720 Court Street
Elko, NV 89801

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

Battle Mountain Branch Library

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

Blasdel Building
Capitol Complex
Carson City, NV 89710

Capitol Press Room
State Capitol Basement
Carson City, NV 89710

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

Churchill County Library
553 South Maine Street
Fallon, NV 89406

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

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

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

Lincoln County Library
93 Main Street

P.O. Box 141
Battle Mountain, NV 89820

Lyon County Library
20 Nevin Way
Yerington, NV 89447

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

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

White Pine County Library
950 Campton Street
Ely, NV 89301

P.O. Box 330
Pioche, NV 89043

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

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

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

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 788 Fairview Drive, Suite 300, Carson City, Nevada, 89701, or by calling no later than 5 working days prior to the hearing, (702) 687-4270, extension 260.

DATED this _____ day of _____, 2000.

ALICE A. MOLASKY-ARMAN
Commissioner of Insurance

NOTICE OF INTENT TO ACT UPON REGULATIONS

Notice of Hearing for the Adoption 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 10:00 a.m., on October 10, 2000, immediately following a public workshop, at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada, 89701. The purpose of the hearing is to receive comments from all interested persons regarding the adoption of regulations pertaining to stop-loss health insurance.

REGULATIONS CONCERNING STOP-LOSS HEALTH INSURANCE

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

1. The proposed regulations are needed to formally establish by rule the minimum attachment points for stop-loss policies for health insurance. The Division has previously enforced minimum attachment points for stop-loss insurance by Division policy.
2. The proposed regulation establishes a minimum annual attachment point for claims incurred per individual at \$10,000; for groups of 50 or fewer at the greater of \$4000 times the number of group members, 120 percent of expected claims, or \$10,000; and for groups greater than 50 at 110 percent of expected claims.
3. Estimated economic effect of the regulation:
On the business which it is to regulate:
The proposed regulation should have neither an immediate nor long-term impact of any significance on the industry.
On the public:
The proposed regulations should have no economic impact on the public.
4. The Division expects to incur some additional expense to enforce the proposed regulation which cannot be measured at this time.
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 any new fees 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 of Insurance, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701. Written submissions must be received by the Division on or before October 5, 2000. 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, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, 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

Blasdel Building
Capitol Complex
Carson City, NV 89710

State Capitol
Capitol Complex
Carson City, NV 89710

Capitol Press Room
State Capitol Basement
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Carson City, NV 89701

Churchill County Library
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P.O. Box 337
Minden, NV 89423

Elko County Library
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Elko, NV 89801

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Fourth & Cook Street
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Goldfield, NV 89013

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P.O. Box 293
Eureka, NV 89316

Humboldt County Library
85 East 5th 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

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Ely, NV 89301

Clark County Library
1401 East Flamingo Road
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DATED this _____ day of _____, 2000.

ALICE A. MOLASKY-ARMAN
Commissioner of Insurance