

LCB File No. R162-01

**PROPOSED REGULATION OF THE
DEPARTMENT OF MOTOR VEHICLES**

Effective January 1, 2002

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

AUTHORITY: NRS 485.380.5

Section 1. NAC 485.010 is hereby amended to read as follows:

CHAPTER 485 - FINANCIAL RESPONSIBILITY FOR LIABILITY

GENERAL PROVISIONS

485.010 Definitions. (NRS 485.130) As used in this chapter, unless the context otherwise requires, the words and terms defined in ~~NAC 485.020 and 485.023~~ *this chapter* and in NRS 485.028 to 485.120, inclusive, have the meanings ascribed to them in those sections.

Sec. 2. NAC 485.020 is hereby amended to read as follows:

485.020 “~~Appointed agent~~ *Authorized Representative*” defined. “~~Appointed agent~~ *Authorized Representative* means the ~~safety responsibility officer~~ *employee* of ~~the motor vehicles branch of~~ the department ~~for any other person~~ designated ~~in writing~~ by the ~~deputy~~ director ~~of the branch~~ to issue ~~or~~, cancel ~~certificates of self insurance~~ or make administrative decisions concerning self-insurance.

Sec. 3. NAC 485.023 is hereby amended to read as follows:

485.023 “Department” defined. (NRS 485.130) “Department” means the department of motor vehicles ~~and public safety~~.

Sec. 4. NAC 485.028 is hereby amended to read as follows:

485.028 “Extended period,” “mechanical circumstances” and “seasonal circumstances” ~~interpreted~~

defined. (NRS 485.130, 485.320) ~~[As used in NRS 485.0335, the department will interpret the phrase:]~~

1. “Extended period” ~~[to]~~ means:

(a) With respect to a motor vehicle that *the owner failed to cancel the registration and the vehicle* will not be operated because of mechanical circumstances, a period of *time* not less than 30 days nor more than 6 months.

(b) With respect to a motor vehicle that *the owner failed to cancel the registration and the vehicle* will not be operated because of seasonal circumstances, *for* a period of not less than 3 months.

2. “Mechanical circumstances” ~~[to]~~ means that the components or systems of a motor vehicle have failed to such an extent that the vehicle cannot be operated. *Components and systems are the engine, brake system, transmission system, drive train system, heating and air conditioning system, cooling system or muffler and exhaust system.*

3. “Seasonal circumstances” ~~[to]~~ means that a motor vehicle is not used during certain periods of the year because of weather or other factors which make operation of the vehicle during those periods undesirable, unnecessary or impractical.

4. “Extenuating circumstances” means that the vehicle was not insured and was not operated during a specific period of time due to circumstances beyond the control of the registered owner. Circumstances include: hospitalization, family illness, the death of a family member or other catastrophic events.

Sec. 5. Chapter 485 of NAC is hereby amended by adding thereto a new section to read as follows:

The department may reduce the reinstatement fee to \$50.00 upon receipt of documentation

substantiating that a vehicle was dormant for mechanical or seasonal reasons. Acceptable documentation includes, but is not limited to:

1. Mechanical circumstances:

- (a) Receipts from a garage or mechanic; or*
- (b) Receipts for parts if repairs were completed by a private party.*

2. Seasonal circumstances:

- (a) Receipts from a storage facility; or*
- (b) Affidavit provided by the department from property owner if stored on private property.*

3. The department may reduce the reinstatement fee to \$50.00 or eliminate the reinstatement fee for extenuating circumstances upon receipt of documentation verifying that extenuating circumstances existed which prevented the registered owner from renewing the insurance policy on the vehicle. Documentation must cover the time frame specified by the department and must be acceptable to the department.

4. A registered vehicle owner may be granted only one approval for reduced reinstatement fees for mechanical or seasonal circumstances. The department will notify the owner at the time of approval of the provisions of NRS 485.320, requiring cancellation of the registration of the vehicle on or before the date on which the insurance policy is cancelled or expires.

5. A registered vehicle owner may be granted only one approval for elimination of reinstatement fees for extenuating circumstances. The department will notify the owner at the time of approval of the provisions of NRS 485.320, requiring cancellation of the registration of the vehicle on or before the date on which the insurance policy is cancelled or expires.

Sec. 6. NAC 485.030 is hereby amended to read as follows:

485.030 Construction. The department intends that this chapter be liberally construed to secure just,

speedy and economical determinations of all applications for certificates of self-insurance presented to the director of the department ~~[, the deputy director of the motor vehicles branch or an appointed agent.]~~ *or authorized representative.*

Sec. 7. NAC 485.040 is hereby repealed

~~[485.040 Severability. If any provisions of this chapter, or any application thereof to any person, thing or circumstance is held invalid, it is intended that such invalidity not affect the remaining provisions or applications to the extent that they can be given effect.]~~

Sec. 8. NAC 485.050 is hereby amended to read as follows:

485.050 Office of branch; communications.

1. The principal office of the ~~[motor vehicles branch]~~ *department* is ~~[in]~~ the Department of Motor Vehicles ~~[and Public Safety]~~, *Central Services and Records Division*, 555 Wright Way, Carson City, Nevada 89711.
2. All ~~[formal]~~ written communications to the department or securities or documents *relating to self-insurance* ~~[to be filed with the department must]~~ *should* be addressed to the principal office of the department of motor vehicles ~~[and public safety]~~.
3. A person may obtain clarification of this chapter, information about ~~[relief from]~~ the ~~[strict]~~ application ~~[of any of its terms]~~ or information about other dealings with reference to this chapter from the principal office of the ~~[motor vehicles branch]~~ *department*.

CERTIFICATE OF SELF-INSURANCE

Sec. 9. NAC 485.060 is hereby amended to read as follows:

485.060 Application for certificate.

1. Before applying for a certificate of self-insurance, an applicant must submit a complete list of his motor vehicles to the ~~[deputy director of the motor vehicles branch or his appointed agent]~~

department. The list must contain the *vehicle* identification number, *license plate* ~~[registration]~~ number and the name of the make and model of each vehicle.

2. After the list is submitted, the number of vehicles registered in the name indicated on the application must not drop below 11. ~~[Any vehicle acquired after a certificate of self insurance is issued to the applicant is covered by that certificate until the date of its renewal, if the vehicle is registered in the name indicated on the application.]~~

3. An application for a certificate of self-insurance must be made on a form ~~[approved]~~ *provided* by the ~~[motor vehicles branch]~~ *department*. The application must contain a statement by the applicant that he realizes that in self-insuring, he is performing an insurance function and expressly agrees, as a condition to the granting of a certificate of self-insurance, to abide by the statutes of this state concerning unfair practices in settling claims and any regulations adopted thereunder by the commissioner of insurance.

4. Except as otherwise provided in this subsection, each applicant for a certificate of self-insurance must submit a copy of his annual balance sheet and profit and loss statement, including notes, for the confidential use of the department of motor vehicles ~~[and public safety]~~. These financial statements must be verified by a certified public accountant. If the applicant is a natural person who does not have such statements, he must submit copies of his returns for federal income tax for the preceding 3 years.

5. An applicant for self-insurance may be required by the ~~[branch]~~ *department* to submit evidence of excess insurance or reinsurance written by an insurer authorized to do business in this state to provide protection against large or numerous judgments. This insurance may be in excess of the amount of security deposited with the department. To determine if excess insurance or reinsurance will be required, the ~~[deputy]~~ director of the ~~[branch]~~ *department* or ~~[his appointed agent]~~

authorized representative will consider the number of vehicles registered to the applicant, the manner in which they are being used and the applicant's financial ability to pay claims.

Sec. 10. NAC 485.070 is hereby amended to read as follows:

485.070 Approval or denial of application.

1. No application will be approved unless:

(a) The department receives a true, complete and correct application; and

(b) The applicant provides appropriate security of the type in NAC 485.090 in the amount established by NAC 485.080.

2. No certificate of self-insurance may be issued or approved for an applicant whose previous certificate of self-insurance was canceled within 1 year of the date of the application for any of the reasons stated in subsections 3 to 6, inclusive, of NAC 485.120.

3. The director or ~~his appointed agent~~ *authorized representative* will review and approve or disapprove all applications for certificates of self-insurance. After approval, the director *or authorized representative* will issue the certificate.

(a) A certificate of self-insurance will be valid for one year from the date the application is approved, and

(b) The expiration date will remain as that same date, thereafter.

4. The department will notify the applicant by certified mail if his application is denied. The notice will include the reason for the denial. ~~[The applicant may appeal the decision to the departmental hearing officer within 30 days after receipt of the notice of denial.]~~

Sec. 11. NAC 485.080 is hereby amended to read as follows:

485.080 Security required, *grounds for cancellation*.

1. ~~[Security in the amount of \$40,000 is required on any fleet of 11 up to and including 25 vehicles.]~~

2.] The amount of security required for ~~larger~~ fleets is determined in accordance with the following scale:

<i>11 to 25 vehicles.....</i>	<i>\$40,000</i>
26 to 50 vehicles.....	[\$]45,000
51 to 75 vehicles.....	50,000
76 to 100 vehicles.....	55,000
101 to 250 vehicles.....	75,000
251 to 500 vehicles.....	100,000
501 to 750 vehicles.....	150,000
751 to 1,000 vehicles.....	200,000

For fleets in excess of 1,000 vehicles, the amount is determined by the department, but will not be less than \$200,000.

3. The security deposit must be used to satisfy judgments which have become final and remain unsatisfied after 30 days unless a court order mandates otherwise. Upon notification to the self-insurer that the security has been used to satisfy damages, the self-insurer must replenish the fund to the required amount within 24 hours. Failure to maintain the full deposit is grounds for cancellation of the certificate of self-insurance.

Sec. 12. NAC 485.090 is hereby amended to read as follows:

485.090 Forms of security. The department may accept as security:

1. A time certificate of deposit with any chartered federal or state bank within this state made payable to the person and the department of motor vehicles.
2. A deposit with the state treasurer made in accordance with NRS 485.3095, with the department of

motor vehicles as trustee.

3. A surety bond when submitted on behalf of the self-insured by any company qualified to transact the business of a surety in this state.

4. Other forms of security which meet the department's requirements. The form of security will be evaluated in each case to determine if it is acceptable to the department.

Sec. 13. NAC 485.100 is hereby amended to read as follows:

485.100 Duration of security.

1. The security deposited under NAC 485.090 must be maintained for as long as the self-insurer holds or desires to hold a certificate of self-insurance in this state.

2. At the time of the relinquishment of the certificate of self-insurance, the self-insurer shall submit a properly executed affidavit to the department indicating all outstanding claims against the self-insurer by listing all claimants and the amount of each claim.

3. The security must remain on file after the self-insurer no longer desires to hold a certificate of self-insurance or the number of vehicles drops below 11 for the period of 3 ½ years or until *the director is satisfied that* all outstanding claims have been adjudicated and paid.

Sec. 14. NAC 485.110 is hereby amended to read as follows:

485.110 Annual reports.

1. Each self-insurer must annually submit a:

(a) Copy of its balance sheet and profit and loss statement, including notes;

(b) Report on a form ~~approved~~ *provided* by the department indicating the number of accidents, the number of claims submitted, the amount of each, the amount paid to a claimant if the claim has been adjudicated, and the adjusting companies which have settled claims on behalf of the self-insurer; and

(c) Complete listing of currently registered vehicles on a form approved by the department.

Each self-insurer shall submit these reports no earlier than 60 days before and no later than 15 days before ~~each anniversary of~~ the *expiration* date ~~[upon which the application]~~ for ~~[a]~~ *the* certificate of self-insurance ~~[was approved]~~.

2. The self-insurer may settle its own claims or use the services of an adjusting company licensed in accordance with chapter 684A of NRS to settle claims on its behalf. If the self-insurer uses an adjusting company to settle claims, an affidavit must be submitted with the reports required in subsection 1 which lists all companies that settled claims during the reporting period.

Sec. 15. NAC 485.120 is hereby amended to read as follows:

485.120 Cancellation of certificates. The department may cancel the certificate of self-insurance of a self-insurer if:

1. The self-insurer no longer has security in the form required by NAC 485.090;
2. The self-insurer no longer has security in the amount required by NAC 485.080;
3. The self-insurer fails to pay a judgment within 30 days after it becomes final;
4. The self-insurer submits false information in the application for self-insurance;
5. The self-insurer fails to submit or falsifies any report required pursuant to NAC 485.110;
6. The self-insurer fails to comply with the provisions of NRS 686A.310 or NAC 686A.600 to 686A.680, inclusive, an order of the commissioner of insurance in any informal or administrative hearing or an order of any court;
7. The number of vehicles registered in the name of the self-insurer drops below 11; or
8. The self-insurer fails to comply with any of the provisions of NRS 485.380 or of this chapter.

Sec. 16. NAC 485.160 is hereby amended to read as follows:

485.160 Form of record submitted by insurer. (NRS 485.130)

1. Except as otherwise provided in subsection 3, an insurer that:

(a) Insures motor vehicles which are registered in this state; or

(b) Issues motor vehicle liability policies that do not describe specific vehicles to:

(1) Companies who own or operate a fleet of vehicles and whose place of business is located in this state; or

(2) Residents of this state who own or operate a fleet of vehicles, shall submit a record required pursuant to NRS 485.314 in the form prescribed in subsection 2.

2. A record submitted pursuant to NRS 485.314 must ~~be contained:~~

~~(a) On a magnetic cartridge;~~

~~(b) On a magnetic reel tape; or~~

~~(c) In a direct electronic transmission of data, after the department is able to receive such a transmission;~~

~~which~~ comply with a list of specifications that is available from the department.

3. If an insurer:

(a) Insures fewer than 200 vehicles that are registered in this state; or

(b) Issues fewer than 200 motor vehicle liability policies that do not describe specific vehicles to:

(1) Companies who own or operate a fleet of vehicles and whose place of business is located in this state; or

(2) Residents of this state who own or operate a fleet of vehicles, the insurer may, in addition to using the methods of submitting records set forth in subsection 2, submit a record required pursuant to NRS 485.314 on a computer diskette that is 3 1/2 inches wide, IBM compatible, double-sided with double or high density and formatted to comply with a list of specifications which is available from the department. Such a diskette must be submitted to the

Insurance Verification Program, ~~[DMV/PS Motor Vehicles Branch]~~ *Department of Motor Vehicles*,
555 Wright Way, Carson City, NV 89711-0800.