

**LCB File No. R072-02**

**PROPOSED REGULATION OF THE  
COMMISSIONER OF INSURANCE**

(This proposed regulation was adopted as LCB File No. E001-02)

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

May 24, 2002

The Department of Business and Industry, Division of Insurance (Division) is proposing new regulations pertaining to the Essential Insurance Association, Medicare Supplement Policies, Bail Advertising, Prohibition of Discretionary Clauses in Health Insurance Plans, Audited Financial Reports, Dental Care and Policies of Health Insurance, and Multiple Employer Welfare Arrangements. A workshop has been set for 9:00 a.m., on June 28, 2002, at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701. Interested parties may also participate through a simultaneous video-conference conducted at the Bradley Building, 2501 E. Sahara Avenue, Manufactured Housing Division Conference Room, 2<sup>nd</sup> Floor, Las Vegas, Nevada 89104. The purpose of the workshop is to solicit comments from interested persons on the following general topics addressed in the proposed regulations.

- 1. Essential Insurance Association: Proposed regulation is to replace the emergency regulation of March 15, 2002, establishing the Medical Liability Association of Nevada, a Nevada Essential Insurance Association. Emergency regulations are effective for only a period of 120 days.**
- 2. Medicare Supplement Policies: Proposed regulation amends the requirements placed on insurers of Medicare Supplement policies to conform with federal laws. As a result of the federal passage of the Benefits Improvement and Protection Act and the Ticket to Work Act, coverage under Medicare has been modified. Changes to Medicare effects coverage under Medicare Supplement policies. The proposed changes to the Medicare Supplement regulations incorporate the federal changes.**
- 3. Bail Advertising: Proposed regulation adds language to ensure that the public is protected from deceptive or misleading advertising specifically related to bail transactions.**
- 4. Prohibition of Discretionary Clause in Health Insurance Plans: The proposed regulation prohibits a health carrier from issuing a policy, contract, certificate or agreement that contains a provision reserving discretion to the health carrier to interpret the terms of the contract, unless the carrier fully discloses all the rights available to the policyholder in the event of a dispute.**

5. **Audited Financial Reports: Proposed regulation updates certain requirements of insurers to register its independent certified public accountant with the Commissioner of Insurance and provides for the Commissioner of Insurance to not recognize an independent certified public accountant which has either directly or indirectly entered into an agreement of indemnity with respect to the audit of the insurer.**
  
6. **Dental Care and Policies of Health Insurance: Proposed regulation states that a health insurance policy that provides coverage for anesthesia in a hospital or out-patient setting must not deny coverage for anesthesia provided during certain dental procedures.**
  
7. **Multiple Employer Welfare Arrangements: Proposed regulation requires multiple employer welfare arrangements to meet the qualifications as any domestic insurer, set forth in Chapter 680A of the NRS.**

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 the regulations do not impose a direct or significant impact on a small business, or directly restrict the formation, operation, or expansion of a small business.

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 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 regulations 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](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 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

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

Legislative Counsel Bureau

Blasdel Building

Capitol Complex  
Carson City, NV 89710

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

Washoe County Library  
301 South Center Street

P.O. Box 14  
Virginia City, NV 89440

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 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, or by calling no later than 5 working days prior to the hearing, (775) 687-4270, extension 260.

DATED this \_\_\_\_\_ day of May, 2002.

By: \_\_\_\_\_  
ALICE A. MOLASKY-ARMAN  
Commissioner of Insurance

## **NOTICE OF INTENT TO ACT UPON A REGULATION**

### **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 9:00 am, on June 28, 2002, immediately following a public workshop, at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701. Interested persons may also participate through a simultaneous video-conference conducted at the Bradley Building, 2501 East Sahara Avenue, Manufactured Housing Division Conference Room, Second Floor, Las Vegas, Nevada 89104. The purpose of the hearing is to receive comments from all interested persons regarding the adoption of:

#### **ESTABLISHMENT OF THE MEDICAL LIABILITY ASSOCIATION OF NEVADA, A NEVADA ESSENTIAL INSURANCE ASSOCIATION**

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

1. This regulation is necessary to replace the emergency regulation adopted on March 15, 2002, which established the Medical Liability Association of Nevada, a Nevada Essential Insurance Association. Emergency regulations are effective for only a period of 120 days.
2. This regulation provides standards and establishes parameters under which the Medical Liability Association of Nevada must operate.
3. This regulation is necessary to protect the general welfare of the citizens of Nevada by making available an essential insurance, medical malpractice, to appropriate medical practitioners, upon which the medical community relies. An Essential Insurance Association is to function in such a fashion which will create minimal interference with the voluntary market and, at the earliest possible date when essential insurance is readily available in the voluntary market, shall be dissolved in an equitable and reasonable manner.
4. The situation which created the need for the emergency regulation establishing the Essential Insurance Association has taxed the resources of the Division to a considerable degree. It is anticipated that, given the nature of the Association, although the allocated resources of the Division may lessen as the Association matures, oversight of the Association will continue to require a substantial amount of the Division's resources.
5. The regulation does not overlap or duplicate other state or federal regulations or statutes.
6. The regulation will create the possibility of obligations upon the Association Members, in the event the Association's obligations are not fully funded by the premiums collected and the interest on those premiums.

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, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701. Written submissions must be received by the Division on or before June 21, 2002. 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 proposed regulation to be 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  
788 Fairview Drive, Suite 300  
Carson City, NV 89701

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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Fourth & Cook Street  
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Goldfield, NV 89013

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

Lincoln County Library  
93 Main Street  
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  
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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, (775) 687-4270, extension 260.

DATED this \_\_\_\_\_ day of May, 2002.

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ALICE A. MOLASKY-ARMAN  
Commissioner of Insurance



**PROPOSED REGULATION OF THE  
COMMISSIONER OF INSURANCE**

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

**AMENDING THE EMERGENCY REGULATION  
OF MARCH 15, 2002, WHICH ESTABLISHED  
THE MEDICAL LIABILITY ASSOCIATION OF NEVADA,  
A NEVADA ESSENTIAL INSURANCE ASSOCIATION**

**Authority: NRS 679B.130**

**Section 1.** Chapter 686B of NAC is hereby amended by adding thereto or deleting various provisions as set forth in the Emergency Regulation of 3-15-2002, LCB File No. R001-02, herein Sections 2 through 26;

**Sec 2. 1.** This regulation implements the Medical Liability Association of Nevada (Association), a Nevada Essential Insurance Association in accordance with NRS 686B.180 to 686B.250, inclusive. It *supercedes from inception, the emergency regulation of March 15, 2002 and* establishes procedures and requirements for a risk-sharing plan to provide medical professional liability insurance coverage for eligible physicians and other appropriate medical ~~[professionals]~~ *practitioners* on a self-supporting basis. This regulation is also intended to encourage the improvement in reasonable loss prevention measures and encourage the maximum use of the voluntary market. ~~[The Medical Liability Association of Nevada will not directly compete with the voluntary market.]~~

**2.** The Medical Liability Association of Nevada shall be a non-profit association. The formation of the non-profit association is necessary to advance and protect the health and welfare of the citizens of the state of Nevada by providing essential insurance to physicians so that the citizens of the state of Nevada are provided medical care. To achieve the purposes set forth by the Nevada Legislature and specifically those set forth herein, the Association is a non-profit organization for the purpose of minimizing, to the greatest extent practicable, the imposition of federal income and excise taxes upon assets otherwise available for the health and welfare of the citizens of the State.

**Sec. 3. 1.** The “Medical Liability Association of Nevada” means the non-profit, unincorporated association established by this regulation to provide for the issuance of medical malpractice liability insurance at adequate and actuarially sound rate levels for risk sharing and to assist eligible applicants in securing medical malpractice liability insurance.

**2.** “Medical malpractice liability insurance” means insurance against medical professional legal liability of the insured as the result of negligence in rendering or failing to render expert or professional service.

3. “Net direct written premiums” mean direct gross premiums written on risks in this state, less return premiums and dividends paid or credited to policyholders on such direct basis. Such term does not include premiums on contracts between insurers and reinsurers.

4. “Board” means the Board of Directors of the Association.

5. “Commissioner” means the Commissioner of Insurance.

6. “Regulation” means sections 2 to 26, inclusive.

**Sec. 4.** 1. Each insurer authorized to transact casualty insurance business, as defined in subsection 1 of NRS 681A.020, is a member of the Association.

2. Membership terminates when an insurer is no longer authorized to write insurance in Nevada, effective the last day of the calendar year in which the insurer loses its authorization.

3. A terminated insurer continues to be governed by the provisions of this regulation until it completes all of its obligations to the Association.

**Sec. 5.** 1. All authorized physicians or other medical ~~professionals~~ *practitioners* who are equitably entitled to obtain insurance shall be eligible to apply for insurance with the Association. However, the Association shall have the right to decline to insure any applicant that it deems to be an *inappropriate or* unacceptable risk. Any applicant who is an *inappropriate or* unacceptable risk shall be deemed to be ineligible for coverage with this Association.

2. The maximum limits of coverage for the type of medical malpractice liability insurance defined in section 3 of this regulation, which may be placed in this Association, are \$1,000,000 per claim and \$3,000,000 aggregate for all claims in any one policy year. Limits in excess of these amounts may be written with the approval of the Commissioner, provided the increased risk is reinsured on a facultative basis. ~~[with an approved reinsurer and at an acceptable rate.]~~

3. The coverage will be issued on a claims-made basis. ~~[with no coverage provided for acts committed or discovered prior to the inception date of the policy issued by the Association.]~~

4. Policies, endorsements and applications may be issued only on forms approved by the Commissioner.

5. Rates will be at actuarially sound levels and only rates and premiums approved by the Commissioner will be charged.

*6. The Board is authorized to provide coverage for prior acts or extended reporting dates or both.*

**Sec. 6.** 1. This Association shall be administered by a Board of Directors under the general supervision of the Commissioner. Each board member has one vote.

2. Board members are appointed by the Commissioner and serve at the discretion of the Commissioner.

3. The number of board members may range from as few as five to as many as nine, as determined by the Commissioner.

4. Board members may be reimbursed from the assets of the Association for the reasonable expenses incurred by them as board members at the state prescribed rates.

5. Board members may receive a reasonable and equitable compensation as may be prescribed by the Board and as approved by the Commissioner.

**Sec. 7.** 1. The Board shall meet as often as may be required to perform the general duties of the administration of the Association or on the call of the Commissioner or chairman of the Board. A simple majority of board members constitutes a quorum.

**Sec. 8.** 1. The Board may delegate specific duties and powers as they deem prudent to an Executive Committee which shall consist of not fewer than three members of the Board.

**Sec. 9.** 1. The Board shall be empowered to invest, borrow and disburse funds, budget expenses, levy assessments, cede reinsurance, make contracts, and perform all other duties provided herein as necessary or incidental to the effective and proper administration of the Association.

**Sec. 10.** 1. The Board ~~[shall]~~ *may* develop a catastrophe plan, implementing appropriate risk management techniques in the event the physical operations of the Association are damaged or destroyed, to assure the smooth and continued operation of the Association. Such plan shall include, but is not limited to, off-site storage of duplicate records, backup of electronic data on a daily basis with a copy of such backup stored off site and contingent arrangements for alternative business sites. ~~[The Board shall also secure insurance or appropriately arrange for addressing any business and premises liability exposures of the Association. Such arrangements may be made through the management operations agreement in NAC 686B.230].~~

**Sec. 11.** 1. The Board shall contract with a qualified and professional insurance management company, adept in the nuances of medical malpractice insurance company operations, to operate the day to day activities of the Association, including but not limited to underwriting, policy issuance and administration, risk management, claims administration, accounting, billing and collections, investigation, and general office procedures.

~~[Sec. 12. 1. The Board shall secure adequate and sufficient treaty reinsurance on the policies issued.]~~

**Sec. ~~[13.]~~ 12.** 1. In the event the combined losses and expenses incurred by the Association during any calendar year are greater than the sum of premiums earned and the investment income for that calendar year, the Board ~~[shall]~~ *may first* assess and collect monies from the insured medical ~~[professionals]~~ *practitioners* in an amount sufficient to cover the deficit.

2. ~~[The Board shall assess from each medical professional insured during the calendar year, other than those insured medical professionals who exercise the options available under section 15 of this regulation for that year, an equitable portion of the amount needed to cover the deficit. shall not be assessed.]~~ *Medical practitioners that exercise the option available in section 14 of this regulation shall not be assessed for the year the option is exercised.*

3. The total amount of assessments for each insured medical ~~[professional]~~ *practitioner* during any annual policy term may not exceed an amount *set by the Board, which shall not be greater than an amount* equal to the annual premium which would be charged for the insured medical ~~[professional]~~ *practitioner* in that rating class at the time of assessment.

4. Non-payment of an assessment in the time provided *by the Board shall be considered the same as the non-payment of premium* and is sufficient grounds for policy cancellation ~~[and~~

~~shall be reported to the Commissioner.} administered in accordance with applicable statutory provisions for cancellation for non-payment of premium.~~

Sec. ~~{14.}~~ **13.** 1. The Association may *also* assess Association members in an amount sufficient to pay necessary obligations.

2. The assessment of each Association member doing the kind of insurance set forth in NRS 681A.020(1) shall be in the proportion that the net direct written premiums of the Association member for the preceding calendar year bear to the net direct written premiums of all Association members for the preceding calendar year. An Association member may not be assessed in any year an amount greater than five percent of its net direct written premiums for the preceding calendar year.

~~{3. The Board is empowered to develop an assessment credit plan, subject to the approval of the Commissioner, wherein an Association member may receive a credit against an assessment levied, based upon the Nevada voluntarily written medical malpractice liability insurance premiums.~~

~~—4.}~~ **3.** Non-payment of an assessment *by an Association member* shall be reported to the Commissioner.

Sec. ~~{15.}~~ **14.** 1. The Board shall develop a cost stabilization option which would enable an insured medical ~~{professional}~~ *practitioner* to pay a determinate fee to the Association in lieu of any assessment subsequently levied by the Board during any calendar year in accordance with NRS 686B.230(3).

Sec. ~~{16.}~~ **15.** 1. The Board shall establish underwriting standards, manuals, and rules, in concert with the professional management company as contracted with pursuant to section 11 of this regulation, which provide for sound risk selection and underwriting practices. ~~{Such underwriting standards, manuals and rules shall be submitted to the Commissioner. Deviation from such standards are only permissible within sound underwriting judgement, wherein the file is specifically documented providing the specific reason or reasons for the deviation. A copy of all such documentation shall be forwarded to the Commissioner's office on a monthly basis on each underwriting deviation made during that month.}~~

Sec. ~~{17.}~~ **16** 1. Any physician or other appropriate medical ~~{professional}~~ *practitioner* may apply to the Association for insurance. Applications must be accompanied by the appropriate premium and be submitted through a producer licensed in this state to transact casualty insurance. ~~{To assure a reasonable and orderly marketing force, the Board shall determine the qualifications and limitations of producer appointments with the Association, and submit to the Commissioner the qualifications and limitations determined by the Board.}~~

2. Applications are not evidence of insurance; no producer shall be authorized to bind the Association to any coverage. The Association may bind coverage only after having a completed application and appropriate premium in hand for the risk to be bound, for a period of up to 90 days. Such binder shall not be extended. If the risk is rejected after the binder has been provided, the premium shall be calculated on a pro-rata basis for the period of the binder. Risks bound, but later rejected, shall not have a reporting period beyond the binder expiration date *unless such coverage is offered by the Association and purchased by the applicant.*

3. The Association shall, within a reasonable time after receipt of an application, notify the applicant or the producer of the acceptance or rejection of the application. Coverage does not begin until the application has been reviewed and the risk is accepted in accordance with the underwriting rules or with appropriate documentation. ~~[as provided in section 16 of this regulation. Rejection of coverage by the Association will be accompanied by a full refund of the premium, unless bound for a period—and is evidence for the applicant to seek coverage from the non-admitted insurance market.]~~

*4. Rejection of coverage by the Association will be accompanied by a full refund of the premium, unless coverage had been or will be provided for a period of time.*

*5. Rejection by the Association shall be a necessary part of the diligence required by surplus lines brokers pursuant to NRS 685A.040 and NAC 685A.215 (1), before insurance from a surplus lines insurer may be written for medical malpractice for a physician or physicians' group.*

**Sec. ~~[18.]~~ 17.** 1. The Board shall cause all policies written by the Association to be separately coded so that appropriate records may be compiled for purposes of calculating the adequate premium level for each classification of risk and performing loss prevention and other studies of the operation of the Association.

**Sec. ~~[19.]~~ 18. 1.** The Board shall prescribe, and provide to the Commissioner, a schedule of fees which permit producer commissions of not more than five percent of the amount of the policy premium written.

2. Upon cancellation of the policy, or if an endorsement is issued which requires the premium to be returned to the insured, the producer shall refund commissions on the return premium to the Association at the same rate at which such commissions were originally paid.

**Sec. ~~[20.]~~ 19.** 1. All rates must be set on an actuarially sound basis and calculated so that the Association will be self-supporting in accordance with the Association's purpose.

**Sec. ~~[21.]~~ 20.** 1. All cancellations and return premiums shall be calculated on a pro-rata basis.

~~**Sec. [22.] 1.** The Board shall give deference to the decision to reject an application by the professional management company. The Commissioner shall give deference to the Board on an upholding of such a rejection. Understanding such standards:~~

~~—(a) An applicant for insurance may appeal to the Board within 30 days after any final ruling, action or decision by the Association;~~

~~—(b) The Board must consider each appeal and render a decision within a reasonable time; and~~

~~—(c) An appeal from any decision of the Board may be made to the Commissioner. Any decision made by the Commissioner on an appeal is a final administrative action. If the Commissioner fails or refuses to review the appeal from the Board's decision on the application rejection within 30 days, such non-review constitutes upholding the Board's decision on the matter.]~~

**Sec. ~~[23.]~~ 21.** 1. The Board shall report to the Commissioner the name of any member or producer who fails to:

(a) Comply with the provisions of this regulation or with any other regulation; or

(b) Pay any assessment levied within 30 days.

**Sec. ~~[24.]~~ 22.** 1. There shall be an annual meeting of the Association membership on a date and at a place fixed by the Board.

2. A special meeting may be called at any time by the Board and shall be called within 40 days after receipt of a written request which specifies the reasons for such request, from any 10 Association members, not more than one of which may be in a group under the same management or ownership.

3. The time and place of all meetings shall be reasonable and adequate notice shall be given.

**Sec. ~~[25.]~~ 23.** 1. The Commissioner and the Board of the Medical Liability Association of Nevada shall take all reasonable and necessary steps to dissolve the Association at the earliest date after essential insurance becomes readily available in the private market. The dissolution of the Association, including its assets and liabilities, shall be accomplished under the supervision of the Commissioner in an equitable and reasonable manner.

**Sec. ~~[26.]~~ 24.** 1. In addition to the financial or other reports herein enumerated and as may be required under statutory authority, the Board shall provide to the Commissioner, without delay, any and all records, documents, papers, tapes, electronic data, or other information requested as may be related in any fashion, directly or indirectly, to the Association.

**Sec. ~~[27.]~~ 25.** 1. There is no liability on the part of, and no cause of action may arise against the Medical Liability Association of Nevada, its Board of Directors, its producers, or persons acting under this regulation for any good faith action taken by them in the performance of their powers and duties under this regulation.

**Sec. ~~[28.]~~ 26.** NAC 686B.610 is hereby amended to read as follows:

1. For the purposes of this section, “schedule rating” means application of judgment credits and debits to the risk rate or premium charge which has been developed through the use of base rate or class rate modified by:

(a) Package discounts where applicable; and

(b) Any other approved rating plan which does not duplicate credits or debits.

2. The Commissioner will accept individual risk premium modification plans if:

(a) Schedule rating factors apply only to individual risk characteristics which reflect potential hazards.

(b) Schedule rating applies only to risks which develop at least \$500 annual premium or \$1,500 3-year prepaid premium. When schedule credits are being applied, the resulting premium must be \$500 or more for 1 year, or \$1,500 or more for 3 years.

(c) The schedule rating plan must provide for debits and credits, and is subject to maximum total debits or credits of 25 percent.

(d) No risk may be modified except after inspection of the property. The insurer shall retain adequate supporting data, including copies of inspection reports, which may be inspected by the division.

3. Each filing of an individual risk premium modification plan must be accompanied by a statement by the filing official affirming that the filing conforms to the provisions of this section.

4. This section does not apply to automobile liability, automobile physical damage, general liability, *medical professional liability*, burglary, glass, fidelity, or boiler and machinery rating plans.