

LCB File No. R087-02

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

**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, 2nd 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**. 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
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 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

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 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 9:00 a.m., on June 28, 2002, 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 Floor, Las Vegas, Nevada 89104. The purpose of the hearing is to receive comments from all interested persons regarding the adoption of:

REGULATIONS CONCERNING MULTIPLE EMPLOYER WELFARE ARRANGEMENTS

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

1. The proposed regulation is needed to ensure that multiple employer welfare arrangements comply with the specified levels of reserves and contributions which any such plan must meet.
2. The proposed regulation requires multiple employer welfare arrangements to meet the qualifications as any domestic insurer, set forth in Chapter 680A of the NRS.
3. Estimated economic effect of the regulation:
On the business which it is to regulate:
The proposed regulation will have an economic effect on the regulated businesses in that the requirement mandates these plans maintain specific levels of capital and surplus in order to obtain a certificate of authority in Nevada and conduct the business of insurance in Nevada.
On the public:
The proposed regulation should have no economic impact on the public.
4. The Division will not incur additional expense to enforce the proposed regulation.
5. The Division is not aware of any 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. The regulation confirms that the multiple employer welfare arrangements will comply with the eligibility requirements for conducting the business of insurance in Nevada that domestic insurers now comply with.

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 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
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Elko County Library
720 Court Street
Elko, NV 89801

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

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

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85 East 5th Street
Winnemucca, NV 89445

Battle Mountain Branch Library
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Hawthorne, NV 89415

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Yerington, NV 89447

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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

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

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

**REGULATION CONCERNING MULTIPLE EMPLOYER WELFARE
ARRANGEMENTS**

Authority: NRS 679B.130 and NRS 679B.139

Section 1. Chapter 680A of the NAC is hereby amended by adding thereto the provisions set forth as sections 2, 3 and 4, of this regulation.

Sec. 2. *A “multiple employer welfare arrangement”, as used in this chapter, shall have the same meaning as that contained in section 1002 (40)(A) of the United States Code.*

Sec. 3. *The provisions of chapter 680A of the NRS governing domestic insurers, their business, capital and surplus requirements, and the requirements for eligibility for a certificate of authority, shall, so far as applicable and not inconsistent, govern multiple employer welfare arrangements.*

Sec. 4. *A multiple employer welfare arrangement shall comply with the criteria set forth in chapter 680A of the NRS to qualify for a certificate of authority.*