

**ADOPTED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R111-04

Effective May 24, 2005

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

AUTHORITY: §§1-9, NRS 679B.130.

A REGULATION relating to insurance; providing limitations on the use of consumer credit information; making various changes to the provisions pertaining to certain filings; changing the deadline of when an insurer must submit a report on its loss prevention and control program; repealing the provision governing air travel insurance; and providing other matters properly relating thereto.

Section 1. Chapter 686A of NAC is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this regulation.

Sec. 2. *As used in this section and section 3 of this regulation, unless the context otherwise requires, the words and terms defined in NRS 686A.610 to 686A.660, inclusive, have the meanings ascribed to them in those sections.*

Sec. 3. 1. *For the purposes of subsection 6 of NRS 686A.680, if a company issues more than one policy under a line of business based on the same credit information and the policies have different effective dates, the 90-day period described in subsection 6 of NRS 686A.680 shall be deemed to apply to the policy with the earliest effective date.*

2. If there is an addition or renewal of a policy under the line of business, the consumer credit report or insurance score used on the policy with the earliest effective date may be used at the addition or renewal of policies under the line of business provided that the credit information is not more than 36 months old.

Sec. 4. NAC 686B.505 is hereby amended to read as follows:

686B.505 The Commissioner will interpret subsection 2 of NRS 686B.030 as requiring the following filings:

1. Policy coverage forms, endorsements, application forms and declarations pages for all business and commercial insurance.

2. Rules, rates, policy coverage forms, endorsements, application forms and declarations pages for the following types of insurance:

(a) Dwelling, up to 4 units;

(b) ~~Personal surety;~~

~~—(c) Bail bond;~~

~~—(d) Hospital comprehensive liability;~~

~~—(e)}~~ Personal inland marine ~~{;~~

~~—(f)}~~, *including, but not limited to, personal watercraft;*

(c) Vehicle mechanical breakdown; and

~~{(g)}~~ (d) Insurance for home protection which is regulated pursuant to NRS 690B.100 to 690B.180, inclusive.

Sec. 5. NAC 686B.520 is hereby amended to read as follows:

686B.520 1. An insurance company which requires a ~~charge in excess of~~ *rate different from* the rate provided by a filing otherwise applicable to a specific risk ~~{;~~ may request the ~~excess~~ *different* rate by written application to the Commissioner for approval or disapproval.

2. An application must:

(a) Include one copy of the face of the policy.

(b) Show a comparison of the filed rate to the ~~excess~~ *requested* rate.

(c) Give a brief statement of steps which the insured can take to improve his insurability and qualify for a lower rate ~~[]~~ *if the requested rate is in excess of the filed rate.*

(d) Provide a space for the insured or a representative to sign as evidence of consent to ~~an~~ *excess* *the requested* rate.

(e) Give any other information required by the Commissioner.

Sec. 6. NAC 686B.830 is hereby amended to read as follows:

686B.830 1. Each insurer providing industrial insurance in this State shall:

(a) Participate in the Nevada Workers' Compensation Insurance Plan; and

(b) Subscribe to the Articles of Agreement of the National Workers' Compensation Reinsurance Pool,

↪ which are hereby adopted by reference.

2. Copies of the Nevada Workers' Compensation Insurance Plan and the Articles of Agreement of the National Workers' Compensation Reinsurance Pool may be obtained, free of charge, from the National Council on Compensation Insurance, ~~[Residual Market Communications, 750 Park of Commerce Drive,]~~ *Customer Service Center, 901 Peninsula Corporate Circle*, Boca Raton, Florida 33487 ~~[]~~, *telephone (800) 622-4123.*

Sec. 7. NAC 686B.835 is hereby amended to read as follows:

686B.835 1. The premiums paid and losses incurred by insurers for industrial insurance provided pursuant to the Nevada Workers' Compensation Insurance Plan must be:

(a) Ceded first to the National Workers' Compensation Reinsurance Pool; and

(b) Redistributed periodically based on the proportionate voluntary market share of each participant in the pool, as set forth in:

(1) The Articles of Agreement of the National Workers' Compensation Reinsurance Pool;
or

(2) The Quota Share Reinsurance Agreement of the National Council on Compensation Insurance, which is hereby adopted by reference.

2. A copy of the Quota Share Reinsurance Agreement of the National Council on Compensation Insurance may be obtained, free of charge, from the National Council on Compensation Insurance, ~~[Residual Market Communications, 750 Park of Commerce Drive,]~~ *Customer Service Center, 901 Peninsula Corporate Circle*, Boca Raton, Florida 33487 ~~[F]~~, *telephone (800) 622-4123.*

Sec. 8. NAC 690B.570 is hereby amended to read as follows:

690B.570 1. Each insurer that issues a policy of medical malpractice insurance must submit a report to the Commissioner on the loss prevention and control programs of the insurer, including, without limitation, the qualified risk management systems offered by the insurer.

2. On or before ~~[May 1]~~ *July 15* of each year, the Commissioner will provide to each insurer the form for making the report.

3. On or before ~~[July 1]~~ *September 15* of each year, the report must be returned to the Commissioner.

Sec. 9. NAC 690B.410 is hereby repealed.

TEXT OF REPEALED SECTION

690B.410 Premiums; policy limits. (NRS 679B.130)

1. The rate charged to the public in Nevada for air trip insurance must not be greater than 2.5 cents per thousand dollars of coverage.
2. No single policy of air trip insurance may be issued on the life of one person in excess of \$165,000.

**NOTICE OF ADOPTION OF PROPOSED REGULATION
LCB File No. R111-04**

The Commissioner of Insurance adopted regulations assigned LCB File No. R111-04 which pertain to chapter 679B of the Nevada Administrative Code on December 30, 2004.

Notice date: 5/21/2004
Hearing date: 6/24/2004

Date of adoption by agency: 12/30/2004
Filing date: 5/24/2005

INFORMATIONAL STATEMENT

A hearing was held on June 24, 2004, at the offices of the Department of Business and Industry, Division of Insurance (Division), 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, with a simultaneous video-conference conducted at the Bradley Building, 2501 E. Sahara Avenue, Manufactured Housing Division Conference Room, 2nd Floor, Las Vegas, Nevada 89104, regarding the adoption of the regulation concerning various provisions of property and casualty insurance.

Public comment was solicited by posting notice of the hearing in the following public locations: 788 Fairview Drive, Legislative Counsel Bureau, Capitol Building Lobby, Blasdel Building, Carson City Courthouse, State Library, Clark County Library, Capitol Press Room and the Division's Las Vegas Office.

In addition, the Division maintains a list of interested parties, comprised mainly of insurance companies, agencies and other persons regulated by the Division. These persons were notified of the workshop and hearing and that copies of the regulation could be obtained from or examined at the offices of the Division in Carson City.

Approximately 17 individuals in Carson City and approximately 8 individuals in Las Vegas attended the hearing.

Considering the comments by those attending the hearing and by those who submitted written comments, the Commissioner has issued an order adopting the regulation, as amended, as a permanent regulation of the Division.

Based upon the testimony received at the workshop, the changes to the regulation are as follows:

1. Section 2 is amended to read as follows:

As used in [sections 2,] *section* 3 [and 4] of this regulation, unless the context otherwise requires, the words and terms defined in NRS 686A.610 to 686A.660, inclusive, have the meanings ascribed to them in those sections.

2. Section 3 is deleted.

3. Section 4 is renumbered as section 3 and amended to read as follows:

1. For the purposes of subsection 6 of NRS 686A.680 [and section 2, 3 and 4 of this regulation], if a company issues more than one policy under [an account] *a line of business* a line of business based on the same credit information and the policies have different effective dates, the 90-day period described in subsection 6 of NRS 686A.680 shall be deemed to apply to the policy with the earliest effective date.

2. If there is an addition or renewal of a policy under the [account] *line of business*, the consumer credit report or insurance score used on the policy with the earliest effective date may be used at the addition or renewal of policies under the [account] *line of business* provided that the credit information is not more than 36 months old.

4. Section 5 is renumbered as section 4.

5. Section 6 is renumbered as section 5.

6. Section 7 is renumbered as section 6.

7. Section 8 is renumbered as section 7.

8. Section 9 is deleted.

9. Section 10 is renumbered as section 8.

10. A new section 9 is added to read as follows:

NAC 690B.410 is hereby repealed.

The economic impact of the regulation is as follows:

(a) On the business it is to regulate: Nominal.

(b) On the public: Small positive benefit. The revision of NAC 686B.520 to allow downward rate deviations may result in lower premiums for a small number of policyholders.

The Division anticipates a nominal expense to enforce the proposed regulation. The Division is not aware of any overlap or duplication of the regulation with any state, local or federal regulation.

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

IN THE MATTER OF THE

CAUSE NO. **04.264**
LCB File No. R111-04

REGULATION RELATING TO VARIOUS PROVISIONS OF PROPERTY AND CASUALTY INSURANCE; CLARIFYING HOW INSURERS MAY CONSIDER CONSUMER CREDIT INFORMATION; MAKING VARIOUS CHANGES TO THE PROVISIONS PERTAINING TO CERTAIN FILINGS; CHANGING THE DEADLINE OF WHEN AN INSURER MUST SUBMIT A REPORT ON ITS LOSS PREVENTION AND CONTROL PROGRAMS; REPEALING NAC 690B.410; AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO.

SUMMARY OF PROCEEDINGS AND ORDER

SUMMARY OF PROCEEDINGS

A public workshop, as required by NRS 233B.061, on the proposed regulation concerning various provisions of property and casualty insurance was held before Alice A. Molasky-Arman, Commissioner of Insurance, on June 24, 2004, in Carson City, Nevada and video-conferenced to the Bradley Building in Las Vegas, Nevada. A public hearing on the proposed regulation was also held before Commissioner Molasky-Arman on June 24, 2004, in Carson City, Nevada, and video-conferenced to the Bradley Building in Las Vegas, Nevada. The regulation is proposed under the authority of NRS 679B.130.

The Department of Business and Industry, Division of Insurance (Division), received two written comments; from Bennett Katz, representing Farmers Insurance Group; and from Samuel Sorich, at the workshop, representing the Property Casualty Insurers Association (PCI). The hearing was attended by approximately 17 individuals in Carson City and Approximately 8 in

Las Vegas. The following persons provided testimony before the Hearing Officer: Janice Moskowitz, Betty Baker and Charles Knaus, representing the Division; John Higby, representing Nevada Capital Insurance Company; Samuel Sorich, representing PCI; Susan Bithell, representing Farmers Insurance Group; James Jinks, representing USAA Group; James Wadhams, representing the American Insurance Association and the Nevada Independent Insurance Association; and Jeanette Belz, representing Liberty Mutual Insurance Company.

Based on the testimony received at the workshop, the changes to the regulation are as follows:

1. Section 2 is amended to read as follows:

As used in [sections 2,] **section** 3 [and 4] of this regulation, unless the context otherwise requires, the words and terms defined in NRS 686A.610 to 686A.660, inclusive, have the meanings ascribed to them in those sections.

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4. Section 5 is renumbered as section 4.
5. Section 6 is renumbered as section 5.
6. Section 7 is renumbered as section 6.
7. Section 8 is renumbered as section 7.
8. Section 9 is deleted.
9. Section 10 is renumbered as section 8.
10. A new section 9 is added to read as follows:

NAC 690B.410 is hereby repealed.

ORDER OF THE COMMISSIONER

Having reviewed the record in this matter, it is hereby ordered that the proposed regulation regarding the various provision of property and casualty insurance, LCB File No. R111-04, be adopted, as amended, as a permanent regulation of the Division.

SO ORDERED this 30th day of December, 2004.

ALICE A. MOLASKY-ARMAN
Commissioner of Insurance