

LCB File No. R066-06

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

AMENDED

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

The Department of Business and Industry, Division of Insurance (Division), is proposing new regulations pertaining to current costs of certain publications, special deposits for insurers of workers' compensation, and examiner rates as published by the NAIC. A workshop has been set for **9:00 a.m., on May 4, 2006**, 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 East 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. **Update Current Costs of Certain Publications. NAC 616B.427 and NAC 616B.606 are amended to update the current costs of certain publications cited in those regulations.**
2. **Establishing Special Deposits for Insurers of Workers' Compensation. NAC 682B.020 is amended to establish special deposits for insurers of workers' compensation. The proposal will increase the amount of the deposit most insurers presently have pledged for benefit of this State for the benefit of claimants of insolvent insurers of workers' compensation policies in the future.**
3. **Remove Reference to Examiner Rates as Published by the NAIC. NAC 679B.0335 is amended to remove reference to examiner rates as published by the National Association of Insurance Commissioners (NAIC). The proposed amendment to NAC 679B.0335 eliminates the reference to posted NAIC rates for examiner compensation. The purpose of removing the reference to examiner rates as published by the NAIC will provide greater latitude in procuring well qualified, competent contract examiner resources.**

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

Lincoln County Library

Battle Mountain Branch Library
P.O. Box 141
Battle Mountain, NV 89820

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
Attn: Reference
P.O. Box 2151
Reno, NV 89505-2151

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, (702) 687-4270, extension 260.

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 May 4, 2006**, 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, 2nd Floor, Las Vegas, Nevada 89104. The purpose of the hearing is to receive comments from all interested persons regarding the adoption of:

REGULATION CONCERNING AMENDMENT TO NAC 679B.0335 TO REMOVE REFERENCE TO EXAMINER RATES AS PUBLISHED BY THE NAIC.

The following information is provided pursuant to the requirements of NRS 233B.0603:

1. A statement of the need for and purpose of the proposed regulation:

The proposed amendment eliminates the reference to posted NAIC rates for examiner compensation. The purpose of removing the reference to examiner rates as published by the NAIC will provide greater latitude in procuring well qualified, competent contract examiner resources.

2. Either the terms or substance of the proposed regulation or a description of the subjects and issues involved:

The substance of the proposed amendment to Chapter 679B.0335 of the Nevada Administrative Code is to eliminate the existing reference to published NAIC examiner rates in order to focus instead on rates established by contract and approved by the Board of Examiners.

3. Estimated economic effect of the regulation:

- (I) The total cost of an examination of an insurer could increase with a partial offset in savings realized from a decrease in the length of time it takes to complete an examination. The initiative will further provide for a competitive environment for examiner assignments which, in the case of smaller companies, could result in a reduced examination expense. The proposal does not contemplate eliminating the examiner rates posted by the NAIC and it is expected that a portion of examiners will retain the NAIC rates in response to accepting proposed assignments.

(II) The proposed regulation should have no economic impact upon the public.

4. A statement identifying the methods used by the agency in determining the impact on a small business prepared pursuant to subsection 3 of NRS 233B.0608:

The Division has determined the impact upon small business will not change. The Division presently retains and utilizes contract examiners whose compensation rates established under approved contracts are independent of the NAIC rates as well as several whose rates are associated with posted NAIC rates.

5. The estimated cost to the agency for enforcement of the proposed regulation:

The Division will not incur additional expense for enforcement of the proposed regulation.

6. A description of any regulations of other state or local governmental agencies which the proposed regulation overlaps or duplicates and a statement explaining why the duplication or overlapping is necessary; if the regulation overlaps or duplicates a federal regulation, the notice must include the name of the regulating federal agency:

The Division is not aware of any overlap or duplication of the regulation with any state, local, or federal regulation.

7. If the regulation is required pursuant to federal law, a citation and description of the federal law:

The proposed regulation is not pursuant to federal law.

8. If the regulation includes provisions which are more stringent than a federal regulation that regulates the same activity, a summary of such provisions.

There are no federal regulations pertaining to examinations of insurers.

9. Statement indicating whether the regulation establishes a new fee or increases an existing fee:

The proposed regulation does not establish any new fees or increase any 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, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701. Written submissions must be received by the Division on or before April 27, 2006. 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
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

Goldfield Public Library
Fourth & Cook Street

Elko, NV 89801

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

Battle Mountain Branch Library
P.O. Box 141
Battle Mountain, NV 89820

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

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 430
Goldfield, NV 89013

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

Lincoln County Library
93 Main Street
P.O. Box 330
Pioche, NV 89043

Lyon County Library
20 Nevin Way
Yerington, NV 89447

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

Washoe County Library
ATTN: Reference
P.O. Box 2151
Reno, NV 89505-2151

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.

LCB File No. R066-06

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

PROPOSED AMENDMENT TO REGULATION TO REMOVE THE REFERENCE
TO EXAMINER RATES AS PUBLISHED BY THE NAIC.

AUTHORITY: NRS 679B.130 and 679B.290.

Section 1. NAC 679B.0335 is hereby amended to read as follows:

679B.0335 1. Reasonable and proper expenses incurred in an examination conducted pursuant to NRS 679B.290 may include, but are not limited to:

~~[(a) For a financial examiner or market conduct examiner, a daily salary as defined in the Examiners Handbook published by the National Association of Insurance Commissioners, which has been adopted by reference in NAC 679B.033.]~~

~~[(b)]~~ (a) For *contract financial examiners, contract market conduct examiners, or* expert assistants, a daily salary *or other compensation* based upon the rate established in the contract approved by the State Board of Examiners.

~~[(c)]~~ (b) The maximum per diem rate for the location of the examination as set forth in the Federal Travel Regulation System of the General Services Administration, 41 C.F.R. chapters 301 to 304, inclusive.

~~[(d)]~~ (c) Expenses for transportation, including, but not limited to, the cost of airfare, railfare, taxicab fare and automobile rental and the reimbursement of any personal automobile expenses necessary to reach the location of the examination. The calculation of expenses for transportation may include expenses for transportation incurred by virtue of the length of time necessary to complete the examination.

~~(d)~~ (d) Upon approval of the Commissioner, miscellaneous expenses incurred by the examiner and assistants while performing an examination. Miscellaneous expenses may include, but are not limited to, expenses for telephone calls, facsimile transmissions and postal charges relating to the examination.

~~(e)~~ (e) An administrative charge, expressed as a percentage of the daily salary of the examiner or assistant, as provided in paragraphs (a) and (b) of this subsection and as provided in the division budget approved by the Nevada Legislature.

2. A copy of the Federal Travel Regulation System, stock number 922-002-00000-2, may be obtained from the Superintendent of Documents, U.S. Government Bookstore, Room 118, Federal Building, 1000 Liberty Avenue, Pittsburgh, Pennsylvania 15222, at a price of \$347.