

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R099-06

May 24, 2006

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

AUTHORITY: §§1 and 6, NRS 679B.130; §2, NRS 679B.130 and 686B.170; §3, NRS 679B.130 and 686B.1775; §§4 and 5, NRS 679B.130, 686B.070 and 686B.100.

A REGULATION relating to insurance; providing that the Commissioner of Insurance will examine the affairs and conditions of all rate service organizations not less frequently than every 5 years; providing that the Commissioner will examine the affairs and conditions of certain rate service organizations as often as he deems advisable; adopting by reference the *NAIC Loss Cost Filing Document* published by the National Association of Insurance Commissioners; requiring insurers to include certain information and forms when filing final rates or loss cost multipliers for policies of industrial insurance; and providing other matters properly relating thereto.

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

Sec. 2. 1. *Except as otherwise provided in subsection 2, the Commissioner will, as often as he deems advisable, examine the affairs and conditions of each rate service organization in accordance with the provisions of NRS 686B.170.*

2. The Commissioner will examine the affairs and conditions of each licensed rate service organization not less frequently than every 5 years.

Sec. 3. 1. *For each filing of final rates or loss cost multipliers for policies of industrial insurance made pursuant to NRS 686B.1775, the insurer:*

(a) Shall complete and include, without limitation:

(1) If an expense constant applies, Expense Worksheet A, which is prescribed by the Commissioner; or

(2) If an expense constant does not apply, Expense Worksheet B, which is prescribed by the Commissioner.

(b) Shall include, without limitation, reference to the premium discount tables which apply and the rules for applying the discounts.

(c) Except as otherwise provided in paragraph (d), may continue to use the loss cost multipliers filed until:

(1) The loss cost multipliers are disapproved by the Commissioner; or

(2) The insurer submits a new filing to replace the loss cost multipliers previously filed.

(d) Unless the Commissioner has explicitly approved otherwise, shall use the current loss cost multipliers filed by the advisory organization in accordance with the anniversary rating date rule in the prospective loss costs, manuals of ratings rules and ratings schedules approved by the Commissioner pursuant to NRS 686B.177.

2. As used in this section, “expense constant” means a premium charged to each policy of industrial insurance regardless of the size of the policy.

Sec. 4. NAC 686B.445 is hereby amended to read as follows:

686B.445 1. A filing by an insurer that refers to a reference filing of prospective loss costs made by a rate service organization must include, ~~in the following order,~~ *without limitation, a completed copy of the NAIC Loss Cost Filing Document adopted by reference pursuant to subsection 2 or a reference filing adoption form that is substantially similar to the NAIC Loss Cost Filing Document and a summary of supporting information.*

2. The *Commissioner hereby adopts by* reference ~~[filing adoption form is available from the Department of Business and Industry, Division of Insurance, 1665 Hot Springs Road, Carson City, Nevada 89710.]~~ *the NAIC Loss Cost Filing Document published by the National Association of Insurance Commissioners. A copy of the document is available free of charge from the National Association of Insurance Commissioners at the internet address <http://www.naic.org>.*

Sec. 5. NAC 686B.460 is hereby amended to read as follows:

686B.460 1. Except as otherwise provided in subsection 2, NAC 686B.400 to 686B.460, inclusive, do not require a rate service organization or its participating insurers to refile a rate *or loss cost* previously approved by the Commissioner.

2. A participating insurer of a rate service organization may continue to use any rate, *loss cost* or deviation filed and approved for its use until:

(a) The ~~[rates are]~~ *rate, loss cost or deviation is* disapproved; or

(b) The insurer makes its own filing to change its rate by making an independent filing or by filing a reference filing adoption form that adopts the prospective *rates or* loss costs of a rate service organization or an adjustment to the prospective *rates or* loss costs by the insurer.

3. The provisions of this section do not apply to the filing of a rate, loss cost or deviation relating to a policy of industrial insurance.

Sec. 6. NAC 686B.800 is hereby amended to read as follows:

686B.800 As used in NAC 686B.800 to ~~[686B.840,]~~ *686B.845*, inclusive, *and section 3 of this regulation*, unless the context otherwise requires, the words and terms defined in NAC 686B.802 to 686B.815, inclusive, have the meanings ascribed to them in those sections.