

**ADOPTED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R100-06

Effective December 7, 2006

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

AUTHORITY: §1, NRS 687B.385; §§2 and 3, NRS 679B.130.

A REGULATION relating to insurance; providing that an insurer is prohibited from cancelling, refusing to renew or increasing the premium upon renewal of a policy of motor vehicle insurance based upon an accident that is not a chargeable accident; repealing certain provisions concerning use of claims made under the comprehensive portion of a policy of automobile insurance; and providing other matters properly relating thereto.

Section 1. Chapter 687B of NAC is hereby amended by adding thereto a new section to read as follows:

1. An insurer shall not cancel, refuse to renew or increase the premium charge for the liability coverage under a policy of motor vehicle insurance upon renewal of the policy of motor vehicle insurance because of an accident that is not a chargeable accident.

2. Each insurer shall file with the Division its definition of a “chargeable accident” and shall use the filed definition. The insurer’s definition of a “chargeable accident” may include only those accidents for which the insured is 50 percent or more at fault.

3. Each filing of a rate for a policy of motor vehicle insurance submitted to the Division must define a “chargeable accident” in terms of a monetary amount of damage.

4. An insurer may not define a claim made under the comprehensive portion of a policy of motor vehicle insurance as a chargeable accident in order to increase the premium for the policy or to cancel the policy, but the insurer may use a series of such claims to discontinue

comprehensive coverage or to offer a higher deductible for comprehensive coverage upon the renewal of the policy.

Sec. 2. NAC 690B.210 is hereby amended to read as follows:

690B.210 As used in NAC 690B.210 to 690B.250, inclusive, unless the context otherwise requires:

1. “Commercial automobile” means a motor vehicle not rated under rules for private automobiles for passengers.
2. “Company rules” means the standards established and used by an insurer for underwriting, rating, cancellation or nonrenewal of insurance for automobiles.
3. “Date of incident” means the actual day on which a person engages in the activity which results in a citation for a violation of a traffic law or the day on which he is involved in an accident involving a motor vehicle.
4. “Division” means the Division of Insurance of the Department of Business and Industry.
5. “Incident” means an activity resulting in a conviction for a violation of a traffic law, a chargeable accident ~~as~~ *as defined pursuant to section 1 of this regulation*, or both.
6. “Private automobile for passengers” means a:
 - (a) Motor vehicle rated under the rules for private vehicles for passengers; or
 - (b) Rented motor vehicle of the type used for a private automobile for passengers, even if it is rated under the rules for commercial motor vehicles.

Sec. 3. NAC 690B.230 is hereby repealed.

TEXT OF REPEALED SECTION

690B.230 Chargeable accidents: Authorized use; filing of definition with Division.

(NRS 679B.130)

1. For underwriting, rating, cancellation, or nonrenewal of insurance for automobiles, an insurer may consider any chargeable accident.

2. Each insurer shall file with the Division its definition of a “chargeable accident” and shall use the filed definition. The insurer’s definition of a “chargeable accident” may include only those accidents for which the insured is 50 percent or more at fault.

3. Each filing of a rate for insurance for automobiles submitted to the Division must define a “chargeable accident” in terms of a monetary amount of damage.

4. An insurer may not define a claim made under the comprehensive portion of the policy as a chargeable accident in order to cancel the policy, but he may use a series of such claims to discontinue comprehensive coverage, to offer a higher deductible upon the renewal of a policy, or to add a surcharge to the premium for the policy.

**NOTICE OF ADOPTION OF PROPOSED REGULATION
LCB File No. R100-06**

The Commissioner of Insurance adopted regulations assigned LCB File No. R100-06 which pertain to chapter 703 of the Nevada Administrative Code.

INFORMATIONAL STATEMENT

A hearing was held on May 25, 2006, 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, Real Estate Division Conference Room, 2nd Floor, Las Vegas, Nevada 89104, regarding the adoption of the regulation concerning chargeable accidents. The hearing was continued to June 22, 2006, and continued again to August 7, 2006.

Public comment was solicited by posting notice of the hearing in the following public locations: Division's Carson City Office, Legislative Counsel Bureau, Capitol Building Lobby, Blasdel Building, Carson City Courthouse, State Library, Capitol Press Room, and the Division's Las Vegas Office. Notice was also e-mailed to members of the Property and Casualty Advisory Committee and interested parties of that Committee. In addition, the Division maintains a general list of interested parties, comprised mainly of insurance companies, agencies and other persons regulated by the Division. These persons were also notified of the hearing and that copies of the regulation could be obtained from or examined at the offices of the Division in Carson City

The hearing was attended by four interested parties in Carson City and one interested party in Las Vegas.

After 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 hearing, the proposed regulation, LCB File No. R100-06, is amended as follows:

Section 1. Chapter 687B of NAC is hereby amended by adding thereto a new section to read as follows:

1. ~~[In accordance with NRS 687B.385, a]~~An insurer shall not cancel, refuse to renew or increase the premium *charge for the liability coverage under a policy of motor vehicle insurance* upon renewal of a policy of motor vehicle insurance because of an accident that is not a chargeable accident.
2. Each insurer shall file with the Division its definition of a "chargeable accident" and shall use the filed definition. The insurer's definition of a "chargeable accident" may include only those accidents for which the insured is 50 percent or more at fault.

3. Each filing of a rate for a policy of motor vehicle insurance submitted to the Division must define a “chargeable accident” in terms of a monetary amount of damage.

4. An insurer may not define a claim made under the comprehensive portion of the policy as a chargeable accident in order to increase the premium or cancel the policy, but he may use a series of such claims to discontinue comprehensive coverage or to offer a higher comprehensive coverage deductible upon the renewal of the policy.

Sec. 2. NAC 690B.210 is hereby amended to read as follows:

690B.210 As used in NAC 690B.210 to 690B.250, inclusive, unless the context otherwise requires:

1. “Commercial automobile” means a motor vehicle not rated under rules for private automobiles for passengers.

2. “Company rules” means the standards established and used by an insurer for underwriting, rating, cancellation or nonrenewal of insurance for automobiles.

3. “Date of incident” means the actual day on which a person engages in the activity which results in a citation for a violation of a traffic law or the day on which he is involved in an accident involving a motor vehicle.

4. “Division” means the Division of Insurance of the Department of Business and Industry.

5. “Incident” means an activity resulting in a conviction for a violation of a traffic law, a chargeable accident **as defined pursuant to section 1 of this regulation**, or both.

6. “Private automobile for passengers” means a:

(a) Motor vehicle rated under the rules for private vehicles for passengers; or

(b) Rented motor vehicle of the type used for a private automobile for passengers, even if it is rated under the rules for commercial motor vehicles.

Sec. 3. NAC 690B.230 is hereby repealed.

These changes are necessary to address insurance industry concerns with respect to the scope of the regulation and with respect to insurers’ ability to address unforeseen comprehensive claim exposures.

The economic impact of the regulation is as follows:

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

(b) On small businesses: Nominal.

(c) On the public: Nominal.

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.