

**LCB File No. R100-06**

**PROPOSED REGULATION OF THE  
COMMISSIONER OF INSURANCE**

**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 rate service organizations and lost cost adoption; use of chargeable accidents and proposed repeal of Nevada Administrative Code (NAC) 690B.230; and repeal of certain regulations concerning company rate and form filing requirements. A workshop has been set for **9:00 a.m., on May 25, 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, 2<sup>nd</sup> 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. Rate Service Organizations and Loss Cost Adoption. The proposed amendments to Chapter 686B of the NAC provide that rate service organizations shall be examined at intervals not less than 5 years. Also clarified is that insurers underwriting policies of industrial insurance (workers' compensation) must use the current approved loss costs filed by the advisory organization. Some insurers may have been confused by the language in NAC 686B.460 which was never intended to apply to policies of industrial insurance.**
- 2. Use of Chargeable Accidents and Proposed Repeal of NAC 690B.230. The proposed amendment to Chapter 687B of the NAC clarifies that insurers cannot use non-chargeable accidents in rating, cancellation or non-renewal of a private passenger auto policy. Also, proposed repeal of NAC 690B.230.**
- 3. Repeal of Certain Publications Concerning Company Rate and Form Filing Requirements. Repeal of NAC 680B.060 which allows an insurer to submit one rate and form filing on behalf of a group of insurers rather than submitting one rate and form filing for each insurer. Repeal of NAC 680B.080 which requires surplus lines carriers to pay certain filing fees to the Division.**

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](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.

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 5<sup>th</sup> 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 25, 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, 2<sup>nd</sup> Floor, Las Vegas, Nevada 89104. The purpose of the hearing is to receive comments from all interested persons regarding the adoption of:

#### **PROPOSED REGULATION CONCERNING USE OF CHARGEABLE ACCIDENTS and PROPOSED REPEAL OF NAC 690B.230**

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

This proposed regulation eliminates conflict with NRS 687B.385 regarding the consideration of comprehensive claims as chargeable accidents. Under NRS 687B.385, “an insurer shall not cancel, refuse to renew or increase the premium for renewal of a policy of motor vehicle insurance covering private passenger cars or commercial vehicles as a result of any claims made under the policy with respect to which the insured was not at fault.” There is no fault assigned to comprehensive claims and, therefore, under NRS 687B.385, comprehensive claims cannot be considered chargeable accidents. This proposed regulation narrows the scope of application to existing business since NRS 687B.385 applies to existing business only.

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

This amendment clarifies that insurers cannot use non-chargeable accidents in rating, cancellation or non-renewal of a private passenger auto policy.

3. Estimated economic effect of the regulation:

- (1) Both adverse and beneficial effects: Individuals or businesses with a series of comprehensive claims will not be allowed to be surcharged for these claims and will benefit. This change may have some short-term economic impact on insurers as some insurers may have to adjust their rating algorithms. It is not possible to quantify these impacts.
- (II) Both immediate and long-term effects: Lower rates for some consumers.

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:

Elimination of the conflict is not expected to have any significant impact on small businesses.

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

Enforcement of the regulation could be accomplished through market conduct examinations that are routinely scheduled by the Division.

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:

None.

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

Not applicable.

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

Not applicable.

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

Existing fees are not affected.

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 May 18, 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

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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

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Division of Insurance  
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Hawthorne, NV 89415

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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

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**LCB File No. R100-06**

**PROPOSED REGULATION OF THE  
COMMISSIONER OF INSURANCE**

PROPOSED REGULATION CONCERNING USE OF CHARGEABLE ACCIDENTS  
and  
PROPOSED REPEAL OF NAC 690B.230

AUTHORITY: NRS 679B.130

A REGULATION relating to the use of chargeable accidents in underwriting and rating motor vehicle insurance policies.

**Section 1.** Chapter 687B of NAC is hereby amended by adding thereto the provisions set forth as section 2 of this regulation.

**Sec. 2.** *1. An insurer shall not use a non-chargeable accident to cancel, refuse to renew or increase the premium upon renewal of a policy of motor vehicle insurance.*

*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.*

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