

PROPOSED REGULATION OF THE COMMISSIONER OF INSURANCE

LCB File No. R028-10

NOTICE OF WORKSHOP TO SOLICIT COMMENTS ON PROPOSED REGULATIONS

The State of Nevada Department of Business and Industry, Division of Insurance (“Division”), is proposing the adoption, amendment or repeal of regulations pertaining to **chapters 686A and 687B** of the Nevada Administrative Code (“NAC”). A workshop has been set for **9:30 a.m. on November 10, 2010**, to be held at the Nevada State Health Division, 4150 Technology Way, Suite 303, Hearing Room, Carson City, Nevada 89706. Interested parties may also participate through a simultaneous video-conference conducted at the Bradley Building, 2501 East Sahara Avenue, 2nd Floor Conference Room, Las Vegas, Nevada 89104. The purpose of the workshop is to solicit comments from interested persons on the following general topics that may be addressed in the proposed regulations. Please submit any written comments no later than November 3, 2010.

Senior-Specific Certifications. The proposed regulation, R086-10 (draft form), will amend chapter 686A of the NAC, dealing with insurance trade practices, by regulating the use of senior-specific certifications and professional designations in the sale of life insurance and annuities. This regulation will help prevent a producer (agent) from taking unfair advantage of senior consumers and misleading them into believing the producer has special expertise in the products targeted for seniors.

Long-Term Care Insurance. The proposed regulation, R028-10, revises provisions governing Long-Term Care Insurance. There are two main reasons, plus one ancillary reason, for amending the Long-Term Care Insurance regulations, currently embodied in NAC 687B.005 to 687B.140, inclusive; R121-07; and R053-09. The first was to add sections for the Partnership Program with Medicaid (see sections 8 and 14). The disclosure and filing requirements in section 8 will protect consumers and carriers with respect to new partnership contract products, while section 14 conditionally forces exchanges when partnership certification becomes available for a form. As part of the issuer certification requirements, there were a number of NAIC 2000 Long-Term Care Insurance Model Act and Regulation sections that carriers marketing partnership contracts had to comply with per Federal law; those model parts that were not previously part of Nevada regulations have been included in this regulation. The second main reason was to change premium-rate-increase-request rules to a rate-stabilization basis (see section 13) for future contracts. Presently there is no control on the number of times carriers may request increases on a coverage block. This new section generally makes it more difficult, on a loss ratio basis, to secure increases. The new section also forces accountability by authorizing tracking after approval, and gives the

Commissioner better tools to deal with subsequent requests for increases. The ancillary reason for this amended regulation is to bring the Nevada regulations into greater general alignment with the NAIC 2006 Long-Term Care Insurance Model Act (#640) and Regulation (#641).

Medicare Supplement Policies. The proposed regulation, R087-10, will amend section 14 of R049-09 by making changes authorized by the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA). These changes include deletion of previously federally-mandated language prior to the June 1, 2010 effective date of the 2010 Standardized Medicare Supplement plans; changing the preventive benefit for Part B of Plans K and L from 75% to 80%; and making certain administrative changes for consistency.

A copy of all materials relating to the proposals may be obtained at the workshop or by contacting the Division, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706, (775) 687-0704. A reasonable fee for copying may be charged.

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 or provided to the following locations:

Department of Business and Industry
Division of Insurance
1818 East College Parkway, Suite 103
Carson City, NV 89706

Department of Business and Industry
Division of Insurance
2501 East Sahara Avenue, Suite 302
Las Vegas, NV 89104

Capitol Press Room
Capitol Building Basement
Carson City, NV 89710

Donald W. Reynolds Press Center
102 North Curry Street
Carson City, NV 89701

Legislative Counsel Bureau
401 South Carson Street
Carson City, NV 89701

Office of the Attorney General
100 North Carson Street
Carson City, NV 89701

Blasdel Building
209 East Musser Street
Carson City, NV 89701

Nevada State Library & Archives
100 North Stewart Street
Carson City, NV 89701

Office of the Governor
Capitol Building
Carson City, NV 89710

Carson City Courthouse
885 East Musser Street
Carson City, NV 89701

Carson City Library
900 North Roop Street
Carson City, NV 89701

Churchill County Library
553 South Main Street
Fallon, NV 89406

Clark County District Library
833 Las Vegas Boulevard North
Las Vegas, NV 89101

Douglas County Library
P.O. Box 337
Minden, NV 89423

Elko County Library
720 Court Street
Elko, NV 89801

Esmeralda County Library
P.O. Box 430
Goldfield, NV 89013

Eureka Branch Library
P.O. Box 293
Eureka, NV 89316

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

Lander County Library
P.O. Box 141
Battle Mountain, NV 89820

Lincoln County Library
P.O. Box 330
Pioche, NV 89043-0330

Lyon County Library
20 Nevin Way
Yerington, NV 89447

Mineral County Public Library
P.O. Box 1390
Hawthorne, NV 89415

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

Storey County Public Library
P.O. Box 14
Virginia City, NV 89440

Tonopah Public Library
P.O. Box 449
Tonopah, NV 89049

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

White Pine County Library
950 Campton Street
Ely, NV 89301

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 1818 East College Parkway, Suite 103, Carson City, Nevada 89706, or by calling no later than five (5) working days prior to the hearing, (775) 687-0704.

DATED this 13th day of October, 2010.

_____/s/
BRETT J. BARRATT
Commissioner of Insurance

NOTICE OF INTENT TO ACT UPON REGULATION
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 **9:30 a.m. on November 23, 2010**, at the offices of the Nevada State Health Division, 4150 Technology Way, Suite 303, Hearing Room, Carson City, Nevada 89706. Interested persons may also participate through a simultaneous video-conference conducted at the Bradley Building, 2501 East Sahara Avenue, 2nd Floor Conference Room, Las Vegas, Nevada 89104. The purpose of the hearing is to receive comments from all interested persons regarding the adoption of a regulation, R028-10, that pertains to **chapter 687B** of the Nevada Administrative Code (“NAC”).

The following information is provided pursuant to the requirements of Nevada Revised Statute (“NRS”) 233B.0603:

1. The need for and the purpose of the proposed regulation or amendment.

The subject proposed amended regulation is R028-10. There were two main reasons, plus one ancillary reason, for amending the Long-Term Care Insurance regulations, currently embodied in NAC 687B.005 to 687B.140, inclusive; R121-07; and R053-09. The first was to add sections for the Partnership Program with Medicaid (see sections 8 and 14). The disclosure and filing requirements in section 8 will protect consumers and carriers with respect to new partnership contract products, while section 14 forces exchanges when partnership certification becomes available for a form. As part of the issuer certification requirements, there were a number of NAIC 2000 Long-Term Care Insurance Model Act and Regulation sections that carriers marketing partnership contracts had to comply with per Federal law; those model parts that were not previously part of Nevada regulations have been included in this regulation. The second main reason was to change premium-rate-increase-request rules to a rate-stabilization basis (see section 13). Presently there is no control on the number of times carriers may request increases on a coverage block. This new section generally makes it more difficult, on a loss ratio basis, to secure increases. The new section also forces accountability by authorizing tracking after approval, and gives the Commissioner better tools (see the language on rate spirals) to deal with subsequent requests for increases. The ancillary reason for this amended regulation is to bring the Nevada regulations into greater general alignment with the NAIC 2006 Long-Term Care Insurance Model Act (#640) and Regulation (#641).

2. Either the terms or substance of the regulation to be adopted, amended, or repealed, or a description of the subjects and issues involved.

R 028-10 revises provisions governing Long-Term Care Insurance. It covers nearly the entirety of the subject because of the many sections being revised and added. Fifteen sections of this regulation (2 to 14, inclusive, plus 84 and 85) are added to NAC 687B. Most of the sections in NAC 687B related to long-term care insurance are amended in this regulation (sections 15 to 59, inclusive, in sequential order of NAC 687B). This includes five sections of NAC 687B that have been amended by R121-07, but which amendments

have not yet been incorporated into NAC 687B. There are 23 sections in this regulation (60 to 82, inclusive) that are amendments to sections of R121-07 that have not yet been added to NAC 687B. These are provided in the order they appear in R121-07. This includes one section (63) that modifies a section of R053-09, which in turn modified a section of R121-07 that has not yet been added to NAC 687B. Finally, there is one section in this regulation (83) that repeals a number of duplicate sections.

3. The estimated economic effect of the regulation on the business that it is to regulate and on the public. These must be stated separately and in each case must include:

(a) Both adverse and beneficial effects; and

Adverse: There are qualitative benefits of increased regulation that will likely lead to nominal carrier costs, such as for increased filing, reporting and disclosure requirements. It is likely these costs will be passed on to the consumers. No attempt has been made to quantify these costs. See also the immediate effects to follow.

Beneficial: It is anticipated that more carriers will file to write partnership contracts in Nevada, leading to greater penetration. This will enable more policyholders to protect their assets in the event they exhaust long-term care insurance benefits and need to go on Medicaid. No attempt has been made to quantify the asset retention benefit associated with increased partnership contract penetration in Nevada.

(b) Both immediate and long-term effects.

Immediate: As a result of rate stabilization, rates for long-term care products could be significantly higher in early years.

Long-Term: Policyholders will experience fewer rate increases, leading to fewer lapses.

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

There is no significant cost to the agency.

5. A description of and citation to any regulations of other state or local governmental agencies that the proposed regulation overlaps or duplicates, and a statement explaining why the duplication or overlapping is necessary. If the proposed regulation overlaps or duplicates a federal regulation, the notice must include the name of the regulating federal agency.

There is no duplication of regulations between state and local governmental agencies, or federal agencies, and the Division of Insurance on this matter.

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

federal law.

Not applicable.

7. 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 none that are known at this time.

8. Whether the proposed regulation establishes a new fee or increases an existing fee.

There are no fee amendments in this amended regulation.

9. 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.

This regulation will have no anticipated impact on small business.

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, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706. **Written submissions must be received by the Division on or before November 3, 2010.** 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 regulation to be adopted 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 regulation to be adopted will be available at the offices of the Division, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706, 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/register>. Copies of this notice and the proposed regulation 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 does not apply to a public body subject to the Open Meeting Law.

Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, shall 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.

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Churchill County Library
553 South Main Street
Fallon, NV 89406

Clark County District Library
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Minden, NV 89423

Elko County Library
720 Court Street
Elko, NV 89801

Esmeralda County Library
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Goldfield, NV 89013

Eureka Branch Library
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Eureka, NV 89316

Humboldt County Library
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Winnemucca, NV 89445

Lander County Library
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Battle Mountain, NV 89820

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DATED this 13th day of October, 2010.

/s/
BRETT J. BARRATT
Commissioner of Insurance