

PROPOSED REGULATION OF THE COMMISSIONER OF INSURANCE

LCB File No. R097-10

NOTICE OF WORKSHOPS TO SOLICIT COMMENTS ON PROPOSED REGULATIONS

The State of Nevada Department of Business and Industry, Division of Insurance (“Division”), (775) 687-0701, is proposing the adoption, amendment or repeal of regulations pertaining to **chapters 681B, 683A 686B, 687B, 689A and 689C** of the Nevada Administrative Code (“NAC”). Workshops have been set for **October 8, 2010**, at the offices of the Nevada State Health Division, 4150 Technology Way, Suite 303, Hearing Room, Carson City, Nevada 89706. Interested parties may also participate through a simultaneous videoconference conducted at the Bradley Building, 2501 East Sahara Avenue, 2nd Floor Conference Room, Las Vegas, Nevada 89104. The purpose of the workshops 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 October 1, 2010.

The following matters will begin at 10:00 a.m. on October 8, 2010:

Actuarial Opinions. The proposed regulation, R072-10, will amend chapter 681B of the NAC by prescribing requirements for the filing of actuarial opinions and supporting documents and maintenance thereof. This regulation is based upon a model law of the National Association of Insurance Commissioners (“NAIC”) and is an accreditation requirement of the NAIC.

SERFF Mandate. The proposed regulation, R097-10, will amend chapters 686B, 687B, 689A, and 689C of the NAC by mandating electronic filing of required rates, rules or forms and electronic submission of fees.

Accelerated Report Repeal. The proposed regulation, R098-10, will amend chapter 686B of the NAC by repealing the requirement to submit the data required to produce the Accelerated Report to statistical agents.

The following matter will begin at 1:30 p.m. on October 8, 2010:

Continuous Care Coverage. The proposed regulation, R077-10, will amend chapter 683A of the NAC by prescribing requirements for the marketing of continuous care coverage as defined pursuant to NRS 681A.022. It clarifies the type of licensure required and prescribes minimum training requirements. The clarification of the type of licensure required is necessary because some interested parties are confused by the language in Senate Bill 195. The inclusion of the type of licensure required clarifies the intent of the legislation. The minimum training requirements are proposed to address concerns from interested parties that a producer of accident and health insurance that is not also licensed as a producer of casualty

insurance may not have even a basic understanding of the workers' compensation coverage that is part of the continuous care coverage. Because workers' compensation is mandatory for most Nevada employers and because its purpose is to ensure the quick and efficient payment of compensation to employees who are injured or disabled at a reasonable cost to the employers, it is important that those marketing the coverage understand the coverage and the laws applicable to the coverage. NRS 683A.241 provides that the Commissioner of Insurance may adopt regulations requiring examinations which test knowledge of the lines of authority for which a producer seeks licensure.

A copy of all materials relating to the proposals may be obtained at the workshops or by contacting the Division at (775) 687-0701. 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
Director's Office
901 S. Stewart Street, Suite 1003
Carson City, NV 89701

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

Esmeralda County Library

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 **10:00 a.m. on October 22, 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 videoconference 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 that pertains to **chapters 686B, 687B, 689A and 689C** 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.

Certain rates, rules and forms must be filed with the Division pursuant to chapter 686B of NRS and NRS 687B.120. This regulation, R097-10, mandates that filers of these documents must use the System for Electronic Rate and Form Filings (“SERFF”) with the SERFF Electronic Funds Transfer (“EFT”) function for payment of filing fees. The National Association of Insurance Commissioners (“NAIC”) oversees the operation of SERFF. SERFF expedites the filing review and approval process. With SERFF, filings and communications between the filer and reviewer are instantaneous. SERFF allows both the Division and industry to conveniently maintain and retrieve documents electronically, thus providing additional efficiencies and reducing the need for storage of paper filings. Currently, all 50 states, the District of Columbia, Puerto Rico and over 3,000 insurance companies participate in SERFF. Twenty-three states have already mandated that filings be submitted using SERFF. Twelve states currently mandate EFT payments for SERFF filings with two more states scheduled to mandate EFT in the near future.

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

The proposed regulation requires that any rate, rule or form required to be filed pursuant to the provisions of chapter 686B of NRS and NRS 687B.120 shall be filed using SERFF. Additionally, the proposed regulation mandates that payments for these filings be made using the EFT function in SERFF. Currently, the use of SERFF and the use of EFT is optional.

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:

Economic effects on businesses:

Immediate and Long-term Beneficial Effects: Insurance companies will be able to introduce their products to market more quickly, thereby making products available to consumers sooner, providing for greater consumer choice and allowing insurance companies to react more quickly to changing market conditions.

Adverse effects: New users usually need training to effectively use SERFF. The NAIC encourages users to participate in a 2-day Webinar at a cost of \$475 per person. Alternatively, users may participate in a 2-hour tutorial at a cost of about \$25 per session. Filing charges through SERFF thereafter are minimal and should be more than offset by the administrative cost savings of using the electronic system in lieu of a paper system. The number of users requiring training is limited as most insurers have already implemented SERFF and EFT.

Economic effects on the public:

Immediate and Long-term Beneficial Effects: Insurance companies will be able to introduce products to market more quickly, thereby making new and revised products available to consumers sooner.

Adverse effects: None

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

Minimal to none. After an appropriate implementation period, paper filings will not be accepted and will be returned to the company in an envelope provided by the company (self-addressed and stamped envelope is a current requirement for paper filings).

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.

The Division is not aware of any overlap or duplication.

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

N/A

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

N/A

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

The proposed regulation does not establish a new fee or increase an existing fee imposed by the state.

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.

Letters were sent to 23 property and casualty insurers and miscellaneous companies that did not currently use SERFF to submit rate, rule or form filings to the Division. The Division received 16 responses. Eleven of the companies have indicated that they have or are implementing SERFF. Five companies indicated SERFF would be implemented if mandated and seven companies did not respond. There are 908 authorized property and casualty insurers in Nevada. The seven companies that did not respond represent less than one percent of the authorized property and casualty insurers in Nevada.

Life, health and fraternal companies that did not currently use SERFF to submit filings to the Division were contacted by telephone. Most companies contacted indicated they did not have a problem implementing SERFF. There are 530 authorized life, health and fraternal companies. Approximately 98 percent of these companies currently submit their filings using SERFF.

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 October 15, 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 in Carson City by calling (775) 687-0701, or at 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.

This notice of hearing has been posted at or provided to the following locations:

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Carson City, NV 89701

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Division of Insurance
2501 East Sahara Avenue, Suite 302
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Fallon, NV 89406

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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

