

**STATE OF NEVADA
DEPARTMENT OF BUSINESS & INDUSTRY
DIVISION OF INSURANCE**

Determination of Necessity - Small Business Impact Statement
NRS 233B.0608(1)

CREDIT SCORING/MEDICAL MALPRACTICE/CREDIT PERSONAL PROPERTY INSURANCE

EFFECTIVE DATE OF REGULATION:
Upon filing with the Nevada Secretary of State

1. BACKGROUND.

Section 1. NRS 686A.680(7) required insurers to automatically recalculate the credit-based insurance scores of their policyholders every 36 months.

Section 33 of the Assembly Bill 83 was passed in 2017 and repealed this requirement. This regulation makes a conforming change to that repeal, eliminating the requirement in NAC 686A.710(2) that, if there is an addition or renewal of a policy under a line of business based on the same credit information, the consumer credit report or insurance score used on the policy may not be more than 36 months old.

Section 2. NRS 690B.350 required the Commissioner to determine essential medical specialties for medical professional liability (medical malpractice) insurance on an annual basis.

Section 119 of Assembly Bill 83 (2017) amends the process for determining essential medical specialties by making it permissive rather than mandatory upon the Commissioner. The requirements pertaining to essential medical specialties only apply if, after a hearing convened at the discretion of the Commissioner, the Commissioner determines that the market for professional liability insurance issued to any class, type, or specialty of practitioner licensed pursuant to Chapters 630, 631, or 633 of NRS is not competitive and that such insurance is unavailable or unaffordable for a substantial number of such practitioners. This regulation makes conforming changes to NAC 690B.520 by rendering the determination of essential medical specialties discretionary upon the Commissioner, rather than mandatory, and specifying that such determination would occur after a hearing convened at the discretion of the Commissioner pursuant to subsection 1 of NRS 690B.350.

Section 3. NRS 690B.370 required medical professional liability insurers of physicians and surgeons to submit annual reports on loss-prevention and control systems to the Commissioner. NRS 690B.360 required the Commissioner to issue an Annual Report on the Health of the Market for Medical Professional Liability Insurance.

Section 168 of Assembly Bill 83 (2017) repealed NRS 690B.370. This regulation makes a conforming change by repealing NAC 690B.570, a section which specified the timeframes for the Commissioner to circulate the annual survey and for insurers to submit responses in connection with such now-repealed reports. NAC 690B.570 is obsolete since the annual reports on loss-prevention and control systems are to be discontinued.

Section 120 of Assembly Bill 83 (2017) amended NRS 690B.360 to alter the process for the collection of information which is pertinent to monitoring whether an insurer that issues professional liability insurance for a practitioner licensed pursuant to Chapters 630, 631, 632, or 633 of NRS is complying with the applicable standards for rates. Collection of the information specified in NRS 690B.360 is now discretionary, rather than mandatory, upon the Commissioner. Furthermore, the Commissioner is no longer obligated to submit an annual report based on the information to the Director of the Legislative Counsel Bureau, unless the Commissioner convenes a hearing pursuant to NRS 690B.350(1), as amended by Section 119 of Assembly Bill 83 (2017), and determines that the market for professional liability insurance issued to any class, type, or specialty of practitioner licensed pursuant to Chapters 630, 631, or 633 of NRS is not competitive and that such insurance is unavailable or unaffordable for a substantial number of such practitioners. This regulation makes a conforming change by repealing NAC 690B.510, which specified the deadline by which insurers were annually required to submit information pursuant to NRS 690B.360 on a form prescribed by the Commissioner. Due to the amendments to NRS 690B.360, both the deadline and the concept of a form prescribed by the Commissioner for such information are obsolete.

Section 4. NRS 691C.330 required the Commissioner to establish reasonable rates for credit personal property insurance, and NRS 691C.420 required the Commissioner to establish a minimum refund for a credit personal property insurance policy that has been canceled.

Assembly Bill 83, passed in 2017, repealed those requirements. The credit personal property insurance market has become very small in the past few years, and there is very little data with which to establish reasonable rates.

2. DESCRIPTION OF SOLICITATION SHOWING A CONCERTED EFFORT. NRS 233B.0608(1).

A solicitation of this regulation was not made with small businesses in Nevada, as none of the proposed changes in this regulation impact small business. The changes proposed in this regulation are to conform the Nevada Administrative Code to the changes made to the Nevada Revised Statutes in Assembly Bill 83, which was passed by the 2017 Nevada Legislature and signed into law by Governor Sandoval on June 5, 2017.

3. DOES THE PROPOSED REGULATION IMPOSE A DIRECT AND SIGNIFICANT ECONOMIC BURDEN UPON A SMALL BUSINESS OR DIRECTLY RESTRICT THE FORMATION, OPERATION OR EXPANSION OF A SMALL BUSINESS? NRS 233B.0608(1).

☒ NO

☐ YES

4. HOW WAS THAT CONCLUSION REACHED? NRS 233B.0608(3).

The proposed regulation does not impose any requirement on any small business.

Section 1 - This is a consumer-friendly change that also preserves the flexibility of insurers to allow the request of the insured, rather than an automatic timeframe, to determine whether credit-based information is updated for rating purposes. It is cost-effective, as insurers will no longer be required to pay to purchase credit scores on a mandatory basis.

Section 2 - The annual requirement of determining essential medical specialties for medical professional liability (medical malpractice) only impacted the Commissioner's office and staff. Making it discretionary

alleviates the burden from the Commissioner and staff.

Section 3 - The annual reporting requirements were solely upon the insurers and the Commissioner. This proposed change alleviates the reporting burden on both the insurers and on the Commissioner.

Section 4 - Insurers are currently required to file premium rates for credit personal property insurance and will still be required to file such rates if this regulation is adopted.

I, BARBARA D. RICHARDSON, Commissioner of Insurance for the State of Nevada, hereby certify to the best of my knowledge or belief a concerted effort was made to determine the impact of the proposed regulation on small businesses and that this statement was prepared properly and the information contained herein is accurate. (NRS 233B.0608(3))

July 6, 2017
(DATE)

_____/s/
BARBARA D. RICHARDSON
Commissioner of Insurance

Small Business Impact Statement
NRS 233B.0608(2)-(4) and 233B.0609

CREDIT SCORING/MEDICAL MALPRACTICE/CREDIT PERSONAL PROPERTY INSURANCE

1. SUMMARY OF COMMENTS RECEIVED FROM SMALL BUSINESSES. NRS 233B.0609(1)(a).

Not applicable. The changes in this regulation are made to conform the NAC to the changes made in the NRS through Assembly Bill 83 during the 2017 Legislative Session. These proposed changes will not impact Nevada small businesses.

Other interested parties may receive a copy of this summary by contacting Susan Bell, Legal Secretary, Nevada Division of Insurance, at (775) 687-0704 or suebell@doi.nv.gov.

2. HOW WAS THE ANALYSIS CONDUCTED? NRS 233B.0609(1)(b).

This regulation was reviewed and discussed by the Property and Casualty Section of the Nevada Division of Insurance. The experience and expertise of the section members were used to analyze the proposed language of the regulation, and they determined that no impact on small business would be made by these changes.

3. ESTIMATED ECONOMIC EFFECT ON SMALL BUSINESSES THE REGULATION IS TO REGULATE. NRS 233B.0609(1)(c).

The regulations proposed in this bill will not provide any economic impact on the small businesses in the State of Nevada.

4. METHODS CONSIDERED TO REDUCE IMPACT ON SMALL BUSINESSES. NRS 233B.0609(1)(d).

Not applicable.

5. ESTIMATED COST OF ENFORCEMENT. NRS 233B.0609(1)(e).

None.

6. FEE CHANGES. NRS 233B.0609(1)(f).

No new fees are being added.

7. DUPLICATIVE PROVISIONS. NRS 233B.0609(1)(g).

This regulation does not duplicate any existing federal, state or local standards. It is not more stringent than any existing federal, state or local standards.

8. REASONS FOR CONCLUSIONS. NRS 233B.0609(1)(h).

The proposed regulation does not impose any requirement on any business.

Section 1 - This is a consumer-friendly change that also preserves the flexibility of insurers to allow the request of the insured, rather than an automatic timeframe, to determine whether credit-based information is updated for rating purposes. It is cost-effective, as insurers will no longer be required to pay to purchase credit scores on a mandatory basis.

Section 2 - The annual requirement of determining essential medical specialties for medical professional liability (medical malpractice) only impacted the Commissioner's office and staff. Making it discretionary alleviates the burden from the Commissioner and staff.

Section 3 - The annual reporting requirements were solely upon the insurers and the Commissioner. This proposed change alleviates the reporting burden on both the insurers and on the Commissioner.

Section 4 - Insurers are currently required to file premium rates for credit personal property insurance and will still be required to file such rates if this regulation is adopted.

I, BARBARA D. RICHARDSON, Commissioner of Insurance for the State of Nevada, hereby certify to the best of my knowledge or belief a concerted effort was made to determine the impact of the proposed regulation on small businesses and that this statement was prepared properly and the information contained herein is accurate. (NRS 233B.0609(2))

July 6, 2017
(DATE)

_____/s/_____
BARBARA D. RICHARDSON
Commissioner of Insurance