

**NOTICE OF INTENT TO ACT UPON REGULATION  
AND  
HEARING AGENDA**

Notice of Hearing for the Adoption, Amendment or Repeal of Regulations of  
The Department of Business and Industry, Division of Insurance

The State of Nevada Department of Business and Industry, Division of Insurance (“Division”), (775) 687-0700, will hold a public hearing at **9:30 a.m. on March 31, 2016**, at the Division’s office located at 1818 East College Parkway, 1<sup>st</sup> floor hearing room, Carson City, Nevada 89706. Interested persons may also participate through a simultaneous videoconference conducted at the Bradley Building, 2501 East Sahara Avenue, Suite 312 (3rd floor conference room), Las Vegas, Nevada 89104. The purpose of the hearing is to receive comments from all interested persons regarding the adoption, amendment or repeal of the regulation(s) that pertain(s) to **chapter(s) 679B and 680C** of the Nevada Administrative Code (“NAC”).

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

**LCB File No. R001-16. Fund for Administration and Enforcement–Annual Fee.**

A REGULATION relating to insurance; establishing and revising provisions concerning certain assessments; establishing provisions concerning the payment of an annual fee by certain insurers; establishing provisions concerning the holding of certain public meetings by the Commissioner of Insurance; repealing certain obsolete provisions; and providing other matters properly relating thereto.

(1) Why is the regulation necessary and what is its purpose?

**During the 2015 legislative session, the Legislature passed AB 486 which revised the amount of the annual fee to be paid by certain insurers from a statutory fee schedule to an amount to be determined annually by the Commissioner and repealed certain statutory fees charged for specific activities related to the administration and enforcement of the insurance code and other laws and regulations within the purview of the Division.**

(2) What are the terms or substance of the proposed regulation?

**Nevada Revised Statutes 680C.110 was amended to require (1) certain annual fees to be paid on or before the date established by regulation of the Commissioner; (2) each insurer authorized to transact casualty insurance, health insurance, life insurance or property insurance and each title insurer, fraternal benefit society, corporation that operates a hospital, medical or dental service plan, health maintenance organization, organization for dental care and prepaid limited health service organization to pay to the Commissioner an initial fee of \$1,000 and an annual fee determined by the Commissioner; and (3) certain other insurers to pay to the Commissioner an initial fee of \$250 and an annual fee of \$250. The latter fee of \$250 was not changed in AB 486.**

**This proposed regulation contains two sections. The first section establishes a process by which those insurers pursuant to section 4 of AB 486 will be notified of the Division’s intent to review its budget as approved by the Legislature and make a determination of the amount of the annual fee that will be required to be paid by each insurer for the next fiscal year. The second section of the proposed regulation sets forth a process by which the Division will present for public input its preliminary biennial budget request and the projected impact that such a request would have on the annual fee for the coming biennium.**

(3) What is the anticipated impact of the regulation on the problem(s)?

**It sets forth an open and public process for the regulated entities on the cost of the annual fee.**

(4) Do other regulations address the same problem(s)? **No.**

(5) Are alternate forms of regulation sufficient to address the problem(s)? **No.**

(6) What value does the regulation have to the public?

**There is no value to the public directly, but the fee helps fund the Division’s administrative and regulatory efforts to ensure a stable insurance marketplace and protect consumers.**

(7) What is the anticipated economic benefit of the regulation?

a. Public

- 1. Immediate: **None**
- 2. Long Term: **None**

b. Insurance Business

- 1. Immediate: **Annual Fee**
- 2. Long Term: **Annual Fee**

c. Small Businesses

- 1. Immediate: **None**
- 2. Long Term: **None**

d. Small Communities

- 1. Immediate: **None**
- 2. Long Term: **None**

e. Government Entities

- 1. Immediate: **Funds Division of Insurance Budget**
- 2. Long Term: **Funds Division of Insurance Budget**

(8) What is the anticipated adverse impact, if any?

a. Public

1. Immediate: **Without funding the Division of Insurance will not be able to meet statutory obligations.**
  2. Long Term: **Without funding the Division of Insurance will not be able to meet statutory obligations.**
- b. Insurance Business
1. Immediate: **Without funding the Division of Insurance will not be able to meet statutory obligations.**
  2. Long Term: **Without funding the Division of Insurance will not be able to meet statutory obligations.**
- c. Small Businesses
1. Immediate: **None**
  2. Long Term: **Without funding the Division of Insurance will not be able to meet statutory obligations.**
- d. Small Communities
1. Immediate: **None**
  2. Long Term: **Without funding the Division of Insurance will not be able to meet statutory obligations.**
- e. Government Entities
1. Immediate: **None**
  2. Long Term: **None**

(9) What is the anticipated cost of the regulation, both direct and indirect?

- a. Enactment: **None**
- b. Enforcement: **None**
- c. Compliance: **None**

(10) Does the regulation establish a new fee or increase an existing fee?

**In 2009, the Fund for Insurance Administration and Enforcement (Fund) was established as an enterprise fund to support the general duties of the Division of Insurance and the Legislature established the annual fee in statute at \$1,300.00. Current law requires that all insurers with a certificate of authority granted by the Division pay an initial and annual fee which is deposited into this Fund. In revising the law, the Legislature determined that the fee should be set annually by the Commissioner and by regulation, set forth the process for determination of the annual fee to be assessed, and provided that certain factors such as direct premium written in the preceding calendar year as reported to the National Association of Insurance Commissioners must be considered when making the determination.**

(11) Provide a statement which identifies the methods used by the agency in determining the impact of the proposed regulation on a small business, prepared pursuant to subsection 3 of NRS 233B.0608.

**The Division is not intending to conduct a solicitation since the statutory requirements for the annual fee are based on premium written in the State for the prior year and on the budget for the Division's operations as authorized and approved by the Legislature. Pursuant to current statutory licensing requirements, any insurer maintaining a certificate of authority in Nevada is required to pay the annual fee regardless of whether the insurer writes any premium in the State of Nevada. Prior to the change in NRS 680C.110, any insurer that did not write premium was required to pay the statutorily set annual fee of \$1,300.00. The change in the law does not remove this annual fee requirement for those insurers which do not write premium in the State. The regulation will apply to these insurers seeking to maintain a certificate of authority.**

(12) Provide 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, state the name of the regulating federal agency. **N/A**

(13) If the regulation is required pursuant to federal law, provide a citation and description of the federal law. **N/A**

(14) If the regulation includes provisions which are more stringent than a federal regulation that regulates the same activity, provide a summary of such provisions. **N/A**

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 March 8, 2016.** 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 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 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://leg.state.nv.us/register/>**. Copies of this notice and the proposed regulation will 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.

Notice of the hearing was provided via electronic means to all persons on the agency's e-mail list for administrative regulations, and this Notice of Intent to Act Upon Regulation was posted to the agency's Internet Web site at <http://doi.nv.gov/> and was provided to or posted at the following locations:

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

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

Legislative Building  
401 South Carson Street  
Carson City, Nevada 89701

Grant Sawyer Building  
555 East Washington Avenue  
Las Vegas, Nevada 89101

Blasdel Building  
209 East Musser Street  
Carson City, Nevada 89701

Capitol Building Main Floor  
101 North Carson Street  
Carson City, Nevada 89701

Nevada Department of Employment,  
Training and Rehabilitation  
2800 E. Saint Louis Ave.  
Las Vegas, NV 89104

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

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

Churchill County Library  
553 South Main Street  
Fallon, Nevada 89406

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

Elko County Library  
720 Court Street  
Elko, Nevada 89801

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

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

Humboldt County Library  
85 East 5<sup>th</sup> Street  
Winnemucca, Nevada 89445

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

Las Vegas-Clark County Library District  
7060 W. Windmill Lane  
Las Vegas, NV 89113

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

Lyon County Library  
20 Nevin Way  
Yerington, Nevada 89447

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

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

Storey County Clerk  
P.O. Drawer D  
Virginia City, Nevada 89440

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

Washoe County/Downtown Reno Library  
P.O. Box 2151  
Reno, Nevada 89505-2151

White Pine County Library  
950 Campton Street  
Ely, Nevada 89301

Members of the public who would like additional information about the proposed regulation may contact Laurie Squartsoff, Deputy Commissioner, at (775) 687-0789, or via e-mail to [lsquartsoff@doi.nv.gov](mailto:lsquartsoff@doi.nv.gov).

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 (775) 687-0700, no later than five (5) working days before the meeting.

DATED this 29<sup>th</sup> day of February, 2016.



AMY L. PARKS  
Acting Commissioner of Insurance

### **HEARING AGENDA**

The Department of Business and Industry, Division of Insurance

**March 31, 2016 • 9:30 a.m.**

**Location of Hearing:**

Office of the Division of Insurance  
1818 E. College Pkwy., 1<sup>st</sup> Floor Hearing Room  
Carson City, NV 89706  
(Division Offices located in Suite 103)

**Available via Videoconference at:**

Office of the Division of Insurance  
2501 E. Sahara Ave., Suite 312 (3<sup>rd</sup> floor  
conference room)  
Las Vegas, NV 89104  
(Division Offices located in Suite 302)

**1. Call to Order.**

**2. Presentation, Discussion and Adoption of Proposed Regulation. (For Possible Action)**

**LCB File No. R001-16, Fund for Administration and Enforcement–Annual Fee.**

A REGULATION relating to insurance; establishing and revising provisions concerning certain assessments; establishing provisions concerning the payment of an annual fee by certain insurers; establishing provisions concerning the holding of certain public meetings by the Commissioner of Insurance; repealing certain obsolete provisions; and providing other matters properly relating thereto.

**3. Public Comment.**

**4. Adjournment.**

Supporting public material for this meeting may be requested from Sue Dummar, Legal Secretary, Nevada Division of Insurance, 1818 E. College Parkway, Carson City, Nevada 89706, by e-mail to [sdummar@doi.nv.gov](mailto:sdummar@doi.nv.gov), or by calling (775) 687-0704. In your request, please state that you are requesting meeting materials for LCB File No. R001-16, Fund for Administration and Enforcement–Annual Fee, and provide the date of the meeting.

Note: Any agenda item may be taken out-of-order; items may be combined for consideration by the public body; and items may be pulled or removed from the agenda at any time. The Hearing Officer, within his/her discretion, may allow for public comment on individual agenda items. Public Comment may be limited to three minutes per speaker.

Members of the public are encouraged to submit written comments for the record.

We are pleased to make reasonable accommodations for attendees with disabilities. Please notify Sheri LeTourneau, Assistant to the Commissioner, at (775) 687-0771, no later than five (5) working days before the meeting.

NOTICES FOR THIS MEETING HAVE BEEN POSTED IN ACCORDANCE WITH NRS 241 AT THE FOLLOWING LOCATIONS:

Nevada Division of Insurance, 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706

Nevada Division of Insurance, 2501 E. Sahara Avenue, Suite 302, Las Vegas, Nevada 89104

Nevada State Legislative Building, 401 S. Carson Street, Carson City, Nevada 89701

Grant Sawyer State Office Building, 555 E. Washington Avenue, Las Vegas, Nevada 89101

Blasdel State Office Building, 209 E. Musser Street, Carson City, Nevada 89701

Nevada State Capitol, 101 N. Carson Street, Carson City, Nevada 89701

Nevada Dept. of Employment, Training and Rehabilitation, 2800 E. Saint Louis Avenue, Las Vegas, Nevada 89104

The State of Nevada Website ([www.nv.gov](http://www.nv.gov))

The Nevada State Legislature Website ([www.leg.state.nv.us](http://www.leg.state.nv.us))

The Nevada Division of Insurance Website ([www.doi.nv.gov](http://www.doi.nv.gov))





STATE OF NEVADA  
DEPARTMENT OF BUSINESS & INDUSTRY  
DIVISION OF INSURANCE

Determination of Necessity of Small Business Impact Statement

R001-16

A regulation relating to insurance; revising the annual fee for certain insurers pursuant to NRS 680C.110  
Effective upon adoption

1. BACKGROUND

During the 2015 legislative session, the Legislature passed AB 486 which revised the amount of the annual fee to be paid by certain insurers from a statutory fee schedule to an amount to be determined annually by the Commissioner and repealed certain statutory fees charged for specific activities related to the administration and enforcement of the insurance code and other laws and regulations within the purview of the Division.

Nevada Revised Statutes 680C.110 was amended to require (1) certain annual fees to be paid on or before the date established by regulation of the Commissioner; (2) each insurer authorized to transact casualty insurance, health insurance, life insurance or property insurance and each title insurer, fraternal benefit society, corporation that operates a hospital, medical or dental service plan, health maintenance organization, organization for dental care and prepaid limited health service organization to pay to the Commissioner an initial fee of \$1,000 and an annual fee determined by the Commissioner; and (3) certain other insurers to pay to the Commissioner an initial fee of \$250 and an annual fee of \$250. The latter fee of \$250 was not changed in AB 486.

This proposed regulation contains two sections. The first section establishes a process by which those insurers pursuant to section 4 of AB 486 will be notified of the Division's intent to review its budget as approved by the Legislature and make a determination of the amount of the annual fee that will be required to be paid by each insurer for the next fiscal year. The second section of the proposed regulation sets forth a process by which the Division will present for public input its preliminary biennial budget request and the projected impact that such a request would have on the annual fee for the coming biennium.

2. 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)(circle one)

NO

YES


3. HOW WAS THAT CONCLUSION REACHED? (NRS 233B.0608.3)

In 2009, the Fund for Insurance Administration and Enforcement (Fund) was established as an enterprise fund to support the general duties of the Division of Insurance and the Legislature established the annual fee in statute at \$1,300.00. Current law requires that all insurers with a certificate of authority granted by the Division pay an initial and annual fee which is deposited into this Fund. In revising the law, the Legislature determined that the fee should be set annually by the Commissioner and by regulation, set forth the process for determination of the annual fee to be assessed and provided that

certain factors such as direct premium written in the preceding calendar year as reported to the National Association of Insurance Commissioners must be considered when making the determination.

I, Amy L. Parks, Acting Commissioner of Insurance for the State of Nevada, certify that, 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 the information contained in the statement above is accurate. (NRS 233B.0608.3)

2/29/16  
(DATE)

  
AMY L. PARKS  
Acting Commissioner of Insurance

### Small Business Impact Statement

R001-16

#### 4. DESCRIPTION OF SOLICITATION

The Division did not conduct a solicitation because the statutory requirements for the annual fee are based on premium written in the State for the prior year and on the budget for the Division's operations as authorized and approved by the Legislature. Pursuant to licensing requirements, if an insurer maintains a certificate of authority in this State, payment of the annual fee is required regardless of whether or not the insurer writes any premium in the State. Prior to the change in the law, insurers that did not write premium were required to pay the statutorily set fee of \$1,300.

#### 5. SUMMARY OF COMMENTS RECEIVED FROM SMALL BUSINESSES (NRS 233B.0609.1.a)

There are no comments to report.

#### 6. ESTIMATED ECONOMIC EFFECT ON SMALL BUSINESSES THE REGULATION IS TO REGULATE (NRS 233B.0609.1.c)

An estimated effect of small business is impossible to ascertain at this time. The Legislature has determined that the amount of the annual fee to be assessed shall be based on the amount of premium written by the insurer in the State of Nevada for the preceding year. Prior to enactment of AB 486, the law required that these same insurers pay a single statutory fee regardless of premium written in the State. By establishing a regulatory process that sets the annual assessment for the biennium by the creation of an assessment tier which is based on annual premium written in concert with the legislatively approved budget of the Division, the annual fee will no longer be one-size fits all.

#### 7. METHODS CONSIDERED TO REDUCE IMPACT ON SMALL BUSINESSES (NRS 233B.0609.1.d)

No method to reduce the impact of the proposed regulation upon small business is currently considered. The law requires that all insurers pay an annual fee. The Legislature has not statutorily exempted any insurer from paying the annual fee for any reason, including on the basis of size as it relates to the number of employees.

#### 8. ESTIMATED COST OF ENFORCEMENT (NRS 233B.0609.1.e)

The proposed regulation is not expected to carry any additional cost to enforce; it will be enforced through current procedures and practices.

9. FEE CHANGES (NRS 233B.0609.1.f)

The proposed regulation does not create a new fee; it only specifies the procedure that will be used in determining the amount of the annual fee to be assessed for the next fiscal year.

10. DUPLICATIVE PROVISIONS (NRS 233B.0609.1.g)

The proposed regulation is not duplicative.

11. HOW WAS THE ANALYSIS CONDUCTED? (NRS 233B.0609.1.b)

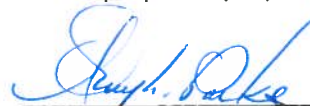
The Division is familiar with the industry it regulates and believes that insurers impacted by this regulation would not be considered small businesses pursuant to the definition for the purposes of this small business impact statement. Further, the Division believes it cannot correlate the amount of premium written in the State by an insurer to the number of employees of that insurer; therefore it would be impossible for the Division to construct a survey that would provide sufficient data to perform an adequate analysis.

12. REASONS FOR CONCLUSIONS (NRS 233B.0609.1.h)

Given the statutory requirements for determining the annual fee based on premium, the Division does not believe it can correlate the amount of premium written in the State by an insurer to the number of employees of that insurer; therefore, it would not have sufficient data arrive at a conclusive analysis.

I, Amy L. Parks, Acting Commissioner of Insurance for the State of Nevada, certify that, to the best of my knowledge or belief, the information contained in the statement above was prepared properly and is accurate. (NRS 233B.0609.2)

2/29/14  
(DATE)

  
\_\_\_\_\_  
AMY L. PARKS  
Commissioner of Insurance



**PROPOSED REGULATION OF THE  
COMMISSIONER OF INSURANCE**

**LCB File No. R001-16**

February 2, 2016

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

AUTHORITY: §§1-6, NRS 679B.130 and 679B.305, as amended by section 2 of Assembly Bill No. 486, chapter 480, Statutes of Nevada 2015, at page 2832; §§7 and 8, NRS 679B.130 and 679B.700; §§9-14, NRS 679B.130 and 680C.110, as amended by section 4 of Assembly Bill No. 486, chapter 480, Statutes of Nevada 2015, at page 2833; §15, NRS 679B.130.

A REGULATION relating to insurance; establishing and revising provisions concerning certain assessments; establishing provisions concerning the payment of an annual fee by certain insurers; establishing provisions concerning the holding of certain public meetings by the Commissioner of Insurance; repealing certain obsolete provisions; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Existing law creates the Insurance Recovery Account in the Fund for Insurance Administration and Enforcement, in which a balance of not less than \$40,000 is required to be maintained to satisfy claims against persons licensed pursuant to chapters 683A, 684A, 685A and 692A of NRS. If at the end of a fiscal year the balance in the Account is less than \$40,000, the Commissioner of Insurance is authorized to assess a fee of not more than \$10 on each person licensed pursuant to such chapters. Existing law requires the Commissioner to adopt reasonable regulations for the assessment of such a fee. (NRS 679B.305, as amended by section 2 of Assembly Bill No. 486, chapter 480, Statutes of Nevada 2015, at page 2832) **Section 1** of this regulation provides that if the Commissioner assesses the fee, it will be assessed at the time of the issuance or renewal of a license pursuant to chapter 683A, 684A, 685A or 692A of NRS. **Section 1** also provides that: (1) if a person fails to pay the fee, his or her license will not be issued or renewed, as applicable; and (2) if a person who wishes to renew his or her license pays the fee after the date the fee is due, he or she is subject to an administrative fine equal to the amount of the fee. **Sections 3 and 6** of this regulation make conforming changes and include references to chapter 692A of NRS in certain provisions relating to the Insurance Recovery Account.

Existing law requires the Commissioner to collect an annual assessment from each insurer authorized to transact insurance in this State. Existing law sets forth the annual amount assessed to each insurer, which is generally determined based on the total amount of premiums

charged to insureds in this State by the insurer. Existing law further requires the Commissioner to adopt regulations to carry out the provisions relating to the collection of the assessment. (NRS 679B.700) **Section 7** of this regulation provides that the Commissioner will provide to each insurer a notice of the amount of the assessment on or before June 1 of each year. **Section 8** of this regulation requires each insurer who holds a certificate of authority in this State on January 1 of a calendar year to pay the assessment on or before July 15 of that year.

Existing law requires each insurer authorized to transact casualty insurance, health insurance, life insurance or property insurance and each title insurer, fraternal benefit society, corporation that operates a hospital, medical or dental service plan, health maintenance organization, organization for dental care and prepaid limited health service organization to pay to the Commissioner an initial fee of \$1,000 and an annual fee determined by the Commissioner. (NRS 680C.110, as amended by section 4 of Assembly Bill No. 486, chapter 480, Statutes of Nevada 2015, at page 2833) **Section 11** of this regulation: (1) provides that the Commissioner will determine the amount of the annual fee on or before May 31 of each year; and (2) requires the Division of Insurance of the Department of Business and Industry to provide to each such insurer an invoice for the amount of the annual fee on or before June 1 of each year. **Section 12** of this regulation requires each such insurer to pay the annual fee not later than July 1 of each year unless it is the first such annual fee the insurer is paying, in which case the insurer is required to pay the fee: (1) on or before July 15, if the initial fee was paid on or before July 1; or (2) within 30 days after the initial fee was paid, if the initial fee was paid after July 1. **Section 13** of this regulation provides that the Commissioner will hold an annual public meeting to present the budget of the Division as approved by the Legislature and the proposed amount of the annual fee, and **section 14** of this regulation provides that the Commissioner will hold a public meeting on or before April 30 of each even-numbered year to present his or her preliminary budget request.

Assembly Bill No. 486 of the 78th Legislative Session repeals the provisions of law that create the Stabilization of Insurance Costs Account and provide for the payment of a fee to be deposited in the Account. (Section 17 of Assembly Bill No. 486, chapter 480, Statutes of Nevada 2015, at page 2845) **Section 15** of this regulation repeals provisions relating to the Account.

**Section 1.** Chapter 679B of NAC is hereby amended by adding thereto a new section to read as follows:

*1. If the Commissioner assesses the fee authorized pursuant to NRS 679B.305, as amended by section 2 of Assembly Bill No. 486, chapter 480, Statutes of Nevada 2015, at page 2832, the fee will be assessed at the time of the issuance or renewal of a license issued by the Division under chapter 683A, 684A, 685A or 692A of NRS.*

*2. If a person fails to pay the fee assessed pursuant to subsection 1, his or her license will not be issued or renewed, as applicable.*

*3. If a person who wishes to renew his or her license pays the fee assessed pursuant to subsection 1 after the date the fee is due, the person is subject to an administrative fine equal to the amount of the fee.*

**Sec. 2.** NAC 679B.041 is hereby amended to read as follows:

679B.041 As used in NAC 679B.041 to 679B.151, inclusive, *and section 1 of this regulation*, unless the context otherwise requires, the words and terms defined in NAC 679B.043 to 679B.070, inclusive, have the meanings ascribed to them in those sections.

**Sec. 3.** NAC 679B.070 is hereby amended to read as follows:

679B.070 “Licensee” means a person who possesses a license issued by the Division under chapter 683A, 684A, ~~685A~~ *or 692A* of NRS.

**Sec. 4.** NAC 679B.111 is hereby amended to read as follows:

679B.111 1. The Commissioner may treat any payment from the Account in settlement of a claim or toward satisfaction of a final judgment against a licensee as sufficient ground for the revocation or suspension of his or her license or for any other appropriate discipline. No license may be reinstated until the licensee has repaid the amount paid from the Account on his or her behalf, plus interest at the prevailing rate for a judgment rendered in any court of this State. The interest must be calculated from the date the payment was made from the Account.

2. A discharge in bankruptcy of the debt created by the final judgment does not relieve a person from the penalties provided in NAC 679B.041 to 679B.151, inclusive ~~692A~~, *and section 1 of this regulation.*

**Sec. 5.** NAC 679B.141 is hereby amended to read as follows:

679B.141 Failure of a person or licensee to comply with any of the provisions of NRS 679B.305 or NAC 679B.041 to 679B.151, inclusive, *and section 1 of this regulation* constitutes a waiver of any rights under NAC 679B.041 to 679B.151, inclusive ~~{}~~, *and section 1 of this regulation*.

**Sec. 6.** NAC 679B.151 is hereby amended to read as follows:

679B.151 The provisions of NAC 679B.041 to 679B.151, inclusive, *and section 1 of this regulation* do not limit the authority of the Commissioner to take disciplinary action against a licensee for a violation of any of the provisions of chapters 683A, 684A, ~~{and}~~ 685A *and 692A* of NRS, NAC 679B.041 to 679B.151, inclusive, *and section 1 of this regulation* or other regulations of the Division, nor does the repayment in full of any obligations to the Account by a licensee nullify or modify the effect of any disciplinary proceeding brought pursuant to the provisions of NAC 679B.041 to 679B.151, inclusive, *and section 1 of this regulation* or the statutory provisions of title 57 of NRS.

**Sec. 7.** NAC 679B.154 is hereby amended to read as follows:

679B.154 ~~{}~~ The Commissioner will ~~{determine}~~ *provide to each insurer a notice of the amount of* the assessment for the Special Investigative Account ~~{by dividing the amount of money that the Legislature authorized for expenditure for that year for the support of the program established pursuant to NRS 679B.630 by the number of insurers who hold a certificate of authority in this State as of}~~ *that is owed pursuant to subsection 4 of NRS 679B.700 on or before* June 1 of ~~{the}~~ *each* year. ~~{of assessment}~~

~~—2.— The Division will mail to each company a notice of the amount of the assessment on or before July 1 of each year.~~

**Sec. 8.** NAC 679B.157 is hereby amended to read as follows:



679B.157 1. Each insurer who holds a certificate of authority in this State *on January 1 of a calendar year* shall pay the assessment for the investigation of fraudulent claims on or before ~~August 1~~ *July 15* of ~~each~~ *that* year.

2. Each such insurer who fails to pay this assessment or pays it late is subject to an administrative fine in an amount equal to the assessment. This fine is assessed by the Division upon notice to the company accompanied by a bill for the assessment and fine. Payment of the bill waives any right to an administrative hearing on the matter, and the bill must so state.

3. An insurer who pays the assessment late in 2 consecutive years, or fails to pay it for 2 consecutive years, shall be deemed to have willfully violated this section and the provisions of NRS 679B.700. The late payment or nonpayment reflects on the competency of the management of the company.

**Sec. 9.** Chapter 680C of NAC is hereby amended by adding thereto the provisions set forth as sections 10 to 14, inclusive, of this regulation.

**Sec. 10.** *As used in this chapter, unless the context otherwise requires, “insurer” means:*

*1. An insurer who is authorized to transact:*

*(a) Casualty insurance, as defined in NRS 681A.020;*

*(b) Health insurance, as defined in NRS 681A.030;*

*(c) Life insurance, as defined in NRS 681A.040; or*

*(d) Property insurance, as defined in NRS 681A.060;*

*2. A title insurer, as defined in NRS 692A.070;*

*3. A fraternal benefit society, as defined in NRS 695A.010;*

*4. A corporation subject to the provisions of chapter 695B of NRS;*

*5. A health maintenance organization, as defined in NRS 695C.030;*

6. *An organization for dental care, as defined in NRS 695D.060; or*
7. *A prepaid limited health service organization, as defined in NRS 695F.050.*

**Sec. 11. 1.** *On or before May 31 of each year, the Commissioner will determine the amount of the annual fee required to be paid by an insurer pursuant to subsection 6 of NRS 680C.110, as amended by section 4 of Assembly Bill No. 486, chapter 480, Statutes of Nevada 2015, at page 2833.*

*2. On or before June 1 of each year, the Division shall provide each insurer with an invoice for the amount of the annual fee determined by the Commissioner pursuant to subsection 1.*

**Sec. 12. 1.** *Except as otherwise provided in subsection 2, an insurer shall pay the annual fee determined by the Commissioner pursuant to section 11 of this regulation not later than July 1 of each year.*

*2. If an insurer pays the initial fee required pursuant to subsection 5 of NRS 680C.110, as amended by section 4 of Assembly Bill No. 486, chapter 480, Statutes of Nevada 2015, at page 2833:*

*(a) On or before July 1, the insurer shall make the initial payment of the annual fee determined by the Commissioner pursuant to section 11 of this regulation on or before July 15 of that year.*

*(b) After July 1, the insurer shall make the initial payment of the annual fee determined by the Commissioner pursuant to section 11 of this regulation not later than 30 days after the insurer pays the initial fee.*

*3. An insurer who fails to pay the annual fee by the date the fee is due is subject to an administrative fine of not less than \$25 for each day the fee remains unpaid.*

*Sec. 13. 1. Each year before the Commissioner determines pursuant to section 11 of this regulation the amount of the annual fee required to be paid by an insurer pursuant to subsection 6 of NRS 680C.110, as amended by section 4 of Assembly Bill No. 486, chapter 480, Statutes of Nevada 2015, at page 2833, the Commissioner will hold a public meeting to present the budget of the Division as approved by the Legislature and the proposed amount of the annual fee. Notice of the meeting must be posted:*

*(a) At least 5 working days before the meeting; and*

*(b) At a minimum:*

*(1) At the Grant Sawyer Office Building located at 555 East Washington Avenue, Las Vegas, Nevada, the Legislative Building and all offices of the Division; and*

*(2) In the location established on the official website of the State pursuant to NRS 232.2175 and on the official website of the Division.*

*2. In addition to the notice posted pursuant to subsection 1, the Commissioner will also send a notice of the meeting to each person included on the mailing list that the Division is required to maintain pursuant to paragraph (e) of subsection 1 of NRS 233B.0603.*

*Sec. 14. 1. On or before April 30 of each even-numbered year, the Commissioner will hold a public meeting to present his or her preliminary budget request to be submitted for inclusion in the executive budget pursuant to the guidelines determined by the Office of Finance. Notice of the meeting must be posted at least 5 working days before the meeting.*

*2. The preliminary budget request presented by the Commissioner must:*

*(a) To the extent practicable, contain:*

*(1) Base budget expenditures, including, without limitation, expenditures relating to personnel, operations, equipment and technology and other expenses necessary for the efficient and effective functioning of the Division as a regulatory agency; and*

*(2) Recommended enhancements to the budget.*

*(b) Provide any estimated change to the annual fee required to be paid by an insurer pursuant to subsection 6 of NRS 680C.110, as amended by section 4 of Assembly Bill No. 486, chapter 480, Statutes of Nevada 2015, at page 2833, and determined by the Commissioner pursuant to section 11 of this regulation, and the reason therefor.*

*3. The public meeting held pursuant to this section must provide all interested parties with an opportunity to comment on the preliminary budget request.*

**Sec. 15.** NAC 679B.158 and 679B.160 are hereby repealed.

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## TEXT OF REPEALED SECTIONS

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**679B.158 Determination of amount of fee imposed by statute; notice. (NRS 679B.130, 679B.450)**

1. The Commissioner will annually determine the amount of the fee required under NRS 679B.450 by dividing the amount of money appropriated by the Legislature for the support of the insurance cost stabilization activities outlined in NRS 679B.400 to 679B.460, inclusive, by the number of insurers authorized to transact casualty or property insurance in this State.

2. The Division will mail to each insurer required to pay the fee a notice of the amount of the fee on or before August 1 of each year.

**679B.160 Payment of fee imposed by statute; administrative fine. (NRS 679B.130, 679B.450, 679B.460)**

1. Each insurer authorized to transact casualty or property insurance in this State shall pay the fee required pursuant to NRS 679B.450 on or before September 1 of each year.

2. Each such insurer who fails to pay the fee or fails to deliver the fee to the Division by September 1 is subject to an administrative fine of not less than \$25 for each day the fee remains unpaid up to the maximum fine set forth in NRS 679B.460.