

**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 **10:30 a.m. on September 29, 2017**, in the 1st Floor Hearing Room, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706. Interested persons may also participate through a simultaneous videoconference conducted in the 4th Floor Nevada Room at the Nevada State Business Center/Division of Insurance, 3300 West Sahara Avenue, Suite 275, Las Vegas, Nevada 89102. The purpose of the hearing is to receive comments from all interested persons regarding the adoption, amendment or repeal of regulations pertaining to **chapters 686A, 690B and 691C** of the Nevada Administrative Code (“NAC”).

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

LCB File No. R027-17. Credit Scoring/Medical Malpractice/Credit Personal Property Insurance. A regulation relating to insurance; revising provisions relating to the use by insurers of information in a consumer credit report; revising provisions relating to professional liability insurance for essential medical specialties; repealing certain provisions relating to medical malpractice insurance and credit personal property insurance; and providing other matters properly relating thereto.

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

This regulation is necessary to amend the Nevada Administrative Code (“NAIC”) to correspond to the changes made in the Nevada Revised Statutes in Assembly Bill 83 during the 2017 Legislature. This bill was signed into law by the Governor on June 5, 2017. The purpose of this regulation is to repeal the minimum refund and recommended reasonable rates for credit personal property insurance; amend the Commissioner’s prerogative to determine essential medical specialties with regard to medical professional liability insurance; repeal requirements for certain reports concerning medical professional liability insurance; and remove the restriction related to the age of credit-based information used in the event of addition or renewal of an insurance policy.

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

Section 1 of this regulation amends NAC 686A.710(2) by 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 33 of the Assembly Bill 83 (2017) repealed the mandatory re-scoring of credit-based insurance scores at least once every 36 months.

Section 2 of this regulation amends NAC 690B.520 and makes the process for the Commissioner to determine essential medical specialties for medical professional liability (medical malpractice) insurance permissive rather than mandatory. Section 119 of Assembly Bill 83 (2017) changed the process from mandatory to permissive. 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 of this regulation repeals NAC 690B.510 and NAC 690B.570. Medical professional liability insurers of physicians and surgeons will no longer be required to submit annual reports on loss-prevention and control systems to the Commissioner. Furthermore, the Commissioner will have the discretion, but not the obligation, 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 to eliminate the reporting requirements on the insurers, and Section 120 of Assembly Bill 83 (2017) amended NRS 690B.360 so that it is at the Commissioner's discretion to collect certain data regarding whether certain medical professional liability insurers are complying with the applicable standards for rates. A report pursuant to NRS 690B.360 is no longer required annually and is only required if, after a hearing convened at the discretion of the Commissioner pursuant to subsection 1 of NRS 690B.350, 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.

Section 4 of this regulation repeals NAC 691C.070 to 691C.170, inclusive, which establish reasonable rates and a minimum refund for credit personal property insurance. The Commissioner was required by NRS 691C.330 to establish by regulation reasonable rates for credit personal property insurance and by NRS 691C.420 to establish by regulation the minimum amount of unearned premiums that must remain outstanding at the time of cancellation of a credit property insurance policy in order for a person to be entitled to a refund. Those requirements were repealed by Assembly Bill 83 in the 2017 Legislative Session.

The credit personal property insurance market in Nevada is negligible, and there is not enough data with which to establish reasonable rates.

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

The Division will no longer be required to establish rates for a line of business with a very small market for which there is very little data. Insurers and the Division will no longer have to undertake unnecessary annual reporting requirements for medical malpractice insurance. The Commissioner will have the discretion on determining essential medical specialties for medical malpractice insurance. Finally, a conforming change is being made to a regulation related to credit-based

insurance scoring so that insurers will no longer be required to generate new scores every 36 months.

(4) Do other regulations address the same problem(s)?

No.

(5) Are alternate forms of regulation sufficient to address the problem(s)?

No, these changes will be needed to address the problems.

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

Section 1 will have a consumer-friendly impact on the public as the insurers will be able to use more favorable information in a more flexible manner when rating an insurance policy, instead of being required to update credit-based information when there may have been recent, adverse changes. Section 3 eliminates reporting requirements on carriers. Reducing an administrative burden on insurers has the potential to reduce costs to insureds. Sections 2 and 4 of the regulation will have no effect on the public.

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

a. Public

1. Immediate: *Reduced reporting requirements on insurance companies could possibly have a beneficial impact on insureds' rates. Insureds should benefit from gaining more control over credit information being used in insurance rating.*

2. Long Term: *Same as above*

b. Insurance Business

1. Immediate: *Removing the requirement to submit annual data or other reports should provide a reduction in administrative costs to insurers.*

2. Long Term: *Same as above*

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: *There is a reduction in staff time required to collect the data and establish the rates.*

2. Long Term: *Same as above*

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

- a. Public
 - 1. Immediate: *None*
 - 2. Long Term: *None*
- b. Insurance Business
 - 1. Immediate: *None*
 - 2. Long Term: *None*
- 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: *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?

There are no new fees or increases to existing fees.

(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.

See attached.

(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.

None.

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

Not applicable.

(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.

Not applicable.

Persons wishing to comment upon the proposed actions 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 September 15, 2017.** 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, amended or repealed will be on file at the State Library, 100 North 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 3300 West Sahara Avenue, Suite 275, Las Vegas, Nevada 89102, 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:

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

Nevada State Business Center
3300 West Sahara Avenue
Las Vegas, Nevada 89102

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 5th 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 Erin Summers, Actuarial Analyst for the Property and Casualty Section, at (775) 687-0765, or via e-mail to esummers@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, no later than five (5) working days before the hearing: 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706, or suebell@doi.nv.gov.

DATED this 23rd day of August, 2017.


BARBARA D. RICHARDSON
Commissioner of Insurance

HEARING AGENDA

The State of Nevada, Department of Business and Industry, Division of Insurance

September 29, 2017 • 10:30 a.m.

Location of Hearing:

Nevada Division of Insurance
1818 E. College Pkwy., 1st Floor Hearing Room
Carson City, NV 89706
(Division Offices located in Suite 103)

Available via Videoconference at:

Nevada Division of Insurance
3300 W. Sahara Ave., 4th Floor Nevada Room
Las Vegas, NV 89102
(Division Offices located in Suite 275)

1. Open Hearing: R027-17.
2. Presentation, Discussion and Adoption of Proposed Regulation. (For Possible Action)

LCB File No. R027-17. Credit Scoring/Medical Malpractice/Credit Personal Property Insurance. A regulation relating to insurance; revising provisions relating to the use by insurers of information in a consumer credit report; revising provisions relating to professional liability insurance for essential medical specialties; repealing certain provisions relating to medical malpractice insurance and credit personal property insurance; and providing other matters properly relating thereto.

3. Public Comment.
4. Close Hearing: R027-17.
5. Adjournment.

Supporting public material for this hearing may be requested from Susan Bell, Legal Secretary, Nevada Division of Insurance, 1818 E. College Parkway, Carson City, Nevada 89706, (775) 687-0704, or suebell@doi.nv.gov.

Note: Any agenda item may be taken out of order; items may be combined for consideration by the public body; items may be pulled or removed from the agenda at any time; and, discussion relating to an item may be delayed or continued 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 the Commissioner's secretary, in writing, no later than five (5) working days before the hearing: 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706, or suebell@doi.nv.gov.

NOTICES FOR THIS HEARING 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 State Business Center, 3300 W. Sahara Avenue, Las Vegas, Nevada 89102

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)

The Nevada State Legislature Website (www.leg.state.nv.us)

The Nevada Division of Insurance Website (www.doi.nv.gov)

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R027-17

August 7, 2017

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

AUTHORITY: §1, NRS 679B.130 and 686A.680, as amended by section 33 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2341; §2, NRS 679B.130 and 690B.350, as amended by section 119 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2377; §3, NRS 679B.130, 690B.360, as amended by section 120 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2378, 691C.340, as amended by section 130 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2383, 691C.390, as amended by section 131 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2383, and 691C.430.

A REGULATION relating to insurance; revising provisions relating to the use by insurers of information in a consumer credit report; revising provisions relating to professional liability insurance for essential medical specialties; repealing certain provisions relating to medical malpractice insurance and credit personal property insurance; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

State law previously prohibited an insurer from using credit information regarding any policyholder without obtaining an updated consumer credit report and recalculating the insurance score at least once every 36 months. (NRS 686A.680) Existing regulations require that credit information used in a consumer credit report or insurance score be not more than 36 months old. (NAC 686A.710) Assembly Bill No. 83 of the 2017 Legislative Session deleted the requirement that an updated consumer credit report be obtained and the insurance score recalculated once every 36 months. (Section 33 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2341) **Section 1** of this regulation makes a conforming change by removing the requirement that credit information used in a consumer credit report or insurance score be not more than 36 months old.

State law previously required the Commissioner of Insurance to determine whether any medical specialties in this State are essential as a matter of public policy. (NRS 690B.350; NAC 690B.520) Assembly Bill No. 83 of the 2017 Legislative Session deleted this requirement and authorized the Commissioner to convene a hearing at his or her discretion to make certain determinations and designate essential medical specialties. (Section 119 of Assembly Bill No.

83, chapter 376, Statutes of Nevada 2017, at page 2377) **Section 2** of this regulation makes conforming changes by authorizing the Commissioner to determine, after a hearing has been convened at the discretion of the Commissioner, whether any medical specialties in this State are essential as a matter of public policy.

State law previously required the Commissioner to collect all information that is pertinent to monitoring whether an insurer that issues professional liability insurance for certain practitioners is complying with certain applicable standards for rates. (NRS 690B.360) Existing regulations additionally require an insurer to submit such information to the Commissioner on or before September 1 of each year. (NAC 690B.510) Assembly Bill No. 83 of the 2017 Legislative Session amended the statutory requirement into an authorization. (Section 120 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2378) **Section 3** of this regulation makes conforming changes by repealing the regulatory requirement that an insurer must submit such information to the Commissioner on or before September 1 of each year.

State law previously required each insurer that issues a policy of professional liability insurance to certain practitioners to submit to the Commissioner on or before September 15 of each year a report on its loss prevention and control program. (NRS 690B.370; NAC 690B.570) Assembly Bill No. 83 of the 2017 Legislative Session repealed this statutory requirement. (Section 168 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2406) **Section 3** makes conforming changes by repealing the associated regulation.

State law previously required the Commissioner to establish by regulation the minimum amount of unearned premiums that must remain outstanding at the time of cancellation of credit personal property insurance in order for a person to be entitled to refund. (NRS 691C.390) Existing regulations set forth this minimum amount. (NAC 691C.070) Assembly Bill No. 83 of the 2017 Legislative Session deleted the statutory requirement to establish this minimum amount. (Section 131 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2383) **Section 3** makes conforming changes by repealing the regulation that sets forth this minimum amount.

State law previously required the Commissioner to establish by regulation reasonable rates for credit personal property insurance. (NRS 691C.340) Existing regulations set forth these rates. (NAC 691C.100-691C.190) Assembly Bill No. 83 of the 2017 Legislative Session deletes this statutory requirement to establish reasonable rates. (Section 130 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2383) **Section 3** makes conforming changes by repealing the rates and related requirements.

Section 1. NAC 686A.710 is hereby amended to read as follows:

686A.710 1. For the purposes of *paragraph (f) of* subsection ~~161~~ *1* of NRS 686A.680, *as amended by section 33 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2341*, if a company issues more than one policy under a line of business based on the same credit

information and the policies have different effective dates, the 90-day period described in *paragraph (f) of subsection ~~6~~ 1 of NRS 686A.680, as amended by section 33 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2341*, shall be deemed to apply to the policy with the earliest effective date.

2. If there is an addition or renewal of a policy under the line of business, the consumer credit report or insurance score used on the policy with the earliest effective date may be used at the addition or renewal of policies under the line of business . ~~provided that the credit information is not more than 36 months old.~~

Sec. 2. NAC 690B.520 is hereby amended to read as follows:

690B.520 1. Pursuant to NRS 690B.350, *as amended by section 119 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2377*, the Commissioner ~~will~~ *may, after a hearing convened at the discretion of the Commissioner pursuant to subsection 1 of NRS 690B.350, as amended by section 119 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2377*, determine whether any medical specialties in this State are essential as a matter of public policy.

2. A medical specialty ~~will~~ *may, after a hearing convened at the discretion of the Commissioner pursuant to subsection 1 of NRS 690B.350, as amended by section 119 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2377*, be deemed by the Commissioner to be essential as a matter of public policy if he or she determines that an unsafe condition exists because public access to a practitioner of the medical specialty is impaired as a result of insufficient availability of professional liability insurance to a practitioner of the medical specialty.

Sec. 3. NAC 690B.510, 690B.570 and 691C.070 to 691C.170, inclusive, are hereby repealed.

TEXT OF REPEALED SECTIONS

690B.510 Annual submission of certain information required by Commissioner. (NRS 679B.130, 690B.360) On or before September 1 of each year, an insurer offering professional liability insurance to a practitioner licensed pursuant to chapter 630, 631, 632 or 633 of NRS shall submit, on a form prescribed by the Commissioner, to the Commissioner the information required by the Commissioner pursuant to NRS 690B.360.

690B.570 Annual reports on programs of insurer: Submission; forms. (NRS 679B.130, 690B.370)

1. Each insurer that issues a policy of medical malpractice insurance must submit a report to the Commissioner on the loss prevention and control programs of the insurer, including, without limitation, the qualified risk management systems offered by the insurer.

2. On or before July 15 of each year, the Commissioner will provide to each insurer the form for making the report.

3. On or before September 15 of each year, the report must be returned to the Commissioner.

691C.070 Refund of unearned premium: Minimum amount. (NRS 679B.130, 691C.390, 691C.430) A person is not entitled to a refund if the amount of any unearned premium that remains outstanding at the time of cancellation of his or her policy of credit personal property insurance is less than \$5.

691C.100 Rates considered to be reasonable in relation to benefits provided and not excessive. (NRS 679B.130, 691C.340, 691C.430) For the purposes of subsection 1 of NRS 691C.340, the Commissioner will consider rates for policies of credit personal property insurance, including, without limitation, guaranteed asset protection insurance, that are not in excess of the rates set forth in NAC 691C.110 to 691C.170, inclusive, to be reasonable in relation to the benefits provided and not excessive.

691C.110 Credit personal property insurance with closed-end single premium: Recommended premium rate for dual-interest coverage with theft. (NRS 679B.130, 691C.340, 691C.430) For a policy of credit personal property insurance with a closed-end single premium, the recommended premium rate for dual-interest coverage with theft is \$1.03 per \$100 of initial net indebtedness per year.

691C.120 Credit personal property insurance with closed-end single premium: Recommended premium rate for dual-interest coverage without theft. (NRS 679B.130, 691C.340, 691C.430) For a policy of credit personal property insurance with a closed-end single premium, the recommended premium rate for dual-interest coverage without theft is 77 cents per \$100 of initial net indebtedness per year.

691C.130 Credit personal property insurance with closed-end single premium: Recommended premium rate for single-interest coverage with theft. (NRS 679B.130, 691C.340, 691C.430) For a policy of credit personal property insurance with a closed-end

single premium, the recommended premium rate for single-interest coverage with theft is 51 cents per \$100 of initial net indebtedness per year.

691C.140 Credit personal property insurance with closed-end single premium: Recommended premium rate for single-interest coverage without theft. (NRS 679B.130, 691C.340, 691C.430) For a policy of credit personal property insurance with a closed-end single premium, the recommended premium rate for single-interest coverage without theft is 38 cents per \$100 of initial net indebtedness per year.

691C.150 Open-end credit property insurance with monthly outstanding balance: Recommended premium rate for dual-interest coverage with theft. (NRS 679B.130, 691C.340, 691C.430) For a policy of open-end credit property insurance with a monthly outstanding balance, the recommended premium rate for dual-interest coverage with theft is 13 cents per \$100 of the outstanding balance of initial net indebtedness per month.

691C.160 Open-end credit property insurance with monthly outstanding balance: Recommended premium rate for dual-interest coverage without theft. (NRS 679B.130, 691C.340, 691C.430) For a policy of open-end credit property insurance with a monthly outstanding balance, the recommended premium rate for dual-interest coverage without theft is 9 cents per \$100 of the outstanding balance per month.

691C.170 Guaranteed asset protection insurance: Recommended premium rates. (NRS 679B.130, 691C.340, 691C.430) For a policy of guaranteed asset protection insurance, the recommended premium rates are as follows:

Term	Recommended Premium Rate	Suggested Commission	Percent of Commission	Company Retained Amount

1-48 months	\$285	\$85	30%	\$200
49-60 months	\$342	\$102	30%	\$240
61-72 months	\$412	\$124	30%	\$288
73-84 months	\$495	\$149	30%	\$346
85-96 months	\$594	\$178	30%	\$416
97-108 months	\$713	\$214	30%	\$499
109-120 months	\$855	\$256	30%	\$599

**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))

7/6/17
(DATE)


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.

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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))

7/6/17
(DATE)



BARBARA D. RICHARDSON
Commissioner of Insurance