

**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 **1:30 p.m. on January 3, 2018**, 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 chapter(s) 690C 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. R093-17. Service Contract Filings (SERFF).

A regulation relating to service contracts; requiring a provider of a service contract to file a service contract with the Commissioner of Insurance and pay certain fees by using certain electronic means; and providing other matters properly relating thereto.

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

The purpose of this regulation is to mandate that Nevada registered service contract providers use the System for Electronic Rate and Form Filing (“SERFF”) to file forms for approval by the Division of Insurance and Electronic Funds Transfer (“EFT”) to pay the associated filing fee.

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

The proposed regulation amends NAC 690C.100 to specify that service contract providers must submit proposed service contract forms for approval by the Division using SERFF and that the filing fee must be paid using the EFT function in SERFF.

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. Thirty-five states have already mandated that filings be submitted using SERFF in at least one business area with twenty-two states mandating EFT payments for SERFF filings.

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

The service contract filing review and approval process will be expedited with communication between filer and reviewer being instantaneous.

(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?

Service contract providers will be able to bring their products to market more quickly.

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

a. Public

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

b. Insurance Business

1. Immediate: *Filing through SERFF is cheaper for most companies. Filings can be approved more quickly.*
2. Long Term: *Filing through SERFF is cheaper for most companies. Filings can be approved more quickly.*

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: *Filing review and approval is more efficient using SERFF.*
2. Long Term: *Filing review and approval is more efficient using SERFF.*

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

a. Public

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

- b. Insurance Business
 - 1. Immediate: *There are some costs associated with setup and training to use the SERFF system.*
 - 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) Provide a statement indicating whether the regulation establishes a new fee or increases 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.

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 December 27, 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 Division of Insurance
3300 West Sahara Avenue, Suite 275
Las Vegas, Nevada 89102

Legislative Building
401 South Carson Street
Carson City, Nevada 89701

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

Blasdel Building
209 East Musser Street
Carson City, Nevada 89701

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

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

Nevada Department of Employment,
Training and Rehabilitation
2800 E. Saint Louis Avenue
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, 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 29th day of November, 2017.

BARBARA D. RICHARDSON
Commissioner of Insurance

By: 
LAURIE SQUARTSOFF
Chief Deputy Commissioner
With Delegation of Authority

HEARING AGENDA

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

January 3, 2018 • 1:30 p.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: R093-17.**
- 2. Presentation, Discussion and Adoption of Proposed Regulation. (For Possible Action)**

LCB File No. R093-17. Service Contract Filings (SERFF).

A regulation relating to service contracts; requiring a provider of a service contract to file a service contract with the Commissioner of Insurance and pay certain fees by using certain electronic means; and providing other matters properly relating thereto.

- 3. Public Comment.**
- 4. Close Hearing: R093-17.**
- 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 Division of Insurance, 3300 W. Sahara Avenue, Suite 275, Las Vegas, Nevada 89102
- 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)



DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

1818 East College Pkwy., Suite 103
Carson City, Nevada 89706
(775) 687-0700 • Fax (775) 687-0787
Website: doi.nv.gov
E-mail: insinfo@doi.nv.gov

TO: LAURIE SQUARTSOFF
Chief Deputy Commissioner of Insurance

FROM: BARBARA RICHARDSON
Commissioner of Insurance

DATE: November 28, 2017

SUBJECT: Delegation of Authority in the Commissioner's Absence

I hereby issue a Delegation of Authority for you to act on my behalf when I am absent from the state November 29, 2017 through December 5, 2017. You are empowered to exercise all authority necessary to handle matters coming before the Division of Insurance, unless otherwise delegated.

A handwritten signature in blue ink, appearing to read "Barbara Richardson".

BARBARA RICHARDSON
Commissioner of Insurance

NRS 679B.110 Delegation of powers.

1. The Commissioner may delegate to his or her deputy, examiner or an employee of the Division the exercise or discharge in the Commissioner's name of any power, duty or function, whether ministerial, discretionary or of whatever character, vested in or imposed upon the Commissioner.

2. The official act of any such person acting in the Commissioner's name and by his or her authority shall be deemed an official act of the Commissioner.

(Added to NRS by 1971, 1563; A 1991, 1615; 1993, 1898)

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R093-17

October 11, 2017

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

AUTHORITY: §1, NRS 679B.130, 679B.136 and 690C.300.

A REGULATION relating to service contracts; requiring a provider of a service contract to file a service contract with the Commissioner of Insurance and pay certain fees by using certain electronic means; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law authorizes the Commissioner of Insurance to adopt reasonable regulations for the administration of the Nevada Insurance Code or as required to ensure compliance by the Commissioner with any federal law or regulation relating to insurance. (NRS 679B.130) Existing law additionally authorizes the Commissioner to adopt such regulations as are necessary to carry out the provisions governing service contracts. (NRS 690C.300) Existing law further requires the Commissioner to adopt regulations governing the electronic filing of forms and payment of fees with the Division of Insurance of the Department of Business and Industry. (NRS 679B.136)

Existing regulations prohibit a provider from issuing, selling or offering for sale a service contract unless the service contract has been approved by the Commissioner. (NAC 690C.100) Under existing regulations, a provider is a person who is obligated to a certain other person by the terms of a service contract to repair, replace or perform maintenance on, or to indemnify the person for the costs of repairing, replacing or performing maintenance on, goods. (NAC 690C.030) This regulation requires a provider to not issue, sell or offer for sale a service contract in this State unless the service contract has been: (1) filed with the Commissioner through the System for Electronic Rate and Form Filing that has been developed and implemented by the National Association of Insurance Commissioners; and (2) approved by the Commissioner.

Existing regulations require a provider who files a service contract with the Commissioner for approval to also file with the service contract: (1) all documents that are part of the application for the service contract; (2) all documents that are part of the service contract; (3) a form for assessing fees; and (4) the appropriate fee amount, as determined by the Commissioner. (NAC 690C.100) This regulation removes the requirement to file with the service contract a form for assessing fees.

Existing law requires a provider to pay a fee of \$25 for each type of service contract the provider files with the Commissioner. (NRS 690C.160) This regulation requires the provider to

pay the fee of \$25 and certain other fees by using the Electronic Funds Transfer function within the System for Electronic Rate and Form Filing.

Section 1. NAC 690C.100 is hereby amended to read as follows:

690C.100 1. A provider shall not issue, sell or offer for sale a service contract *in this State* unless ~~it~~ *the service contract* has been ~~approved~~ :

(a) *Filed with the Commissioner in accordance with the System for Electronic Rate and Form Filing developed and implemented by the National Association of Insurance Commissioners or its successor organization; and*

(b) *Approved* by the Commissioner.

2. A provider who ~~submits~~ *files* a service contract ~~to~~ *with* the Commissioner for approval *pursuant to subsection 1* must ~~submit~~ *also file* with the *service* contract:

(a) All documents that are part of the application for the service contract;

(b) All documents that are part of the *service* contract; *and*

(c) ~~A form for assessing fees as described in NAC 680B.010; and~~

~~(d)~~ The appropriate fee described in subsection 3.

3. The ~~Commissioner will charge the~~ *provider must pay the* following fees ~~it~~ *by using the Electronic Funds Transfer function within the System for Electronic Rate and Form Filing:*

(a) Twenty-five dollars for:

(1) The initial filing of all the forms that comprise a new service contract.

(2) The filing of a service contract that modifies a service contract which has been approved by the Commissioner pursuant to this section.

(b) Ten dollars for the filing of a rider or endorsement to a service contract that has been approved by the Commissioner pursuant to this section.

4. The Commissioner may approve or disapprove a service contract ~~submitted~~ *filed* pursuant to this section within 60 days after the date on which the Commissioner determines that the provider has fully complied with the requirements of subsection 2. If the Commissioner does not approve or disapprove the *service* contract within the 60 days described in this subsection, the *service* contract shall be deemed to be approved by the Commissioner. Each service contract shall be deemed to be complete upon its filing with the Commissioner, unless the Commissioner, within 15 business days after the service contract is filed with him or her, determines that the proposal is incomplete because the proposal does not comply with subsection 2.

STATE OF NEVADA
DEPARTMENT OF BUSINESS & INDUSTRY
DIVISION OF INSURANCE

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

SERVICE CONTRACT FILINGS:

This proposed regulation amends NAC 690C.100, which specifies the method a registered service contract provider must use when filing service contract forms for approval by the Nevada Division of Insurance ("Division").

EFFECTIVE DATE OF REGULATION:

Upon filing with the Nevada Secretary of State

1. **BACKGROUND.**

In 2010 the Division mandated that insurers filing rates and forms pursuant to chapter 686B of NRS must use the System for Electronic Rate and Form Filing ("SERFF") to file rates and forms and must use Electronic Funds Transfer ("EFT") to pay the filing fees. NAC 690C.100 specifies the method service contract providers must use when submitting form filings. This proposed regulation mandates that service contract providers must also use SERFF and EFT.

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. Thirty-five states have already mandated that filings be submitted using SERFF in at least one business area with twenty-two states mandating EFT payments for SERFF filings.

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

The Division sent a survey to the 192 service contract providers registered in Nevada to determine how many are small businesses according to Nevada law and to examine the cost differences between submitting a paper filing through the mail and submitting a filing electronically through SERFF.

The Division also sent a survey to 13 Chambers of Commerce across Nevada to ask if they or their members perceived any adverse economic impact as a result of the proposed regulation.

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 Division received 57 responses to the survey, 23 of which indicated they did not meet the definition of small business under Nevada law. Of the 34 remaining responses, only 1 indicated it did not already use SERFF. The amount that company estimated for the cost of submitting a paper filing was less than the cost of a SERFF filing.

Of the 15 companies who use SERFF and provided information regarding the cost of submitting a paper filing, it would be cheaper for 8 to use SERFF exclusively. For the remaining 7, the increased cost for using SERFF over paper filings in Nevada amounts to less than \$50 per year.

The Division received no responses from Nevada Chambers of Commerce or their members expressing concern with the proposed regulation.

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))

9/6/17

(DATE)

BARBARA D. RICHARDSON

BARBARA D. RICHARDSON
Commissioner of Insurance

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

SERVICE CONTRACT FILINGS

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

The Division received 34 responses from service contract providers who meet the definition of a small business under Nevada law. All but one responded that they already use SERFF to submit filings. For the remaining company, the cost of submitting a SERFF filing is less than the company's cost of submitting a paper filing through the mail.

Of the companies who already use SERFF, 15 provided information on the cost of submitting a paper filing, suggesting that they may not use SERFF exclusively. Of those companies, 8 would save money by using SERFF exclusively. For the remaining 7, the increased cost for using SERFF over paper filings amounts to less than \$50 per year. Three companies responded that they did not feel comfortable using SERFF.

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).

The Division sent a small-business impact survey to the 192 service contract providers registered in Nevada to determine how many are small businesses and to examine the cost differences between submitting a paper filing through the mail and submitting a filing electronically through the System for Electronic Rate and Form Filing (SERFF).

The Division also sent a small-business impact survey to 13 Chambers of Commerce across Nevada to ask if they perceived any impact to their membership due to the proposed regulation.

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

There is a small upfront cost to get set up with SERFF and get staff trained to use SERFF, but over time this regulation should be beneficial to service contract providers. Submitting a SERFF filing is generally cheaper than submitting a paper filing through the mail. In addition, filing review through SERFF is more efficient so providers may have their products approved more quickly.

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).

This regulation does not add any new fees or increase existing fees.

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

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

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

The Division received 57 responses to the survey, 23 of which indicated they did not meet the definition of small business under Nevada law. Of the 34 remaining responses, only 1 indicated it did not already use SERFF. The amount that company estimated for the cost of submitting a paper filing was less than the cost of a SERFF filing.

Of the 15 companies who use SERFF and provided information regarding the cost of submitting a paper filing, it would be cheaper for 8 to use SERFF exclusively. For the remaining 7, the increased cost for using SERFF over paper filings in Nevada amounts to less than \$50 per year.

The Division received no responses from Nevada Chambers of Commerce or their members expressing concern with the proposed regulation.

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))

9/6/17
(DATE)



BARBARA D. RICHARDSON
Commissioner of Insurance