



2019 INSURANCE MARKET REPORT



Nevada Division of Insurance
Talk to us. We're here to help.

INSURANCE COMMISSIONER'S MESSAGE

Pursuant to Nevada Revised Statute 679B.410, I am pleased to present the 2019 Nevada Insurance Market Report. The stabilization of the State's insurance markets has historically remained a high priority of the Nevada Legislature. This report is intended to provide Legislators with a detailed update concerning the State's insurance markets, along with key information regarding issues facing Nevada consumers and the insurance industry. A more detailed report of the Division's activities is available on our website in the Division of Insurance 2019 Bi-Annual Report.

The overall insurance market in the State of Nevada is competitive, secure and growing. The state has seen its written premium volume grow from \$11 billion in 2011 to over \$16 billion by the end of 2017, and the Insurance Premium Tax continues to be the 4th largest contributor to the state's General Fund. The Division of Insurance works to provide secure markets for Nevada consumers through its financial solvency analysis and solvency examination of insurers domiciled in this state. The Division also successfully recovered \$12,369,233 for Nevada consumers during Fiscal Years 2017 and 2018, as a result of our consumer advocacy based on inquiries or consumer complaints received by this agency.

After experiencing several years of instability, Nevada's individual health insurance market appears to be moving towards a point of relative stability. The average individual market rate increase from 2015-2018 was 14.05%, however the vast majority of Nevadans purchasing individual health benefit plans will see their rates remain mostly unchanged for the 2019 plan year, as the average statewide rate increase is 0.3%. All Nevada counties will have individual health benefit plans offered through both the Silver State Health Insurance Exchange (SSHIX) and the Off Exchange market, and all 2018 participating carriers are continuing to offer coverage in 2019.

Nevada's property and casualty insurance market continues to be competitive, with a large number of carriers offering coverage in our state. Nevada's home insurance market has continued to see only moderate increases in rates, and Worker's Compensation insurance has seen a reduction in premiums over the past two years. We have seen a continued increase in the frequency and severity of automobile insurance claims in this state, which has resulted in corresponding higher than normal rate changes for Nevada consumers. We continue to encourage consumers to take advantage of our competitive market and review their choices on coverage limits and the prices options available to them, to be sure they are not over or underinsured.

The state has continued to have a disproportionately high volume of consumer complaints against the bail industry, so the Division has implemented a plan to help get bail licensees in compliance with state laws. A summary of the Division's Bail Compliance Project is included in the "Regulation of the Bail Industry" section of this Market Report.

To enhance the Nevada consumers' knowledge of various insurance policies, the Division publishes and maintains several consumer guides and rate comparisons each year. Consumer Guides are available both in printed form and on the Division's website in the following areas: Automobile, Homeowners, Earthquake, Flood, and Title Insurance. In addition, the Division's staff participates in numerous public outreach programs each year to educate the public on insurance, safety and risk mitigation strategies.

Details of these topics, as well as others pertaining to Nevada's insurance market are included in this report. I encourage you to contact me if you would like to discuss any issue in greater detail as you work to address your constituents' concerns during the 80th (2019) Legislative Session.

Sincerely,



Barbara D. Richardson
Commissioner of Insurance

STATE REGULATION OF THE INSURANCE INDUSTRY

With consumer protection as the ultimate purpose in regulating the insurance industry, the primary focuses of the Nevada Division of Insurance are; 1) solvency of the carriers doing business here, so the companies are able to make good on the promises made to their customers, and 2) market regulation, to provide an adequate, competitive market place for Nevada consumers, and to ensure policyholders and claimants are treated fairly.

The current framework for state regulation of the insurance industry started in 1851 when New Hampshire appointed the first state insurance commissioner. While financial services industries, such as banking and securities are primarily regulated by the federal government, the insurance industry has always been predominately regulated by the states. In 1945, Nevada U.S. Senator Pat McCarran co-sponsored the McCarran-Ferguson Act, which affirmed the states' right to regulate and tax the business of insurance was in the public's best interest.

In 1999, the United States Congress passed The Financial Modernization Act, which established a framework to permit affiliations among banks, securities firms and insurance companies. This bill, also known as Gramm-Leach-Bliley (GLB); re-affirmed the states' rights to regulate insurance, but also called for states to enact reforms to allow insurance companies to compete more efficiently, through increased uniformity of legislation and simplicity in access to markets.

Nevada has over fifteen hundred traditional carriers licensed to conduct business in our state that are domiciled in other states. Most insurance companies transact business in multiple states, and many are national companies. Nevada is a fully accredited member of the National Association of Insurance Commissioners (NAIC). The NAIC is governed by the Insurance Commissioners from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, the Commissioners work together to create a regulatory framework that provides increased uniformity, sharing, and support to help create more efficient markets and better consumer advocacy.

One of the important activities of the NAIC is the drafting and adoption of model laws and regulations, which are created by and voted on by the Insurance Commissioners through a transparent collaborative process. These approved model laws are recommended for each state to enact through their state legislatures and Division of Insurance regulations. Model legislation helps provide carriers with an improved uniformity of regulation to create efficiencies mandated by the GLB Act., and to strengthen consumer protections. Title 57 of the Nevada Revised Statutes and Regulations pertaining to insurance contains language provided throughout the years by the NAIC model language development process. The Division's 2019 Data Security (S.B. 21), Guaranty Association (S.B. 87), and Licensing (S.B. 88) Bills all contain proposed changes to Nevada's Statutes containing language taken from NAIC model laws, regulations and guidelines.

The financial regulation of insurance carriers is crucial to safeguard insurance consumers. State regulators perform quarterly and annual analysis on all licensed insurance companies each year, and they perform in-depth financial examinations of the companies no less than once every 5 years, to ascertain whether the insurer is in sound financial condition. Regulators from the state the insurance company is domiciled in are responsible for conducting the analysis and exams. The results of the analysis and exams are shared and relied upon by all members of the NAIC through a shared NAIC database. The efficiency of this shared system of oversight has provided much greater cost controls to the carriers, (which ultimately provides lower rates to the consumers) while still maintaining solvency protections.

Based upon multiple insurance company insolvencies in the late 1980's and early 1990's, the National Association of Insurance Commissioners (NAIC) formed a special committee in 1988 to address inconsistencies within state regulation practices for insurance companies. In June 1989, the NAIC adopted the "Financial Regulation Standards," which established a baseline for an effective regulatory system in each state and subsequently became known as the "Accreditation Standards." Under the accreditation program, each state's insurance department is reviewed by an independent review team that assesses the department's compliance with the Accreditation Standards.

To provide for uniformity in training, proficiency and standards among the state examinations, all NAIC state insurance regulators are subject to an accreditation process every 5 years. The NAIC performs a comprehensive audit and review to ensure the departments have adequate statutory and administrative authority to regulate an insurer's corporate and financial affairs, as well as the properly trained and effective staff and resources to carry out the authority. Nevada successfully completed its most recent accreditation review in 2017.

In addition to the NAIC, Nevada is also a member of the Interstate Insurance Product Regulation Commission (IIPRC). This compact enhances the efficiency and effectiveness of the way insurance products are filed, reviewed, and approved, allowing consumers to have faster access to competitive insurance products. The IIPRC serves as a central point of electronic filing for certain insurance products, including life insurance, annuities, disability income, and long-term care insurance to develop uniform product standards, affording a high level of protection to purchasers of asset protection insurance products.

The Nevada Legislature plays an important public policy making role in the regulation of insurance. Legislators provide the regulatory framework in which the Department operates by establishing laws which grant the specific regulatory authority and approve operating budgets.

NEVADA DOI 2019 LEGISLATIVE PRIORITIES

The Nevada Division of Insurance is sponsoring four bills during the 2019 Nevada Legislature:

DATA SECURITY (S.B. 21)

The Data Security Bill language is taken from the NAIC Insurance Data Security Model Law No. 668. Cybersecurity is of ever increasing importance. The insurance industry has access to confidential data of their clients and prospects, and is a target for cybersecurity attacks. This model provides for implementation of an information security program that is commensurate with the size and complexity of the licensee and the nature and scope of the Licensee's activities. The data security requirements for licensees extend to contracted third-party service providers as well. Insurers domiciled in Nevada will be required to provide the Commissioner with an annual statement certifying compliance with the requirements of this act.

REGULATION OF INSURERS (S.B. 86)

The Division's omnibus bill includes a variety of subject matter changes and clarifications related to the regulation of insurers in this state. Some of the proposed changes include changing the timing of the application of premium tax on annuities; authorizing the Commissioner to approve the formation of a domestic surplus-lines insurer; broadening acceptable financial institutions for use by a Nevada captive; authorizing the Commissioner to assess the cost for the review of a health benefit plan rate filing against the carrier; and eliminating obsolete carrier reporting requirements related to medical malpractice closed-claims. Additional statutory changes are also being proposed in the Third-Party Administrators, Service Contracts and Captives chapters.

GUARANTEE ASSOCIATION (S.B. 87)

The Guarantee Association Bill includes updated language from the Life and Health Guarantee Fund NAIC Model 520, to include long-term care insurers and Health Maintenance Organizations (HMOs). The Life and Health Insurance Guarantee Fund was developed to provide protections and guarantees to purchasers of Nevada Life and Health Insurance policies, in the event of carrier insolvencies. This amended language will include long-term care insurance policies within the Guarantee Fund protections. In addition, HMOs make up a significant portion of Nevada's fully insured health insurance market, but they are currently not participants in the state's Life and Health Insurance Guarantee Fund. This amendment will include HMOs among the carriers that will participate in this fund. This will provide additional consumer protections to both Nevada HMO and long-term care insurance policyholders and will broaden the number of carriers participating in the fund.

PRODUCER LICENSING (S.B. 88)

The Division's Producer Licensing Bill includes language to modify Nevada's licensing statutes to more closely conform to the NAIC's Uniform Producer Licensing Standards. This bill changes producer license renewals from three years to two, renewable on or before the last day of the licensee's birth month. This is being proposed to help create uniformity with the vast majority of other states, and make it simpler for Nevada licensees to track their renewal dates if they sell products across state lines. The Division is also proposing eliminating the requirement that a licensed business organization submit a list of each producer authorized to transact business, as this is information the Division of Insurance has not been collecting nor considers necessary. This bill also proposes removing fixed annuities from the statutes, as they are not issued as a distinct limited lines license.

Regulation of the Bail Industry

Bail is security required by a court to guarantee a defendant's appearance at a future time, as ordered by the court, which allows the defendant to be released. Bail is posted through a surety, who generally posts bail in the form of cash or bond for the defendant's appearance. Once released, the defendant is under the supervision of the surety, who is liable to the court for the amount of the bail should the defendant not appear in court.

The Division of Insurance regulates the commercial side of bail under NRS chapter 697. There are four license types related to bail that are issued by the Division; a *bail agent*, who is appointed by a surety insurer to act on behalf of the surety insurer to assess the risk of the defendant, accept collateral security on the bond, post bonds with courts, and other duties related to bonds posted; a *bail enforcement agent*, who is employed or contracted by a surety insurer or bail agent to locate, apprehend, and surrender a defendant who has failed to appear in court or otherwise absconded; a *bail solicitor*, who solicits business on behalf of a bail agent; and a *general agent*, who is appointed by a surety insurer to supervise or manage bail agents, but is not authorized to solicit or negotiate bail.

In Nevada, there are 363 bail licensees—115 resident bail entities and 248 resident individuals. From 2006 to 2008, the annual average number of complaints against bail licensees almost doubled to 77, and almost tripled in 2010 to 117. Starting in 2011, the Division redirected significant resources to investigate complaints and take administrative action against licensees for bail violations. Since 2014, the number of complaints has tempered to approximately 43 per year, which is still extremely high given the limited number of licensees. The Division has continued to see a disturbing pattern of predatory practices and abuses used for financial gain. These practices also present serious issues of public safety.

One of the most frequent areas of abuse is based on the power to apprehend and surrender a defendant. By statute, the power is limited to apprehending and immediately surrendering the defendant to authorities if the defendant has failed to appear at the scheduled court hearing or has failed to comply with a court-imposed condition for release. What the Division has discovered is that many bail licensees rely on this authority for their own unlawful financial benefit. Two examples of these types of abuses the Division dealt with are:

A defendant did not appear in court due to illness; that same day, her attorney had the warrant quashed and bail bond exonerated. Later that night, a bail agent and people he hired beat down the defendant's door, forced their way in, handcuffed the defendant, and held the defendant and her three young children at gunpoint, while collecting valuables throughout the home. The items taken included her car, cell phone, laptop, iPhone, cash and even her son's Xbox. The defendant was then surrendered to jail. None of the items taken were ever returned and were either kept or sold by the bail agent.

A bail agent, alleging a debt was owed to him, forcibly removed a defendant from her hotel room. At gunpoint, the bail agent handcuffed her and drove her around town for hours, threatening to leave her in the desert if she did not comply with his demands. The agent forced the defendant to take cash from an ATM, and write checks to him. The bail agent also entered her brother's home and took a car and other valuables. After over 24 hours, the bail agent surrendered the defendant to the detention center. None of the items taken were returned and the car was sold by the bail agent.

The Division looked around the nation for ideas on how to address problems within the bail industry, as they are not unique to Nevada. Some states have completely eliminated commercial bail, while others have instituted reforms and tighter regulation of bail licensees. Under the direction of the Commissioner, the Division opted to begin bail regulation reform by sponsoring a Bill, (S.B. 18) during the 2017 Legislative Session, to address the most urgent problems in bail, and to clarify ambiguities and contradictions in existing laws. While the bill passed the Senate by a vote of 17-4, discussions with the Assembly leadership led the Division to redirect our reform efforts through proposed changes to the Nevada Administrative Code that could help clarify existing Nevada law.

In the fall of 2017, the Division created a bail committee charged with developing a plan to help bail licensees come into compliance with Nevada's bail laws. The committee created the "Bail Compliance Project," which is a multifaceted plan to improve bail regulation in this state. As a part of this "Project," the Division initiated the rulemaking process through proposed regulation R173-18, to help clarify existing Nevada law; added bail licensee and bail consumer content to its website; and issued two bulletins addressing the topics of charges and collateral, (the two areas most widely abused areas in bail). The Division has also reached out to different agencies in the state, including courts and law enforcement that are involved with bail, to identify and address problem areas.

The Division hosted the Bail Compliance Project “Kickoff” events in July 2018. Two meetings were held in Las Vegas and one was held in Reno. Of the state’s 248 individual bail licensees, 85 attended the Kickoff events. At each meeting, the Division provided a two-hour continuing education presentation for bail licensees, to explain how the Division enforces Nevada’s bail laws. The Division also introduced its planned “courtesy” audits of every bail licensee in Nevada. As part of helping bail licensees come into compliance, the Division is using the audits to help bail licensees identify areas of noncompliance, and giving bail licensees an opportunity to come into compliance before a second audit is done. Areas of noncompliance identified in the second audit will be addressed through market conduct examinations or through administrative action.

In August 2018, the Division began auditing bail agencies both in Northern and Southern Nevada, focusing on licensing, records, employees, collections and charges, collateral, early surrenders and trade practices. Preliminary results show that every bail agency audited has violations related to charges, collateral and records, and most bail agencies have violations related to employees, early surrenders, and other trade practices. The biggest problem identified by the audits is the contracts being used by bail licensees, whether supplied by the surety insurer or by the bail agent. The contracts tend to contain provisions that misrepresent the bail agent’s authority, violate Nevada laws, and in some circumstances, take extreme advantage of the state’s consumers.

The initial “courtesy” audits are expected to be completed in January of 2019, after which the Division will publish a summary of the audit results. These results will be made available to the Nevada Legislature. The Division has made considerable efforts to address challenges in regulating the bail industry with the goal of ensuring a fair market that consumers can trust if they need bail services. Division staff is available to provide the Legislature additional information regarding the Bail Compliance Project and continuing bail market conduct issues impacting Nevada consumers.

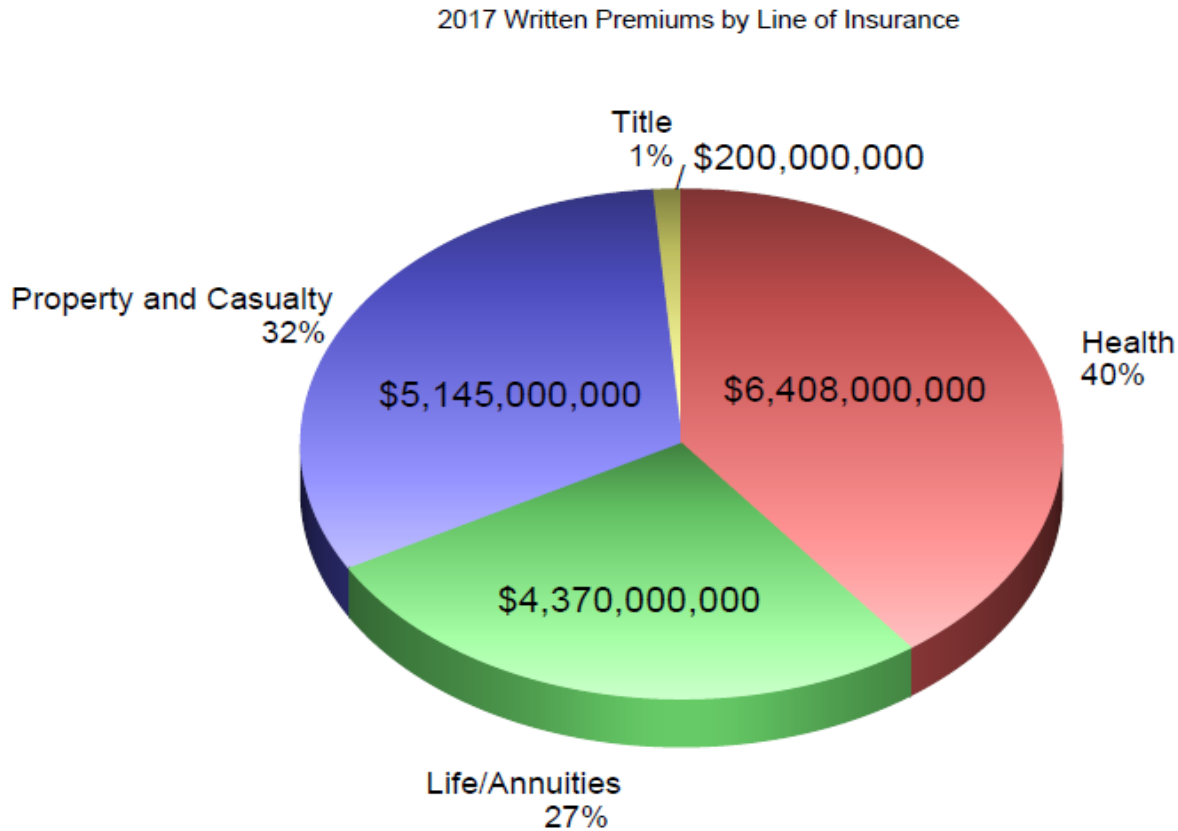


Courtesy of the Nevada Division of Tourism

OVERVIEW OF THE NEVADA INSURANCE MARKET

Nevada’s insurance market is comprised of 1,535 licensed domestic and foreign insurers and 203 captive insurance companies writing business in this state. During the period of 2013-2017, insurance was also placed with an additional 193 insurers that are part of the state’s non-admitted market, known as surplus-lines insurance.

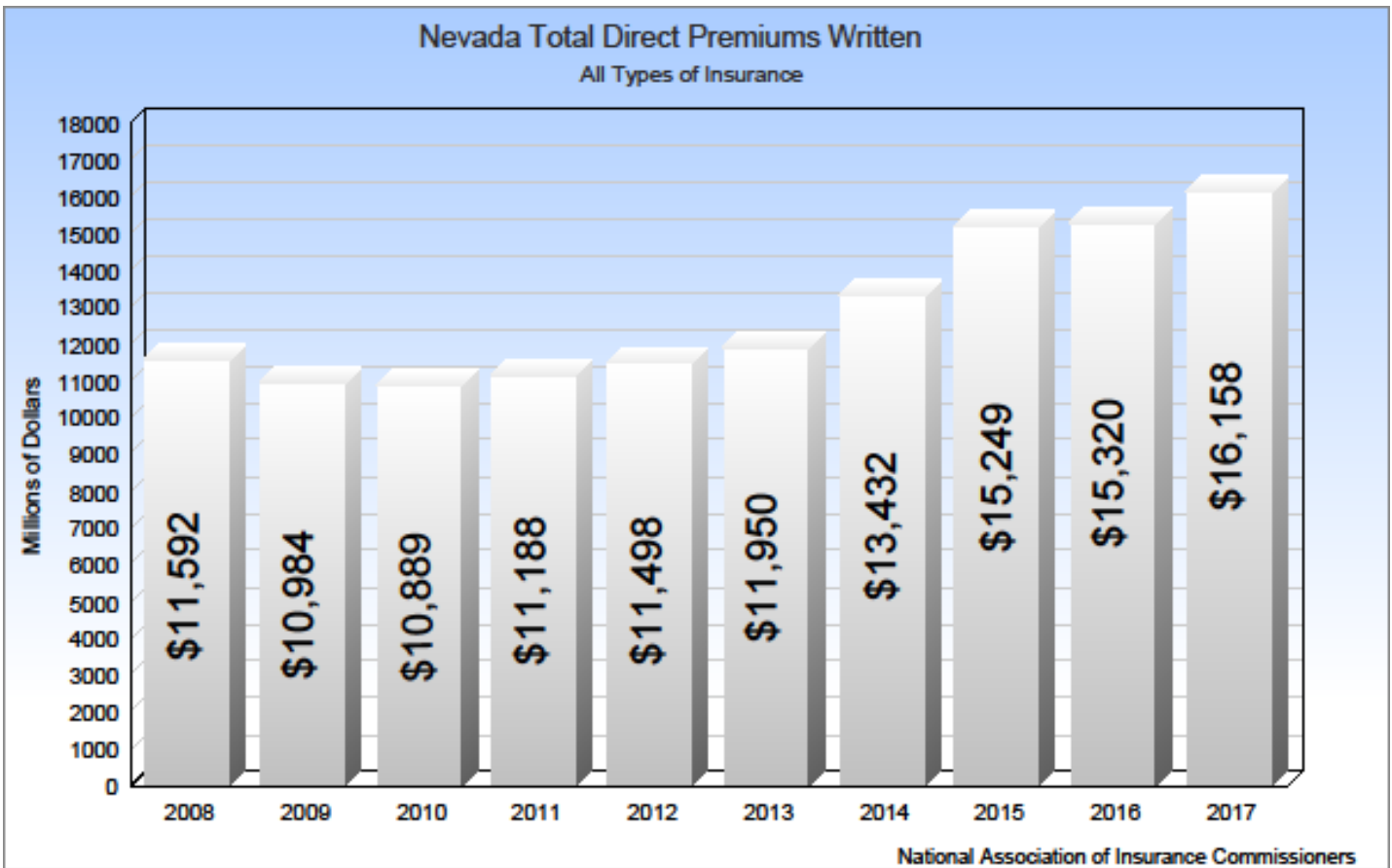
The insurance market in Nevada is divided by the NAIC into four segments; health insurance, property and casualty, life/annuities (including accident and limited health products), and title. In 2017, Nevada’s written premiums by segment were as follows: health – 40%; property and casualty – 32%, life/annuities – 27%, and title –1%.



National Association of Insurance Commissioners

The following chart reflects the ten year history of direct written premiums in Nevada. The state has experienced a rapid growth of written premiums during the past five years, with 2017 exceeding \$16 billion of direct written premiums.

This chart provides a historical perspective of the state’s written premiums, and it reflects the impact the state’s economy has on insurance written in this state. Nevada’s written premiums grew by 9.6% in 2005, 8.2% in 2006 and 4.7% in 2007. In 2008, when the state’s housing market collapsed, Nevada’s economy was hit harder than most states. That year saw a reduction in written premium compared to 2007, and the written premiums continued to reduce over the following two years. It was not until 2013 when written premiums exceeded the 2008 results. Since 2012, the insurance direct written premiums have increased by 3.9% in 2013, 12.4% in 2014, 13.86% in 2015, .5% in 2016 and 4.7% in 2017.



NEVADA HEALTH INSURANCE MARKET

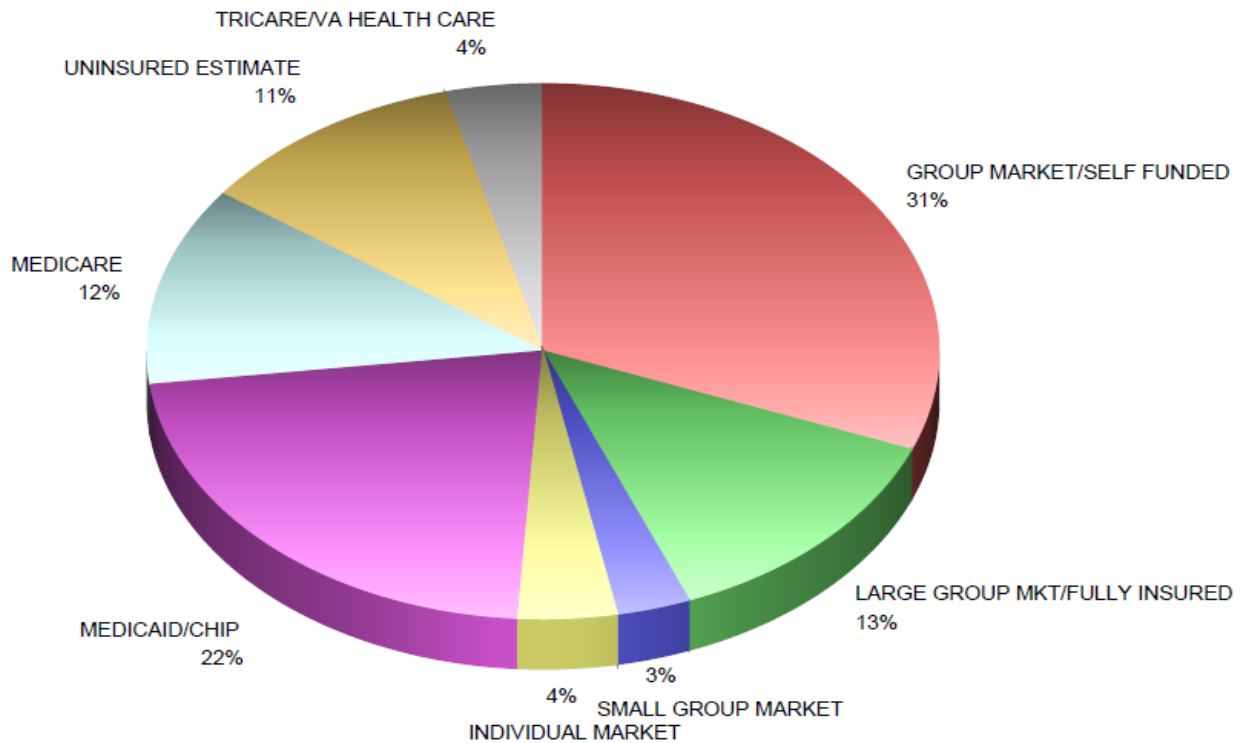
Nevada’s health insurance market represents the largest segment of direct written premiums, making up approximately 40% of the state’s total¹. The table and graph below provide an overview of the insurance coverage by category in the State of Nevada. The Division of Insurance thoroughly regulates the individual and small group Markets, which represent approximately 7% of the state’s population. In addition, the Division regulates policy forms in the fully insured large group market. Rates, provider networks and drug formularies for large group plans are not reviewed or approved by the DOI.

The health insurance market premiums that are subject to the state’s premium tax are individual, small group, fully insured large group, fully insured AHPs, Medicare Supplement, and Medicaid MCO plans.

NEVADA DIVISION OF INSURANCE				
HIGH-LEVEL OVERVIEW OF HEALTH INSURANCE COVERAGE BY SOURCE OF COVERAGE IN NEVADA				
Population / Coverage Category	Estimated Member Count	Member Count as a Percentage of Total State Population	Data Description	Data Source
Total Estimated Population in Nevada	2,959,801	100%	Population for calendar year 2017	NV Demographer PPT 10-1-17
Individual Market	125,915	4%	Members Effective 1/1/2018	Reported by Carriers to DOI
Small Group Market	95,879	3%	Members Effective 12/31/2017	SHCE
Large Group Market (Fully Insured)	390,000	13%	Members Effective 12/31/2017	SHCE
Group Market (Self Funded)	905,227	31%	Estimates based on 2016 CPS	Kaiser/Census
Medicaid / CHIP	651,751	22%	Enrollment 1/11/2018	DHHS PPT 1/11/18
Medicare	353,868	12%	Enrollment 1/1/2018	CMS Monthly Report
Tricare/ VA Health Care (other public)	118,392	4%	Estimates based on 2016 CPS	Kaiser/Census
Uninsured Estimate	318,768	11%	Estimate based on accessible data above	
Total Covered Population	2,641,033	89%	Estimate based on accessible data above	

¹ Source: NAIC 2017 Nevada Report Card

2017 HEALTHCARE RESULTS BY COVERAGE CATEGORY



Source: NAIC 2017 Nevada Report Card

NEVADA INDIVIDUAL HEALTH MARKET

In 2014, Nevada's individual health insurance market transitioned with the implementation of the Patient Protection and Affordable Care Act (ACA). Health benefit plans in Nevada are sold through the Silver State Health Insurance Exchange (SSHIX), known as the On-Exchange market, as well as policies that are sold through the Off-Exchange market.

The ACA has had a significant impact on the growth of Nevada's individual market. As shown in Exhibit I, the largest increase in the individual health market occurred in 2014, when the ACA first went into effect. That year the individual market premiums increased from \$153,964,556 in 2013 to \$330,918,851; and total year-end members increased from 77,617 to 116,131. The enrollment numbers in 2015 reflect a slight decrease to 113,296, which is due to approximately 22,000 lives no longer being included at year-end when the Nevada Health CO-OP went into receivership in October of 2015. The peak in the state's individual market occurred in 2016 with year-end enrollment of 143,257 covered lives. By the end of 2017, enrollment had declined to 127,903.

Exhibit II displays Nevada's 2014-2019 individual market statistics by rating area, and it includes the number of carriers in the Off Exchange and On Exchange markets, sample monthly rates, and the average annual approved statewide rate increases. As the state's individual market has evolved, there has been a shift in enrollment from the Off-Exchange market to the On-Exchange market through the Exchange. Based upon enrollment numbers provided by the SSHIX, at the beginning of Plan Year 2014, there were 82,276 covered lives Off Exchange and 34,469 On Exchange. At the end of the 2018 open enrollment, the Off Exchange market had 34,912 members, while 91,003 were covered through the state's Exchange.

There are several factors that have led to the reduction in individual market enrollment since 2016, and the shift from Off Exchange to On Exchange plans. The ACA provides premium subsidies for plans purchased through a health insurance exchange for families whose income does not exceed 400% of the federal poverty level. Subsidies have made exchange based health insurance policies much more affordable for those that qualify, and currently 84.3% of the policies written through SSHIX receive a federal subsidy.

In addition to subsidies, the ACA brought in guaranteed issue policies and a prohibition against pre-existing condition exclusions for all individual health benefit plans. These requirements were new to the individual market, and carriers faced substantial challenges in properly rating for their insured pools. The individual market experienced loss ratios of 92.02%, 98.94%, 91.68% and 85.17%, respectively, in 2014 through 2017, while the breakeven point for carriers is usually near 75%. Adverse loss experience played a significant factor, leading to the approved rate increases shown in Exhibit II. As individual health insurance premiums increased, they far exceeded the federal penalties for not carrying coverage. As more people chose to not carry coverage and pay the federal tax penalty, the State’s individual market began retracting in 2016. The reduced number of insured lives caused the individual market direct written premiums to reduce from \$579,094,432 in 2016 to \$548,283,592 in 2017.

The average individual market approved statewide rate increase for the 2018 plan year was 31.6%. However, since the majority of Nevadans insured in the individual market have federally subsidized plans, the individual market did not suffer a significant reduction in enrolled members. The beginning of year enrollment numbers only decreased 2.8%, from 129,522 in 2017 to 125,915 covered lives in 2018. Based upon the enrollment numbers and the large increase in rates, the individual market would be expected to see a double digit increase in direct written premiums during Plan Year 2018.

The individual market average statewide approved rate change for 2019 is 0.31%. It appears that the state’s individual market has finally reached a level of relative price stability, which is very encouraging for Nevada’s consumers. Although the individual mandate has been repealed for 2019, the enrollment numbers in the individual market are not expected to fluctuate significantly from current levels, and the 2019 written premiums should remain relatively flat.

The Silver State Health Insurance Exchange will be offering 14 QHP plans during 2019 Open Enrollment; 4 Bronze, 7 Silver, 2 Gold and 1 Catastrophic. Clark, Nye and Washoe Counties will have the choice of all 14 plans, while 5 plans will be available for the state’s remaining counties. Off Exchange, there are 28 plans being offered in Clark and Nye counties, 37 in Washoe County, 31 in Carson, Douglas, Storey and Lyon counties, and 3 plans in the remaining counties.

SMALL GROUP MARKET

Nevada’s small group market has remained stable over the past four years, as the number of covered lives has remained at roughly 95,000. The ACA required that businesses have at least one covered employee to qualify for a small group plan. The primary reason for the 2014 reduction of covered lives was sole proprietors with no employees were required to move from the small group to the individual market. The small group covered lives and written premiums totals in Nevada’s small group market were as follows:

YEAR	2013	2014	2015	2016	2017
COVERED LIVES	111,178	95,435	91,625	95,272	95,879
WRITTEN PREMIUMS	\$422,033,000	\$401,774,668	\$386,778,082	\$410,744,728	\$444,838,241

Source: NAIC 2017 Nevada Report Card

FULLY INSURED LARGE GROUP MARKET

The state’s fully insured group market has experienced a slight reduction in covered lives over the previous five years; however written premiums have continued a steady growth due to increasing premiums. The five year written premium and covered lives totals were as follows:

YEAR	2013	2014	2015	2016	2017
COVERED LIVES	406,117	400,756	402,775	392,044	390,000
WRITTEN PREMIUMS	\$1,480,680,541	\$1,521,393,373	\$1,589,732,026	\$1,645,662,779	\$1,708,765,030

Source: NAIC 2017 Nevada Report

MEDICAL LOSS RATIO - NEVADA POLICYHOLDER REBATES

The ACA-MLR requires health insurance issuers in the individual, small group, and large group markets to spend at least 80% and 85%, respectively, of their premium income on medical care and health care quality improvement; leaving the remaining 20% or 15% for administration, marketing, and profit. Carriers are required to price their products well in advance of the plan year, and their rates are based upon projected loss experience. Some carriers' plans actual loss experience, (primarily in the group market) were below the ACA mandated medical loss ratio benchmarks, so premium rebates were issued to Nevada policyholders. Total premiums rebated to Nevada policyholders in 2014 through 2017 were as follows:

2014	2015	2016	2017
\$4,049,167	\$3,797,839	\$6,243,165	\$4,689,070

Source: NAIC 2017 Nevada Report

ASSOCIATION HEALTH PLANS

A new Department of Labor rule released June of 2018 expanded the ability of employers, including sole proprietors and self-employed workers, to participate in Association Health Plans or AHPs. An AHP is a specific type of ERISA-covered group health plan that is sponsored by a group or association of employers, instead of a single employer, to provide health coverage to the employees of the AHP's employer members. Under ERISA, an AHP is both a group health plan and a multiple employer welfare arrangement (MEWA). An AHP under this new rule can offer coverage to all employers in a geographic region such as a state, county or city. Prior rules only allowed AHPs if the association is a bona fide organization with business/organizational purposes and functions unrelated to the provision of benefits, and the employers share some commonality and genuine organizational relationship unrelated to the provision of benefits.

AHP plans, as with all other large group plans, are subject to fewer state and federal requirements. Large employer plans are not required to cover the essential health benefits and they do not undergo the Division's scrutiny regarding the regulation of rates, provider networks or drug formularies. An AHP under this new rule, however, may not charge higher premiums or deny coverage to people because of pre-existing conditions. Previously existing AHPs can continue to operate under the same rules as before, including rating based upon the health status of an employer's employees.

This federal rule allowed fully-insured AHPs to be effective beginning September 1, 2018. The following AHPs are currently offering health insurance plans to employer members as of the printing of this report:

**Henderson Chamber of Commerce/
Clark County Association Health Plan**

Effective Date: September 1, 2018
Service Area: Clark County
Carrier(s): Health Plan of Nevada
Sierra Health and Life

Las Vegas Metro Chamber of Commerce Health Plan

Effective Date: October 1, 2018
Service Area: Statewide
Carrier(s): Anthem

Reno Sparks Chamber Association Health Plan

Effective Date: October 6, 2018
Service Area: Statewide
Carrier(s): Prominence HealthFirst
Prominence Preferred Health Ins. Co.

Nevada Builders Alliance Association Health Plan

Effective Date: October 25, 2018
Service Area: Statewide
Carrier(s): Prominence HealthFirst
Prominence Preferred Health Insurance Co.

Nevada Contractors Association Health Plan

Effective Date: December 1, 2018
Service Area: Statewide
Carrier(s): Health Plan of Nevada
Sierra Health and Life

Builders Association of Northern Nevada

Effective Date: December 1, 2018
Service Area: PPO plans available statewide
HMO plans available in Washoe, Carson, Douglas, Lyon and Storey counties
Carrier(s): Hometown Health Plan, Inc.
Hometown Providers Insurance Company

Greater Las Vegas Association of REALTORS

Effective Date: January 1, 2019
Service Area: Statewide
Carrier(s): Health Plan of Nevada
Sierra Health and Life

BBB Northern Nevada and Utah Association Health Plan

Effective Date: January 1, 2019
Service Area: Statewide
Carrier(s): Hometown Health Plan, Inc
Hometown Health Providers Insurance Company

RATE REVIEW

Nevada has been designated an effective rate review state by the Centers for Medicare and Medicaid Services in accordance with provisions set down in the ACA. As an effective rate review state, Nevada must conduct reviews of proposed rates as follows:

- Must receive sufficient data and documentation concerning rate increases to conduct an examination of the reasonableness of the proposed increases.
- Must consider the factors below as they apply to the review:
 - Medical cost trend changes by major service categories
 - Changes in utilization of services (i.e., hospital care, pharmaceuticals, doctors' office visits) by major service categories
 - Cost-sharing changes by major service categories
 - Changes in benefits
 - Changes in enrollee risk profile
 - Impact of over- or under-estimate of medical trend in previous years on the current rate
 - Reserve needs
 - Administrative costs related to programs that improve health care quality
 - Other administrative costs
 - Applicable taxes and licensing or regulatory fees
 - Medical loss ratio
 - The issuer's capital and surplus
 - The impacts of geographic factors and variations
 - The impact of changes within a single risk pool to all products or plans within the risk pool; and
 - The impact of reinsurance and risk adjustment payments and charges under sections 1341 and 1343 of the Affordable Care Act.
- Must make a determination of the reasonableness of the rate increase under a standard set forth in State statute or regulation.
- Must post either rate filings under review or rate filing justifications on the State website or post a link to the rate filing justification information that appears on the CMS website.
- Must provide a mechanism for receiving public comments on proposed rate increases.
- Must report results of rate reviews to CMS for rate increases subject to review.

NETWORK ADEQUACY

Provider networks maintained within the individual and small employer health insurance markets are regulated by the Division. Nevada Administrative Code 687B.770 established the Network Adequacy Advisory Council for the purpose of recommending additional or alternative standards for determining whether a network plan is adequate. Since its inception, the Council has added standards for pediatrics, increased the requirements related to Essential Community Providers, and recommended the incorporation of the network adequacy standards into Nevada regulation; a move away from simply referencing the standards issued by the Center for Medicaid and Medicare ("CMS"). The five public meetings for plan year 2020, held between February 2018 and September 2018, culminated with a Report submitted to the Commissioner on September 15, 2018. The latest Report included recommendations to break out mental health providers by specialty. The new recommended standard included in Temporary Regulation T005-18 will help ensure Nevadans have adequate access to psychiatrists, psychologists, and social workers and the specific patient care unique to each provider type. The Council will reconvene in early 2019 to discuss the recommendations for plan year 2021.

DISCRIMINATORY PROVIDER NETWORK DESIGN

With the help of a recently awarded federal grant, for plan year's 2020 and beyond, the Division will be focusing on the protection of individuals with high-cost medical conditions who might be dissuaded from enrolling in certain plans that have an intrinsic bias against those illnesses. Non-discrimination in plan design is a market-wide consumer protection that applies to all non-grandfathered health insurance plans offered in Nevada.

NEVADA PROPERTY AND CASUALTY INSURANCE MARKET

Property and casualty insurance accounts for approximately 1/3 of the written premium in Nevada. Property and casualty insurance protects against risks involving property (cars, homes, or businesses, etc.) and casualty, which is liability risks (providing protection for a policyholder against claims of others). The table below represents the 5 year history of the direct written premiums of the major lines of property and casualty insurance in Nevada.

Nevada Property and Casualty Direct Premiums Written					
Year	2013	2014	2015	2016	2017
Automobile	\$1,941,862,000	\$2,062,073,000	\$2,184,883,000	\$2,393,757,000	\$2,671,538,000
Home	\$478,454,000	\$505,467,000	\$535,066,000	\$558,814,000	\$580,641,000
Workers' Comp.	\$309,264,000	\$344,270,000	\$364,127,000	\$371,248,000	\$363,080,000
Surplus Lines	\$248,968,000	\$261,725,000	\$277,085,000	\$273,540,000	\$307,560,000

Source: NAIC 2017 Nevada Report

One of the Division’s primary responsibilities is to protect Nevada consumers through the review of rate and form filings received from the State’s admitted property and casualty insurers. Rates for commercial lines of insurance are deregulated, but the Division reviews rate filings of personal lines of insurance such as automobile, homeowners, umbrella/liability, title and several other types of insurance. The Division also reviews rates for workers’ compensation and medical professional liability (medical malpractice) insurance. The rate review ensures that rates are adequate, not excessive, not unfairly discriminatory, and do not result in creating a monopoly by destroying competition.

Nevada is a “prior approval” state for personal lines, a term indicating that insurers’ rates and forms must be submitted to the Commissioner and approved prior to use in the marketplace. The “prior approval” framework is a critical consumer protection which ensures that an insurance product is introduced in the Nevada marketplace only after the rates (for personal lines of insurance) and forms (for all lines of insurance) have been thoroughly reviewed to ensure compliance with Nevada law.

PRIVATE PASSENGER AUTO INSURANCE

Nevada’s automobile insurance direct written premiums have experienced growth at the following rates: 2013 – 5.6%; 2014 – 6.2%; 2015 – 6.0%; 2016 – 9.6%; 2017 – 11.61%². Rate filings submitted by automobile insurers over the past 5 years reveal an upward trend for rates related to all coverages for automobile insurance. The rise is attributable to worsening loss experience for automobile insurers in the form of higher frequency (number of accidents) and severity (payments made per claim) of losses/claims for most of the top insurers in Nevada. Rate filings in 2018 have been lower than the previous two years, and are more representative of historic norms.

The analysis of the NAIC’s data on market concentration shows that Nevada continues to have an objectively competitive automobile insurance market with a lack of market concentration by its carriers. This is true for both individual companies and company groups. Despite its auto insurance market remaining healthy and competitive, Nevada ranks high on the list of states with the highest auto insurance premiums in the country. Some of the key cost drivers contributing to this appear to be a result of market conditions in Nevada: a higher incidence of theft, higher frequency of accidents, and higher severity of injuries sustained in accidents. Some additional cost drivers of the state’s automobile insurance rate increases are:

- 24/7 traffic – Compared to other states in the country, Nevada poses a unique challenge to automobile insurers. The prevalence of the opportunity provided by the gaming industry contributes to 24/7 traffic with possibly higher incidents of intoxicated drivers. This directly correlates to increased accidents/claims, resulting in higher payouts by the insurers, resulting in higher premiums.
- Increasing medical costs – Insurers generally attribute the rising severity for medical costs to national trends of medical care inflation. This includes hospital stays, emergency room treatments, prescription drug costs and general medical expenditures.

² Source: NAIC 2017 Nevada Report Card

Some of the key characteristics or cost drivers frequently used by automobile insurers include, but are not limited to: territory (zip code), claims history, driving record/traffic citations, vehicle year, make, and model, miles driven, insurance coverage levels, credit-based insurance scoring, prior bodily injury (BI) coverage limits, and the age, gender, and marital status of the driver.

A summary of Nevada's private passenger automobile insurance marketplace is provided in Exhibit III, which shows the calendar-year 2017 direct premium written, direct premium earned, and direct losses incurred for the largest 25 insurers by volume of direct premium written, along with these insurers' respective 2015 rankings. Exhibit IV shows the largest five insurance groups offering private passenger automobile insurance in Nevada in 2015 and 2017. Exhibit IV also shows that the pure direct loss ratio for the largest five groups in 2017 was 72.00 percent – 1.67 percentage points lower than the ratio for all companies and approximately constant relative to the ratio of 72.07 percent in 2015 for the largest five groups.

Exhibit V summarizes major rate changes by the largest five insurance groups within the past three years. Overall, rate increases were more prevalent than rate decreases – largely driven by observed increases in claim frequency and severity.

Emerging technologies, such as blockchain, have led to the emergence of “InsureTech” or “Insurtech” – a term commonly applied to a wide array of creative, tech reliant proposals and products. Insurtech products have recently begun to enter the Nevada market. Some of their products or concepts include micro-insurance that is used when covering the flight time for drones. You pay for the time you are using the drone. Other examples are; pay-by-mile insurance, where rates are based upon actual usage of the vehicle; smart contracts related to blockchain technology; smart claim payments, where some carriers use an automated claims processing system to speed up claims payments; and more efficient interaction with consumers through smartphone apps that allow customization of coverage and rapid communication between the consumer and the insurer.

While autonomous vehicle technology continues to develop, the Division has not yet seen insurance companies offering coverage for the final version of this technology, pending the finalization of the framework within which such vehicles will operate. Insurers routinely offer coverage for vehicles with some semi-autonomous technologies, including collision avoidance, automated emergency braking, lane-keeping assistance, and parking assistance. Because semi-autonomous features in vehicles still require the driver to be alert and engaged at all times, there is no difference with regard to the potential for the driver to be liable if a loss occurs, and thus liability coverage for semi-autonomous vehicles can fit within the current automobile insurance framework.

HOMEOWNERS' INSURANCE

Nevada's home insurance market remains very competitive, and homeowners have the ability to obtain the desired protection for their homes at competitive rates. The NAIC annual study of home insurance market concentration for both individual companies and company groups, shows that Nevada's home insurance market has been and remains stable and relatively un-concentrated.

According to an NAIC report from 2005³, the average homeowners' annual policy (Form HO-3, which is owner-occupied homes) premium was \$671, and in 2015⁴ the reported average annual premium in Nevada for the same HO-3 policy form (accounting for more than 75% of the Nevada home insurance policies in 2015) was \$737. From 2005 to 2015 Nevada homeowners experienced only a modest increase of \$66 in the average homeowner's annual policy premium, which was among the smallest increases in the country for that period and was reflective of a stable and healthy insurance market.

Similar to the personal automobile insurance industry, the home insurance industry has seen a steady increase in the use of complex mathematical models or “predictive models”, which have been introduced over the past two decades in rating plans, with increasing frequency of deployment and variety over the past several years. Some of these models have been developed to provide insurers with innovative ways to evaluate risk exposures associated with infrequent but severe weather loss events or catastrophic loss events such as earthquakes, fires, and floods.

The development of flood-oriented predictive models has enabled several insurers to enter the private flood insurance market in Nevada, providing insureds with alternatives to flood insurance policies offered by the National Flood Insurance Program (NFIP). While flood insurance has now become more available to insureds, some banks may be reluctant to consider the private flood policies as sufficient to enable a property in a flood zone to have a mortgage issued for it.

³ National Association of Insurance Commissioners. “2005 Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner's Insurance”. December 2007. Available at https://www.naic.org/prod_serv/HMR-ZU-07.pdf.

⁴ National Association of Insurance Commissioners. “Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner's Insurance Report: Data for 2015”. 2017. Available at https://www.naic.org/prod_serv/HMR-ZU-17.pdf.

Insureds may have to work with their respective banks in order to persuade the banks to consider private flood policies sufficient to satisfy their concerns regarding potential flood damage previously covered by the NFIP policy. There are also legislative efforts underway at the U.S. federal level to require banks to recognize private flood insurance coverage that offers equivalent or superior protection to an NFIP policy. The outcome of such proposals has not yet been determined.

A summary of Nevada's home insurance marketplace provided in Exhibit VI shows the 2017 direct premium written, direct premium earned, and direct losses incurred for the largest 25 insurers in Nevada, along with these insurers' respective 2015 rankings. Exhibit VII shows the largest five insurance groups offering home insurance in Nevada between 2015 and 2017. The largest five insurance groups constituted 58.88 percent of Nevada direct written premium in 2017, compared to 60.68 percent in 2015. With regard to market shares of individual companies, a slight decrease in market share was observed for the largest 25 insurers, which wrote 83.82 percent of the premium in 2015 compared to 80.93 percent in 2017.

Exhibit VIII summarizes major rate changes observed by the top five insurance groups within the past three years. Most of the changes in 2016 through 2018 have been rate increases, a trend that is indicative of increased claims activity and new rating methodologies used by insurers to assess the risks at a more granular level.

While the Division continues to thoroughly review and approve rate-change requests received from home insurers that are based on actuarially valid indications accompanied by supporting data, the Division's review process continues to emphasize that losses from natural disasters experienced in other states may not be incorporated into Nevada rates. Nevada tends to be subject to far fewer weather-related catastrophes than many other states; Nevada has no hurricane exposure and a minimal exposure to tornadoes. When insurers propose loss-trend assumptions and catastrophe provisions based on severe loss experience in other states, the Division wants to ensure that such experience will not have the effect of redistributing increased prices from those states to Nevada.

MEDICAL PROFESSIONAL LIABILITY (MEDICAL MALPRACTICE) INSURANCE

Medical professional liability insurance provides defense and indemnification for claims arising out of alleged errors and omissions or failure to meet the standard of care in the practice of medicine. It is more commonly known as medical malpractice insurance. With few exceptions, medical professional liability insurance is not mandated by the state of Nevada. However, physicians and certain other medical professionals are typically required to show proof of coverage in order to receive hospital privileges or to be included in preferred-provider networks. Since many medical professionals would be unable to practice medicine without medical professional liability insurance and since the public's well-being depends on access to medical care, it is considered an essential insurance product.

Exhibit IX represents Nevada medical professional liability experience reported on the insurers' Annual Statements filed with the NAIC for calendar year 2017. The exhibit shows that medical professional liability insurance has been a profitable line of business during the time period in question. During 2009-2017, overall insurer losses for this line of business in Nevada remained sufficiently low. Less than half of the premiums earned by medical professional liability insurers were used to pay claims.

The number of companies offering medical professional liability insurance in Nevada has been generally increasing over time, and the Division experienced a large influx of filings for new products by medical professional liability insurers beginning in 2015, reaching a peak in early 2016, and then continuing modestly through 2017 and 2018. Summary data from insurers' NAIC Annual Statements for calendar years 2009 through 2017 show that 69 insurers were writing medical professional liability insurance in Nevada in 2009, compared to 97 in 2017. The combined market share of the largest 25 companies has declined during that period, from over 90 percent during the early years of this decade to 86.07 percent in 2017. This suggests a gradual reduction in market concentration over time. The Herfindahl-Hirschman Index (HHI) is a common measure of market concentration that is used to determine market competitiveness. Nevada's 2017 Index calculations were 0.1113 for groups and 0.0980 for companies, and these values remain within a range indicative of competitiveness as according to the U.S. Department of Justice.⁵

CLOSED-CLAIM REPORTING AND TRENDS

NRS 679B.144 requires the Commissioner to collect information regarding closed medical malpractice claims filed against physicians and surgeons in Nevada, and to provide a report to the Legislature on the information collected. Exhibit X provides the closed-claim experience by type of practitioner (e.g., MD, DO, DDS) for claims closed during calendar year 2017. Exhibit XI provides the same information for calendar year 2016. The claims are shown in the year that they are closed, regardless of when the incident occurred or when the claim was first reported.

⁵ Source: U.S. Department of Justice, Antitrust Division. "Herfindahl-Hirschman Index". Available at <http://www.justice.gov/atr/public/guidelines/hhi.html>.

By their nature, the closed-claim totals in Exhibit X will not reconcile with the annual totals for incurred losses from Exhibits IX. This is because the data reported by insurers to the NAIC includes changes in case and IBNR reserves – estimates of amounts that the insurer expects to pay out on a given claim (or on claims incurred but not yet reported to the insurer) but has not yet paid – as well as incremental payments on claims that remain open. Including changes in case and IBNR reserves can change the loss amount in either direction. “Negative” losses can occur when insurers revise their case reserves downward in light of emerging favorable information regarding specific claims or revise their IBNR reserves downward in light of a more optimistic expectation regarding the emergence of future claims.

Total closed-claim indemnity payments reported to the Division increased slightly from approximately \$16 million in 2016 to approximately \$16.5 million in 2017. Prior to the recent two years, the indemnity payments on closed claims have tended to fluctuate considerably from year to year, with a low of approximately \$12.2 million in 2012 and a high of approximately \$26.5 million in 2015. The number of closed claims has also fluctuated with a high of 108 in 2010 and a low of 49 in 2012. 2017 had one of the lower claim counts at 68. Some specialties of insureds may not have any claims associated with them in a given year but several large claims in a subsequent year. Given the relatively small volume of Nevada closed claims each year and the influence of a small number of large claims on the total figures and averages by specialty, the observed variability in closed claims from year to year is not surprising.



The majority of closed claims in 2016 and 2017 pertained to MD (Doctor of Medicine) insureds. Historically, since 2009, numbers of closed claims pertaining to MD insureds in Nevada, with indemnity payments exceeding \$5,000, have ranged between 35 and 55 per year. Claims pertaining to MD insureds also typically have the largest average indemnity payments (approximately \$259,000 in 2016 and approximately \$293,700 in 2017).

During 2016 and 2017, the number of closed claims pertaining to DO (Doctor of Osteopathic Medicine) insureds declined significantly. There were no such closed claims with payments exceeding \$5,000 in 2016 and only one such claim (with an indemnity payment of \$125,000) in 2017. By contrast, in earlier years, significant payments occurred on claims pertaining to DO insureds: approximately \$1.5 million paid for 8 claims in 2014 and approximately \$5 million paid for 6 claims in 2015, including a single large claim that closed at an amount of \$2.75 million. This demonstrates that Nevada medical professional liability claim experience for a given specialty can fluctuate substantially from one year to the next. The overall volume of claims is low in Nevada, but this implies that a single claim, particularly a large claim, can significantly influence the observed data.

Total allocated loss-adjustment expenses (ALAE) also fluctuate considerably from year to year, because the costs of investigating, negotiating, and defending a complex claim are highly dependent on the circumstances of each individual case – including whether a case goes to trial or is settled beforehand, as well as the length and expense of any legal proceedings. In the last several years, ALAE have ranged from a low of approximately \$4.34 million in 2012 to a high of approximately \$9.58 million in 2013. The total amount of ALAE in 2017 was on the lower side at approximately \$5.76 million.

RISK-RETENTION GROUPS

Overall, the medical professional liability insurance market in Nevada continues to be extremely stable and competitive. However, the Division has observed significant differences between the experience of traditional medical professional liability insurers and that of risk-retention groups (RRGs) during the past several years.

RRGs are a form of self-insurance authorized by the federal Liability Risk Retention Act of 1986. Risk-retention groups may be formed by a group of insureds, each of whom is engaged in a similar or related business, in order to insure the liability risk exposures of that group. Once an RRG is licensed in its state of domicile, it may operate in any other state, subject to registration requirements and compliance with each state’s laws regarding premium taxation, unfair trade practices, and other generally applicable insurance matters. RRGs are particularly significant providers of medical professional liability insurance in Nevada. Seven of the top 25 medical professional liability insurers by market share in 2017 were RRGs. However, the market shares of RRGs in Nevada have decreased overall since 2015.

Nevada-domiciled RRGs are licensed as association captive insurers pursuant to Chapter 694C of NRS.⁶ Unlike in previous years, no Nevada-domiciled RRG held any of the largest 25 market shares in 2017. Rather, the largest market share for a Nevada-domiciled RRG was 50th among all of the medical professional liability insurers writing in Nevada in 2017, and the RRG with that market share has since discontinued writing business and entered supervised run-off, with the goal of paying all of its claims as they come due. Two active Nevada-domiciled medical professional liability RRGs remain in the Nevada market, with the 93rd and 98th largest market shares, respectively, indicating minimal business written in Nevada (although these RRGs have more significant business writings in other states).

The Division has observed that, in spite of a favorable medical malpractice insurance market generally, many risk-retention groups – particularly those domiciled in Nevada, which has historically been a domicile for smaller RRGs – have struggled financially. Reasons for this vary by insurer but generally include the following:

- RRGs tend to have fewer assets and lower premium volume compared to traditional insurers while offering comparable limits of coverage – often reaching or exceeding \$1,000,000 of coverage per occurrence and a \$3,000,000 annual aggregate limit per policy.
- RRGs often have minimal in-house staff and rely on contracts with numerous external service providers. Many RRGs may have loss ratios comparable to those of traditional insurers but may experience significantly higher expense ratios.
- Small RRGs are at a negotiating disadvantage when procuring reinsurance to limit exposure on a given claim or set of policies.
- While Nevada’s medical professional liability insurance market remains favorable, Nevada-domiciled RRGs that have written significant business in other states – such as Florida, New York, and Michigan – have experienced more adverse results due to experience in such states.

Between 2014 and 2018, the Division has undertaken active steps to resolve the issues faced by several troubled Nevada-domiciled medical professional liability RRGs. Because RRGs are prohibited by the federal Liability Risk Retention Act of 1986 from participating in guaranty associations, alternative approaches are needed to ensure that a troubled RRG has resources to pay all of its claims or at least as many claims as realistically feasible. Potential options for a troubled RRG include a run-off supervised by the Division, with regular status reporting on outstanding claims, a loss-portfolio transfer to another insurer willing to assume the RRG’s remaining liabilities and guarantee payment of claims, acquisition by a financially stronger insurer, conversion to another type of captive insurer that is able to receive capital contributions from a greater variety of parties, administrative supervision where the Division assumes the role of company management, or – as a last recourse – receivership, with rehabilitation or conservatorship attempted if possible, to restore an RRG to a solvent condition prior to a potential liquidation.

Most historical Nevada-domiciled medical professional liability RRGs have needed to resort to one of the aforementioned approaches with the Division’s involvement. As of August 2018, four active Nevada-domiciled medical malpractice RRGs remain. All four of these RRGs write relatively low volumes of business, two of them write policies exclusively outside of Nevada, and three of them are focused on the insurance needs of specialized populations of medical professionals, to whom these RRGs’ programs are specifically tailored. RRGs that concentrate on insuring a distinctive specialty or related specialties of medical practitioners tend to be likelier to maintain solvent operations due to their more detailed knowledge of the risks facing such a specialty or specialties and their ability to provide products and pricing that accurately reflect those risks and offer a distinctive value proposition to their members.

Despite the challenges faced by many RRGs, the overall market for medical professional liability insurance remains favorable in Nevada – with healthy and growing competition, available and affordable coverages, and an undiminished capacity of most insurers to pay claims.

WORKERS’ COMPENSATION INSURANCE – PRIVATE INSURERS

Effective July 1, 1999, Nevada moved from a state-run industrial insurance program to a system of workers’ compensation insurance provided by private insurers, associations of self-insured employers, and individual self-insured employers. This new system has created a competitive and stable workers’ compensation insurance market in Nevada. While the Nevada Division of Insurance regulates both private insurers and self-insured arrangements, this segment focuses on private insurers.

The 2016 Oregon Premium Rate Ranking Study produced by Oregon’s Department of Consumer and Business Services identified Nevada as having the 9th-lowest average cost of workers’ compensation insurance out of 51 U.S. jurisdictions.

⁶ The term “association captive insurer” is defined in NRS 694C.050.

Since July 1, 2001, the National Council on Compensation Insurance, Inc. (NCCI) has filed proposed loss costs for the Nevada private insurance market. Once these loss costs are filed, insurers may file loss-cost multipliers to consider the impact of insurer-specific other expenses and profit (taking into account investment income). NCCI also files proposed rates for the assigned-risk plan, for those Nevada businesses that are unable to find a carrier who will write their risk in the private insurance market.

Overall, Nevada workers' compensation insurance rates have been on a declining trajectory in recent years to reflect the declining costs of insured losses. NCCI received approval for an average decrease of 10.7 percent in voluntary-market loss costs and a 10.5 percent decrease in assigned-risk rates, effective March 1, 2017. This follows 2016 average reductions of 5.5 percent and 4.2 percent, respectively, from the voluntary-market loss costs and assigned-risk market rates.

In 2018, a more complex impact on NCCI loss costs and assigned-risk market rates occurred due to a combination of filings. The first filing was NCCI's annual loss-cost and assigned-risk rate filing, effective March 1, 2018. This filing provided for an overall decrease of 2.3 percent in the Nevada workers' compensation voluntary-market loss-cost level and an overall increase of 0.2 percent in the workers' compensation assigned-risk rate level. For the assigned-risk market, in addition to the aforementioned 2.3 percent decrease to loss costs, there was an offsetting impact of +2.6 percent due to the increase in the Servicing Carrier Allowance (SCA) arising from the recently concluded bid process for assigned-risk servicing carriers, which resulted in the new selected carriers servicing policies beginning January 1, 2018. All available candidates during the recent bid process had slightly higher costs for the SCA than that selected for the preceding 2015-2017 bid cycle.

The second 2018 NCCI filing took effect on March 15, 2018. This was a "law-only" filing in response to the adoption by the Nevada Division of Industrial Relations (DIR) of the Actuarial Annuity Table, pursuant to NRS 616C.495(5), as amended by Assembly Bill 458 (2017).⁷ The DIR enacted Regulation R043-17, effective December 4, 2017, in response to the statutory requirement to update the table of present values used to calculate the lump-sum payments of permanent partial disability (PPD) awards.⁸ As a result of the updated Actuarial Annuity Table, which significantly decreases the discount rate used to calculate the present value of PPD benefit streams and therefore increases the lump-sum amounts, the overall average impact for both voluntary-market loss costs and assigned-risk rates is an increase of 4.7 percent. The combined overall average impact of the two 2018 NCCI filings is an increase of 2.3 percent for the voluntary-market loss costs and an increase of 4.9 percent for the assigned-risk rates. The workers' compensation experience analyzed by NCCI has remained favorable, and based on recent historical data and the application of its actuarial methodology, NCCI determined that, apart from the impact of revisions to the Actuarial Annuity Table, favorable experience for both indemnity and medical losses would justify lower loss costs, despite modest annual growth in required benefits provided by workers' compensation coverage. The low and declining overall loss ratios generally suggest that current workers' compensation rates are highly adequate and conducive to continued insurer solvency.

Exhibit XII summarizes the voluntary-market loss-cost and assigned-risk rate changes for 2016-2018 by industry group and overall, and Exhibit XIII shows the average voluntary-market loss-cost and assigned-risk rate changes since 1999. Exhibit XIV represents Nevada workers' compensation experience reported on the insurers' 2017 NAIC Annual Statements, which is the latest time period for which such data are presently available.

Workers' compensation has been a profitable line of business for most Nevada insurers, with loss ratios (the ratios of incurred losses to earned premiums) for many companies remaining below 50 percent in 2015. The overall 2017 loss ratio was 48.20 percent, as compared to the 2015 overall loss ratio of 44.68 percent and the 2013 overall loss ratio of 53.04 percent. While there is modest fluctuation in industry loss ratios in either direction from year to year, this fluctuation remains within a range indicative of favorable insurer experience and a stable market.

Beginning in 2016, the Division has reviewed proposals by several workers' compensation insurers to introduce predictive modeling into their rating systems. These proposals bring generalized linear modeling techniques and sophisticated multivariate rating plans into the workers' compensation line for the first time in Nevada – whereas these treatments have been widespread in home and auto insurance rating for approximately a decade. All workers' compensation insurers are required to adopt the NCCI loss costs, so the rating factors generated by the predictive models still need to be applied on top of the existing rating structure that continues to rely on the NCCI loss costs and a company-specific loss-cost multiplier (LCM) to contemplate expenses and a reasonable profit provision.

As of this writing, two predictive models from large workers' compensation insurers have been approved by the Division after significant review, correspondence with the insurers, and modifications to the models made at the Division's request. Several other predictive models were ultimately disapproved or withdrawn by insurers who were unable to justify the proposed treatments or unwilling to provide the full models for review by the Division. The Division will continue to engage in rigorous scrutiny of any proposed workers' compensation predictive model to ensure that the only models which become approved are those that accurately reflect the risk of workers' compensation insurance loss and do not distort the market or limit the availability or affordability of coverage to any segment of employers.

⁷ The text of NRS 616C.495 can be found at <https://www.leg.state.nv.us/NRS/NRS-616C.html#NRS616CSec495>.

⁸ The text of Regulation R043-17 can be found at <http://dir.nv.gov/uploadedFiles/dirnv.gov/content/WCS/HearingDocs/LCBFileNoR043-17.pdf>.

In conclusion, ongoing consideration of these and a variety of other metrics and developments by the Division of Insurance reveals the continuing stability, solvency, and competitiveness of the workers' compensation market in Nevada.

TITLE INSURANCE

Title insurance is a contract in which the title insurance company, in exchange for a one-time premium at close of escrow, protects against future losses resulting from defects in the title to real property that exist at the time of purchase but are unknown or undisclosed. Rather than providing protection for unknown future events, title insurance provides protection from future losses because of events that have already occurred (such as a mechanic's lien or a forgery in the chain of title). If there is a claim on the title due to a defect in the title that existed at the time of policy issuance, the title insurer will defend the property owner in court and if necessary, pay the damages incurred. Before issuing the policy, title insurers eliminate risks and prevent losses in advance through extensive searches of public records and thorough examination of the title. Because of this, the majority of title insurance premium is used for expenses rather than losses, and loss ratios are usually very low.

When a home is purchased, buyers will typically purchase an owner's policy of title insurance in the amount of the purchase price of the home to protect their interest in the home for as long they own the home. At the same time, if there is a mortgage, the lender will require the buyer to purchase a lender's policy of title insurance in the amount of the loan to protect the lender's interest until the loan is paid off. Traditionally in Nevada, the seller pays for the owner's policy and the buyer pays for the lender's policy, but this may be negotiated.

Since the Insurance Market Report to the 2017 Legislature, there has been little change in the makeup of the title insurance market. In 2015, two insurance groups comprising five companies held 73 percent of the title insurance market, with nine companies making up the rest. The same fourteen companies wrote business in the next two years with the top two groups holding 73 percent of the market in 2016 and 74 percent in 2017. The Division issued certificates of authority to two new companies in 2017 and one in 2018 with two more pending approval.

Nevada title insurance revenue in the form of earned premiums has been increasing steadily in the last two years from \$150 million in 2015 to \$178 million in 2016 and \$197 million in 2017. Historically, loss ratios for title insurance have been very low – often less than 10 percent – and the last three years have been no exception with an average loss ratio of 7.6 percent.

Typically a homebuyer will use a title agent recommended by the real estate agent or lender, but such recommendations may be in the real estate agent's or lender's best interest instead of the consumer's. The Division recommends that consumers shop around for the agent that is right for them. Nevada law prohibits requiring the use of a particular agent or insurer as a condition of the sale or loan. The buyer always has a choice.

To help buyers in navigating their options, the Division's website includes a title and escrow consumer education section. It contains a brief explanation of how title insurance works, the Division's *Consumer's Guide to Title Insurance*⁹, instructions for sending in a complaint or filing it online¹⁰, and the Title Insurance Rate Comparison tool¹¹. This tool allows consumers to enter information about a property (purchase price, down payment, county, and whether it is a short sale) and receive a list of title agencies operating in the county, the title insurers they write for, and the costs of an owner's policy of title insurance, a simultaneously issued lender's policy of title insurance, and the escrow/closing fees. The tool has a similar comparison for refinance transactions.

⁹ Nevada Consumer's Guide to Title Insurance - http://doi.nv.gov/uploadedFiles/doinvgov/_public-documents/News-Notes/TitleGuide.pdf

¹⁰ File a Complaint - <http://doi.nv.gov/Consumers/File-A-Complaint/>

¹¹ Search for Title Insurance Rates - <http://titlerates.doi.nv.gov/>

EXHIBIT I

NEVADA HEALTH INSURANCE MARKET – TOTAL MEMBERS

Line of Business	Total Members @ End of 2013	Total Members @ End of 2014	Total Members @ End of 2015	Total Members @ End of 2016	Total Members @ End of 2017
Individual Comprehensive	77,617	116,131	113,296	143,257	127,903
Group Comprehensive	439,053	423,485	418,056	412,145	408,320
Medicare Supplement	10,860	13,051	13,062	11,849	11,446
Vision Only	162,397	186,143	183,340	197,578	207,051
Dental Only	261,635	322,570	300,548	308,487	312,892
Federal Employees Health	36,392	37,000	37,948	38,073	38,857
Title XVIII Medicare	127,507	143,320	156,844	166,519	175,437
Title XIX Medicaid	196,885	388,318	415,284	451,461	475,597
Other	26,519	83,077	84,746	104,164	105,899
Totals	1,338,865	1,713,095	1,723,124	1,833,533	1,863,402

NEVADA HEALTH INSURANCE MARKET – WRITTEN PREMIUMS

Line of Business	2013 Direct Written Premiums	2014 Direct Written Premiums	2015 Direct Written Premiums	2016 Direct Written Premiums	2017 Direct Written Premiums
Individual Comprehensive	\$153,964,556	\$330,918,851	\$383,778,094	\$579,094,432	\$548,283,592
Group Comprehensive	\$1,555,364,003	\$1,596,628,437	\$1,602,206,377	\$1,665,412,104	\$1,740,709,929
Medicare Supplement	\$27,604,462	\$32,173,933	\$35,396,271	\$32,815,069	\$31,735,840
Vision Only	\$9,584,840	\$11,416,474	\$12,191,591	\$13,395,962	\$14,089,885
Dental Only	\$70,464,455	\$85,442,860	\$51,245,901	\$84,991,748	\$92,934,116
Federal Employees Health	\$178,378,799	\$180,448,879	\$203,386,568	\$216,991,391	\$224,328,317
Title XVIII Medicare	\$1,369,606,262	\$1,556,731,294	\$1,736,510,864	\$1,875,967,400	\$2,007,588,445
Title XIX Medicaid	\$372,463,918	\$888,988,100	\$1,316,957,706	\$1,482,282,435	\$1,655,198,362
Other	\$31,994,164	\$66,167,892	\$62,553,492	\$65,413,581	\$67,923,938
Totals	\$3,359,104,665	\$4,456,846,802	\$5,200,840,296	\$5,799,372,731	\$6,158,464,107

EXHIBIT II
NEVADA HEALTH INSURANCE MARKET
CARRIERS AND SAMPLE AVERAGE MONTHLY PREMIUMS

	Area 1 Clark and Nye	Area 2 Washoe	Area 3 Carson, Lyon, Storey, Douglas	Area 4 Remainder of Rural Counties	Average Approved Statewide Rate Increase
Plan Year 2014					
2 nd Lowest Silver *	\$238	\$308	\$358	\$475	N/A
Off Exchange Carriers	10	9	6	6	
On Exchange Carriers	3	4	3	2	
Plan Year 2015					
2 nd Lowest Silver *	\$237	\$309	\$342	\$434	4.95%
Off Exchange Carriers	12	13	11	10	
On Exchange Carriers	4	5	4	2	
Plan Year 2016					
2 nd Lowest Silver *	\$261	\$325	\$363	\$442	8.9%
Off Exchange Carriers	9	9	8	7	
On Exchange Carriers	4	4	3	2	
Plan Year 2017					
2 nd Lowest Silver *	\$282	\$333	\$379	\$473	10.75%
Off Exchange Carriers	8	9	8	6	
On Exchange Carriers	3	4	3	2	
Plan Year 2018					
2 nd Lowest Silver *	\$340	\$455	\$597	\$599	31.6%
Off Exchange Carriers	3	3	2	0	
On Exchange Carriers	2	2	1	1	
Plan Year 2019					
2 nd Lowest Silver *	\$369	\$480	\$642	\$643	0.31%
Off Exchange Carriers	4	4	3	1	
On Exchange Carriers	2	2	1	1	

* - Monthly Average Premium for 40 Year Old

EXHIBIT III

*Private Passenger Automobile Insurance by Premium
Largest 25 Insurers – 2017
(Monetary figures are in thousands of dollars.)*

2017 Rank	2015 Rank	NAIC Company Code	Company Name	State of Domicile	Direct Premium Written	Direct Premium Earned	Direct Loss Incurred	Pure Direct Loss Ratio	Market Share
1	1	25178	State Farm Mutual Automobile Insurance Company	IL	402,796	389,099	305,942	78.63%	17.06%
2	4	29688	Allstate Fire & Casualty Insurance Company	IL	151,746	146,815	84,315	57.43%	6.43%
3	7	16322	Progressive Direct Insurance Company	OH	123,379	115,706	77,717	67.17%	5.23%
4	5	37770	CSAA General Insurance Company	IN	117,964	111,504	73,655	66.06%	5.00%
5	2	21687	Mid-Century Insurance Company	CA	114,402	119,777	67,394	56.27%	4.84%
6	3	41491	GEICO Casualty Company	MD	113,973	116,400	97,693	83.93%	4.83%
7	6	38628	Progressive Northern Insurance Company	WI	107,397	105,464	64,876	61.51%	4.55%
8	28	21652	Farmers Insurance Exchange	CA	78,376	72,713	55,536	76.38%	3.32%
9	85	14138	GEICO Advantage Insurance Company	NE	72,706	61,033	56,049	91.83%	3.08%
10	9	36447	LM General Insurance Company	IL	67,416	66,058	57,735	87.40%	2.86%
11	10	25941	United Service Automobile Association	TX	53,195	52,199	38,092	72.97%	2.25%
12	87	14139	GEICO Choice Insurance Company	NE	49,604	42,601	36,613	85.94%	2.10%
13	12	25143	State Farm Fire & Casualty Company	IL	48,534	49,567	45,613	92.02%	2.06%
14	13	39012	Safeco Insurance Company Of Illinois	IL	45,533	42,389	37,302	88.00%	1.93%
15	17	19070	Standard Fire Insurance Company	CT	44,934	40,029	32,042	80.05%	1.90%
16	14	10730	American Access Casualty Company	IL	44,376	44,162	33,759	76.44%	1.88%
17	19	12966	Key Insurance Company	KS	42,677	42,139	31,993	75.92%	1.81%
18	8	19275	American Family Mutual Insurance Company	WI	42,041	43,753	28,801	65.83%	1.78%
19	11	35882	GEICO General Insurance Company	MD	40,205	40,638	25,670	63.17%	1.70%
20	15	25968	USAA Casualty Insurance Company	TX	38,807	37,534	26,053	69.41%	1.64%
21	16	37478	Hartford Insurance Company Of The Midwest	IN	35,152	34,674	26,766	77.19%	1.49%
22	18	18600	USAA General Indemnity Company	TX	33,341	31,178	31,020	99.49%	1.41%
23	98	14137	GEICO Secure Insurance Company	NE	22,150	19,517	16,132	82.66%	0.94%
24	23	30210	Esurance Property & Casualty Insurance Company	WI	20,171	20,042	15,655	78.11%	0.85%
25	20	22055	GEICO Indemnity Company	MD	19,083	18,663	11,092	59.43%	0.81%
Totals for Largest 25 Companies					1,929,958	1,863,654	1,377,515	73.91%	81.75%
Total for All 177 Companies (Active Companies)					2,361,318	2,283,337	1,682,029	73.67%	100%

Source: NAIC I-SITE – Market Share and Loss Ratio Summary Report, Calendar Year 2017

EXHIBIT IV

*Private Passenger Automobile Insurance by Premium:
Largest 5 Insurance Groups by Market Share in 2015 and 2017
(Monetary figures are in thousands of dollars.)*

2017 – Largest 5 Groups

Rank	NAIC Group Code	Group Name	Direct Premiums Written	Direct Premiums Earned	Direct Losses Incurred	Pure Direct Loss Ratio	Market Share
1	176	State Farm Group	\$451,330	\$438,666	\$351,555	77.46%	19.12%
2	31	Berkshire Hathaway Group	\$333,585	\$314,874	\$253,212	80.42%	14.13%
3	155	Progressive Group	\$236,950	\$227,454	\$145,686	64.05%	10.04%
4	8	Allstate Insurance Group	\$214,392	\$208,529	\$124,338	59.63%	9.08%
5	69	Farmers Insurance Group	\$207,972	\$207,563	\$131,072	63.15%	8.81%
Totals for Largest 5 Groups			\$1,444,227	\$1,397,086	\$1,005,863	72.00%	61.18%
Totals for All 74 Groups (59 Active Groups)¹²			\$2,360,984	\$2,283,122	\$1,682,020	73.67%	100%

Source: NAIC I-SITE – Market Share and Loss Ratio Summary Report, Calendar Year 2017

2015 – Largest 5 Groups

Rank	NAIC Group Code	Group Name	Direct Premiums Written	Direct Premiums Earned	Direct Losses Incurred	Pure Direct Loss Ratio	Market Share
1	176	State Farm Group	\$358,463	\$349,197	\$270,483	77.46%	18.35%
2	31	Berkshire Hathaway Group	\$231,786	\$223,438	\$168,002	75.19%	11.86%
3	155	Progressive Group	\$200,164	\$196,938	\$131,426	66.73%	10.25%
4	8	Allstate Insurance Group	\$190,505	\$188,204	\$122,257	64.96%	9.75%
5	69	Farmers Insurance Group	\$187,763	\$185,052	\$131,452	71.04%	9.61%
Totals for Largest 5 Groups			\$1,168,681	\$1,142,829	\$823,620	72.07%	59.82%
Totals for All 78 Groups (64 Active Groups)			\$1,953,755	\$1,912,136	\$1,393,572	72.88%	100%

Source: NAIC I-SITE – Market Share and Loss Ratio Summary Report, Calendar Year 2015

¹² An active group is defined as a group that wrote a positive amount of direct premium during the calendar year.

EXHIBIT V

3-Year Private Passenger Automobile (PPA) Insurance Rate-Change History

State Farm Group

Company	Effective Date	Overall Rate Change ¹³
State Farm Fire and Casualty Company, State Farm Mutual Automobile Insurance Company	06/13/2016	+10.60%, +7.30%
State Farm Fire and Casualty Company, State Farm Mutual Automobile Insurance Company	06/05/2017	+13.90%, +13.60%
State Farm Fire and Casualty Company, State Farm Mutual Automobile Insurance Company	05/28/2018	+16.70%, -2.20%
State Farm Fire and Casualty Company, State Farm Mutual Automobile Insurance Company	06/04/2018	0.00%, -0.10%

Berkshire Hathaway Group

Company	Effective Date	Overall Rate Change
GEICO Casualty Company	05/15/2017	+4.29%
GEICO Casualty Company	12/21/2017	+21.10%
GEICO General Insurance Company, Government Employees Insurance Company	05/15/2017	+5.50%, +5.50%
GEICO Advantage Insurance Company	05/15/2017	+1.84%
GEICO Advantage Insurance Company	12/21/2017	+20.90%
GEICO Choice Insurance Company	05/15/2017	+5.73%
GEICO Choice Insurance Company	12/21/2017	+23.50%
GEICO Secure Insurance Company	05/15/2017	+10.45%
GEICO Secure Insurance Company	12/21/2017	+16.10%

Progressive Group

Company	Effective Date	Overall Rate Change
Progressive Direct Insurance Company, Progressive Northern Insurance Company	03/27/2016	+2.485%, +1.866%
Progressive Direct Insurance Company, Progressive Northern Insurance Company	11/27/2016	+4.541%, +4.430%
Progressive Direct Insurance Company, Progressive Northern Insurance Company	02/26/2017	+1.718%, +9.685%
Progressive Direct Insurance Company, Progressive Northern Insurance Company	10/08/2017	+5.339%, +6.066%
Progressive Direct Insurance Company, Progressive Northern Insurance Company	01/01/2018	+0.002%, +0.001%
Progressive Direct Insurance Company, Progressive Northern Insurance Company	05/27/2018	+4.852%, +2.046%

¹³ Overall rate change reflects statewide average impact. Some consumers may experience a rate increase, some may experience a rate decrease, and some may not experience any change. Where multiple changes are listed for a given group of companies, each change is an overall rate change that pertains to an individual insurance company within the group.

Allstate Insurance Group

Company	Effective Date	Overall Rate Change
Allstate Fire and Casualty Insurance Company	05/16/2016	+12.00%
Allstate Fire and Casualty Insurance Company	06/09/2017	+9.00%
Allstate Indemnity Company	01/09/2017	+2.90%
Encompass Home and Auto Insurance Company	11/3/2016	+17.78%
Encompass Home and Auto Insurance Company	12/14/2017	+14.00%
Encompass Insurance Company of America	11/3/2016	+13.10%
Esurance Property and Casualty Insurance Company	01/01/2016	+6.30%
Esurance Property and Casualty Insurance Company	03/02/2017	+15.88%

Farmers Insurance Group

Company	Effective Date	Overall Rate Change
Mid-Century Insurance Company	05/17/2016	+8.74%
Mid-Century Insurance Company	11/17/2016	+9.90%
Mid-Century Insurance Company	05/17/2017	+9.02%
Mid-Century Insurance Company	11/17/2017	+4.48%
Mid-Century Insurance Company	05/17/2018	+4.53%
Mid-Century Insurance Company	11/17/2018	+4.96%
Farmers Insurance Exchange	06/07/2016	+10.00%
Farmers Insurance Exchange	12/07/2016	+15.80%
Farmers Insurance Exchange	06/07/2017	+10.56%
Farmers Insurance Exchange	12/07/2017	+5.53%
Farmers Insurance Exchange	06/07/2018	+5.48%
Farmers Insurance Exchange	12/07/2018	+5.17%
Coast National Insurance Company	03/16/2016	+10.00%
Coast National Insurance Company	10/12/2016	+7.20%
Coast National Insurance Company	06/14/2017	+5.00%
Coast National Insurance Company	10/20/2017	+4.70%
21st Century Advantage Insurance Company	01/13/2016	+7.90%
21st Century Advantage Insurance Company	07/13/2016	+7.80%
21st Century Assurance Company	07/13/2016	+13.70%
21st Century North America Insurance Company	07/13/2016	+2.00%

Source: Personal-Lines Rate-Filing Database of the Nevada Division of Insurance

EXHIBIT VI

Home Insurance by Premium

Largest 25 Insurers – 2017 (Monetary figures are in thousands of dollars.)

2017 Rank	2015 Rank	NAIC Company Code	Company Name	State of Domicile	Direct Premium Written	Direct Premium Earned	Direct Loss Incurred	Pure Direct Loss Ratio	Market Share
1	1	25143	State Farm Fire & Casualty Company	IL	115,084	113,931	64,612	56.71%	19.82%
2	2	21652	Farmers Insurance Exchange	CA	46,450	45,595	20,371	44.68%	8.00%
3	4	10921	CSAA Fire & Casualty Insurance Company	IN	29,390	30,685	18,302	59.64%	5.06%
4	3	21660	Fire Insurance Exchange	CA	27,802	28,944	9,181	31.72%	4.79%
5	6	27998	Travelers Home & Marine Insurance Company	CT	27,565	25,032	17,231	68.84%	4.75%
6	5	17230	Allstate Property & Casualty Insurance Company	IL	20,985	22,735	8,647	38.03%	3.61%
7	9	42404	Liberty Insurance Corporation	IL	20,403	19,799	12,659	63.94%	3.51%
8	7	25941	United Service Automobile Association (USAA)	TX	19,138	18,797	10,957	58.29%	3.30%
9	8	19275	American Family Mutual Insurance Company, S.I.	WI	16,247	16,827	10,728	63.75%	2.80%
10	28	37907	Allstate Vehicle & Property Insurance Company	IL	14,167	11,629	7,910	68.02%	2.44%
11	11	20990	Country Mutual Insurance Company	IL	11,914	11,898	6,231	52.37%	2.05%
12	10	19240	Allstate Indemnity Company	IL	11,792	11,994	4,358	36.33%	2.03%
13	12	11185	Foremost Insurance Company Grand Rapids, Michigan	MI	11,429	11,111	4,234	38.11%	1.97%
14	14	24740	Safeco Insurance Company of America	NH	11,144	10,754	5,088	47.31%	1.92%
15	17	26905	Century National Insurance Company	CA	9,327	9,559	4,606	48.19%	1.61%
16	18	25968	USAA Casualty Insurance Company	TX	9,156	8,848	4,044	45.71%	1.58%
17	16	34690	Property & Casualty Insurance Company of Hartford	IN	8,732	8,720	6,013	68.96%	1.50%
18	13	19232	Allstate Insurance Company	IL	8,419	8,887	4,514	50.79%	1.45%
19	15	20419	Homesite Indemnity Company	WI	8,338	8,520	3,152	37.00%	1.44%
20	25	33600	LM Insurance Corporation	IL	8,269	7,040	3,103	44.08%	1.42%
21	20	28401	American National Property & Casualty Company	MO	7,534	7,113	5,252	73.84%	1.30%
22	26	10872	American Strategic Insurance Corporation	FL	7,242	6,354	3,613	56.86%	1.25%
23	19	10759	Universal North American Insurance Company	TX	6,536	6,634	5,285	79.67%	1.13%
24	21	20397	Vigilant Insurance Company	NY	6,525	6,588	3,948	59.93%	1.12%
25	75	17221	Homesite Insurance Company	WI	6,335	5,129	4,043	78.83%	1.09%
Totals for Largest 25 Companies					\$469,923	\$463,123	\$248,082	53.57%	80.93%
Totals for All 129 Companies (112 Active Companies)					\$580,648	\$567,368	\$310,494	54.73%	100%

Source: NAIC I-SITE – Market Share and Loss Ratio Summary Report, Calendar Year 2015

EXHIBIT VII

*Home Insurance by Premium:
Largest 5 Insurance Groups by Market Share in 2015 and 2017
(Monetary figures are in thousands of dollars.)*

2017 – Largest 5 Groups

Rank	NAIC Group Code	Group Name	Direct Premiums Written	Direct Premiums Earned	Direct Losses Incurred	Pure Direct Loss Ratio	Market Share
1	176	State Farm Group	\$115,084	\$113,931	\$64,612	56.71%	19.82%
2	69	Farmers Insurance Group	\$87,567	\$87,570	\$35,191	40.19%	15.08%
3	8	Allstate Insurance Group	\$58,013	\$57,869	\$27,375	47.31%	9.99%
4	111	Liberty Mutual Group	\$43,990	\$42,089	\$23,100	54.88%	7.58%
5	200	United Service Automobile Association (USAA) Group	\$37,206	\$35,621	\$20,938	58.78%	6.41%
Totals for Largest 5 Groups			\$341,860	\$337,080	\$171,216	50.79%	58.88%
Totals for All 58 Groups (52 Active Groups)¹⁴			\$580,468	\$567,368	\$310,494	54.73%	100%

Source: NAIC I-SITE – Market Share and Loss Ratio Summary Report, Calendar Year 2017

2015 – Largest 5 Groups

Rank	NAIC Group Code	Group Name	Direct Premiums Written	Direct Premiums Earned	Direct Losses Incurred	Pure Direct Loss Ratio	Market Share
1	176	State Farm Group	\$111,836	\$107,435	\$46,190	42.99%	20.90%
2	69	Farmers Insurance Group	\$84,179	\$81,480	\$38,774	47.59%	15.73%
3	8	Allstate Insurance Group	\$58,969	\$58,805	\$27,338	46.49%	11.02%
4	111	Liberty Mutual Group	\$37,582	\$35,168	\$15,693	44.62%	7.02%
5	200	United Service Automobile Association (USAA) Group	\$32,122	\$31,042	\$13,475	43.41%	6.00%
Totals for Largest 5 Groups			\$324,688	\$313,930	\$141,470	45.06%	60.68%
Totals for All 58 Groups (53 Active Groups)			\$535,066	\$518,826	\$243,526	46.94%	100%

Source: NAIC I-SITE – Market Share and Loss Ratio Summary Report, Calendar Year 2015

¹⁴ An active group is defined as a group that wrote a positive amount of direct premium during the calendar year.

EXHIBIT VIII

3-Year Home Insurance Rate-Change History

State Farm Group

Company	Effective Date	Overall Rate Change ¹⁵
State Farm Fire and Casualty Company	04/01/2016	-2.00%
State Farm Fire and Casualty Company	04/01/2017	+0.05%
State Farm Fire and Casualty Company	05/01/2018	+7.00%

Farmers Insurance Group

Company	Effective Date	Overall Rate Change
Farmers Insurance Exchange, Fire Insurance Exchange	02/16/2016	+3.10%, +1.70%
Farmers Insurance Exchange, Fire Insurance Exchange	04/25/2017	+1.09%, +12.10%
Farmers Insurance Exchange, Fire Insurance Exchange	10/25/2017	-1.76%, 0.00%

Allstate Insurance Group

Company	Effective Date	Overall Rate Change
Allstate Property and Casualty Insurance Company	05/12/2016	+2.90%
Allstate Vehicle and Property Insurance Company	05/12/2016	+2.90%
Allstate Indemnity Company	08/25/2016	+5.00%

Liberty Mutual Insurance Group

Company	Effective Date	Overall Rate Change
Liberty Insurance Corporation, LM Insurance Corporation	04/25/2016	+5.70%, +5.80%
Liberty Insurance Corporation, LM Insurance Corporation	05/02/2017	+9.30%, +9.30%
Liberty Insurance Corporation, LM Insurance Corporation	05/02/2018	+7.50%, +7.50%
Safeco Insurance Company of America	01/13/2017	-0.40%

United Services Automobile Association (USAA) Group

Company	Effective Date	Overall Rate Change
Garrison Property and Casualty Insurance Company	07/01/2018	+0.80%
United Services Automobile Association	07/01/2018	+0.00%
USAA Casualty Insurance Company	07/01/2018	+0.90%
USAA General Indemnity Company	07/01/2018	+15.20%

Source: Personal-Lines Rate-Filing Database of the Nevada Division of Insurance

¹⁵ Overall rate change reflects statewide average impact. Some consumers may experience a rate increase, some may experience a rate decrease, and some may not experience any change. Where multiple changes are listed for a given group of companies, each change is an overall rate change that pertains to an individual insurance company within the group.

EXHIBIT IX

Medical Professional Liability Insurance by Premium Largest 25 Insurers – 2017 (Monetary figures are in thousands of dollars.)

RANK	NAIC Group Code	NAIC Company Code	Company Name	State of Domicile	Direct Premium Written	Direct Premium Earned	Direct Loss Incurred	Pure Direct Loss Ratio	Market Share
1	2698	38954	ProAssurance Casualty Company	MI	14,667	14,033	1,859	13.25%	22.61%
2	1282	33200	NORCAL Mutual Insurance Company	CA	10,696	10,336	600	5.81%	16.49%
3	4789	11260	Nevada Mutual Insurance Company, Inc.	NV	5,898	5,839	1,164	19.93%	9.09%
4	31	11843	The Medical Protective Company	IN	4,552	4,738	6,840	144.36%	7.02%
5	831	34495	The Doctors Company, An Interinsurance Exchange	CA	2,547	2,902	1,256	43.28%	3.93%
6	158	25054	Hudson Insurance Company	DE	1,616	2,431	254	10.45%	2.49%
7	218	20427	American Casualty Company of Reading, PA	PA	1,551	1,509	289	19.15%	2.39%
8	218	20443	Continental Casualty Company	IL	1,099	1,182	828	70.05%	1.69%
9		19348	Capson Physicians Insurance Company	TX	1,071	1,088	552	50.74%	1.65%
10	158	37079	Hudson Specialty Insurance Company	NY	1,065	1,937	-164	-8.47%	1.64%
11		12180	California Medical Group Insurance Company, RRG	AZ	1,047	1,034	395	38.20%	1.61%
12	98	24856	Admiral Insurance Company	DE	1,018	1,063	154	14.49%	1.57%
13	464	15738	MedChoice RRG, Inc.	VT	792	758	213	28.10%	1.22%
14	831	14347	The Doctors Company RRG, a Reciprocal Exchange	DC	787	589	364	61.80%	1.21%
15	111	10725	Liberty Surplus Insurance Corporation	NH	781	691	342	49.49%	1.20%
16	2638	15865	NCMIC Insurance Company	IA	758	758	162	21.37%	1.17%
17		44105	Ophthalmic Mutual Insurance Company, RRG	VT	756	753	192	25.50%	1.17%
18		35904	Health Care Indemnity, Inc.	CO	745	745	337	45.23%	1.15%
19	4904	34452	Homeland Insurance Company of New York	NY	739	717	416	58.02%	1.14%
20		44504	California Healthcare Insurance Company, Inc., RRG	HI	702	745	790	106.04%	1.08%
21	796	11515	QBE Specialty Insurance Company	ND	675	523	233	44.55%	1.04%
22	4891	40975	Dentists Insurance Company	CA	613	609	52	8.54%	0.94%
23		11714	Emergency Physicians Insurance Exchange RRG	VT	572	572	141	24.65%	0.88%
24	2698	14460	Podiatry Insurance Company of America	IL	552	553	-223	-40.33%	0.85%
25		14260	OrthoForum Insurance Company, RRG	SC	543	717	1,254	174.90%	0.84%
Totals for Largest 25 Companies					55,842	56,822	18,300	32.21%	86.07%
Totals for All 125 Companies (97 Active Companies)					64,883	65,464	23,455	35.83%	100%

Source: NAIC I-SITE – Market Share and Loss Ratio Summary Report, Calendar Year 2017

Exhibit X

Nevada Closed-Claim Data by Type of Practitioner (2017)

Indemnity Payments on Nevada Medical Professional Liability Claims Closed in 2017 (With Payments of \$5,000 or Greater)				
Source: Compilation of Closed-Claim Reports Submitted to the Nevada Division of Insurance for Calendar Year 2017				
Type of Practitioner	Indemnity Payments	Number of Claims	Average Indemnity Payment	Total Allocated Loss-Adjustment Expenses
Doctor of Dental Medicine	\$181,914.48	2	\$90,957.25	\$102,917.65
Doctor of Medicine	\$13,217,916.67	45	\$293,731.48	\$4,532,925.01
Doctor of Osteopathic Medicine	\$125,000.00	1	\$125,000.00	\$208,200.46
Nurse	\$241,250.00	2	\$120,625.00	\$30,743.00
Other	\$2,766,666.66	18	\$153,703.70	\$885,979.04
Totals for 2017	\$16,532,747.81	68	\$243,128.64	\$5,760,765.16

Exhibit XI

Nevada Closed-Claim Data by Type of Practitioner (2016)

Indemnity Payments on Nevada Medical Professional Liability Claims Closed in 2016 (With Payments of \$5,000 or Greater)				
Source: Compilation of Closed-Claim Reports Submitted to the Nevada Division of Insurance for Calendar Year 2016				
Type of Practitioner	Indemnity Payments	Number of Claims	Average Indemnity Payment	Total Allocated Loss-Adjustment Expenses
Doctor of Dental Medicine	\$1,010,314.83	8	\$126,289.35	\$594,872.88
Doctor of Dental Surgery	\$644,999.99	6	\$107,500.00	\$664,112.51
Doctor of Medicine	\$12,432,294.07	48	\$259,006.13	\$6,220,882.10
Nurse	\$279,997.50	5	\$55,999.50	\$52,220.40
Other	\$1,678,333.34	21	\$79,920.64	\$1,000,229.25
Totals for 2016	\$16,045,939.73	88	\$182,340.22	\$7,532,087.89

EXHIBIT XII

Approved NCCI Voluntary Loss-Cost Changes and Assigned-Risk Rate Changes by Industry Group: 2016-018

Industry Group	Voluntary Loss-Cost Change, 2016	Voluntary Loss-Cost Change, 2017	Voluntary Loss-Cost Change, 2018¹⁴	Assigned-Risk Rate Change, 2016	Assigned-Risk Rate Change, 2017	Assigned-Risk Rate Change, 2018
Contracting	-5.0%	-9.8%	+3.0%	-3.7%	-9.6%	+5.8%
Goods & Services	-5.7%	-10.8%	+3.8%	-4.4%	-10.6%	+6.5%
Manufacturing	-1.4%	-8.6%	+1.4%	-0.1%	-8.4%	+4.0%
Office & Clerical	-7.2%	-11.0%	+0.3%	-5.9%	-10.8%	+3.1%
Miscellaneous	-6.5%	-12.4%	+4.0%	-5.2%	-12.2%	+6.8%
Overall	-5.5%	-10.7%	+2.3%	-4.2%	-10.5%	+4.9%

EXHIBIT XIII

Average Approved Changes in Voluntary-Market Loss Costs and Assigned-Risk Rates

Effective Date	Approved Average Change in Voluntary-Market Loss Costs	Approved Average Change in Assigned-Risk Rates
7/1/1999	-8.0%	-8.0%
1/1/2000	+6.4%	+6.4%
7/1/2000	-1.9%	-1.9%
7/1/2001 – First NCCI filings take effect.	-6.0%	+1.1%
7/1/2002	+1.5%	N/A
8/1/2002 for new business, 9/1/2002 for renewals	N/A	-9.8%
1/1/2004	-12.3%	-9.1%
1/1/2005	-6.5%	-6.9%
3/1/2006	-0.3%	-2.6%
3/1/2007	+3.4%	+5.0%
3/1/2008	-10.5%	-10.1%
3/1/2009	-4.9%	-6.0%
3/1/2010	-7.6%	-3.7%
3/1/2011	-3.9%	-2.2%
3/1/2012	+1.0%	-5.2%
3/1/2013	+2.6%	+2.5%
3/1/2014	+3.2%	+3.3%
3/1/2015	-0.5%	-5.0%
3/1/2016	-5.5%	-4.2%
3/1/2017	-10.7%	-10.5%
3/1/2018	-2.3%	+0.2%
3/15/2018 – “Law-only” filing to reflect updated Actuarial Annuity Table Pursuant to NRS 616C.495(5)	+4.7%	+4.7%

EXHIBIT XIV

Workers' Compensation Insurance by Premium Largest 25 Insurers – 2017 (Monetary figures are in thousands of dollars.)

R A N K	NAIC Group Code	NAIC Company Code	Company Name	State of Domicile	Direct Premium Written	Direct Premium Earned	Direct Loss Incurred	Pure Direct Loss Ratio	Market Share
1	785	38970	Markel Insurance Company	IL	18,881	18,831	12,715	67.52%	5.20%
2	212	16535	Zurich American Insurance Company	NY	15,890	15,037	3,510	23.34%	4.38%
3	98	36684	Riverport Insurance Company	IA	15,117	15,198	540	3.55%	4.16%
4	3548	25674	Travelers Property Casualty Company of America	CT	14,641	13,876	7,006	50.49%	4.03%
5	922	27847	Insurance Company of the West	CA	13,514	13,678	5,181	37.88%	3.72%
6	1147	40517	Advantage Workers Compensation Insurance Company	IN	10,727	9,447	6,461	68.39%	2.95%
7	457	19801	Argonaut Insurance Company	IL	9,893	9,282	3,761	40.52%	2.72%
8	2538	42376	Technology Insurance Company, Inc.	DE	9,826	9,980	13,065	130.91%	2.71%
9	12	23841	New Hampshire Insurance Company	IL	9,418	9,596	7,323	76.31%	2.59%
10	2538	15954	AmTrust Insurance Company of Kansas, Inc.	KS	8,550	8,530	4,727	55.42%	2.35%
11	457	19828	Argonaut Midwest Insurance Company	IL	7,822	8,279	4,829	58.33%	2.15%
12	4886	41394	Benchmark Insurance Company	KS	7,449	7,138	2,897	40.59%	2.05%
13	3363	10346	Employers Preferred Insurance Company	FL	6,443	6,683	4,205	62.92%	1.77%
14	3548	25615	Charter Oak Fire Insurance Company	CT	6,346	6,715	3,847	57.29%	1.75%
15	4670	38318	Starr Indemnity & Liability Company	TX	5,893	5,386	3,421	63.52%	1.62%
16	3548	25658	Travelers Indemnity Company	CT	5,494	4,488	933	20.79%	1.51%
17	31	20044	Berkshire Hathaway Homestate Insurance Company	NE	5,380	6,331	3,648	57.62%	1.48%
18	91	27120	Trumbull Insurance Company	CT	5,363	6,095	2,988	49.02%	1.48%
19	626	20281	Federal Insurance Company	IN	4,851	4,641	2,448	52.75%	1.34%
20	69	21709	Truck Insurance Exchange	CA	4,186	4,188	1,009	24.09%	1.15%
21	91	34690	Property & Casualty Insurance Company of Hartford	IN	4,176	4,001	1,210	30.24%	1.15%
22	1120	10120	Everest National Insurance Company	DE	4,021	3,917	2,249	57.42%	1.11%
23	3548	25682	Travelers Indemnity Company of Connecticut	CT	3,855	3,653	2,729	74.71%	1.06%
24	212	40142	American Zurich Insurance Company	IL	3,674	5,863	2,514	42.88%	1.01%
25	626	22667	Ace American Insurance Company	PA	3,657	3,273	2,348	71.74%	1.01%
Totals for Largest 25 Companies					205,067	204,106	105,564	51.72%	56.48%
Totals for All 269 Companies (230 Active Companies)					363,080	361,183	174,103	48.20%	100%

Source: NAIC I-SITE – Market Share and Loss Ratio Summary Report, Calendar Year 2017



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