

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

**IN THE REGULATION MATTER LCB
FILE NO. R087-20 ADVERSE CREDIT-
BASED RESCORING**

CAUSE NO. 20.0109

**CONCISE STATEMENT
REGARDING THE REASONS FOR
AND AGAINST ADOPTING
REGULATION R087-20, AS PER
NRS 233B.064 (2)**

To: Nevada Insurance Council
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NRS 233B.064(2) reads as follows:

2. Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, shall issue a concise statement of the principal reasons for and against its adoption, and incorporate therein its reason for overruling the consideration urged against its adoption.

Per the requirements of NRS 233B.064(2), the following is the statement regarding the adoption of Regulation R087-20 by the Nevada Division of Insurance (the "Division"), as requested by the Nevada Insurance Council on December 14, 2020.

Prior to and during the workshops and hearing conducted regarding Regulation R087-20, the public as well as the insurance industry (the "industry") submitted comments regarding the proposed regulation. Various theories and alternatives were advanced, and each was considered by the Division, and eventually by the Hearing Officer.

The concerns raised by industry were, for the most part, well-founded. In particular, arguments regarding the Federal CARES Act and NRS 686A.685 being sufficient to offer Nevadans relief in this unprecedented situation were persuasive. Less persuasive were arguments that the Division lacks legal authority to adopt such a regulation.

Despite the validity of the industry's concerns, they were less persuasive than the data and arguments provided by the Division. It is clear that the employment and incomes of Nevadans

1 has been adversely affected by the COVID-19 pandemic. The impact of this economic emergency
2 is that Nevadans, through no fault of their own, have been unable to meet all of their financial
3 obligations, thus reducing their credit scores. All credible evidence provided supports this
4 conclusion.

5 While the CARES Act and NRS 686A.685 provide some relief in certain circumstances,
6 it is unclear that unique circumstances presented by the COVID-19 pandemic would be
7 completely addressed. Moreover, as represented by the Division, many Nevadans are unaware
8 that such safeguards exist and that they are available to them, despite campaigns to inform them.

9 The argument that the time period for which the regulation will be effective, two years
10 after the termination of the Governor's Declaration of Emergency, is too long, is ultimately
11 unpersuasive as well. It is indisputable that the current situation caused by the COVID-19
12 pandemic is unique. No one can confidently predict how long this active stage of the pandemic
13 will last, or how lasting the impacts will be; they could very well exceed the two-year timeframe
14 contained in the subject regulation.

15 This matter is one of discretion and of the balancing of the interests of the industry versus
16 impacted Nevadans. Industry is part of Nevada and it plays a vital and necessary role in the lives
17 of all those in the State of Nevada. Its concerns are worthy of consideration, and ample
18 consideration was given to such concerns by the Hearing Officer. However, first and foremost,
19 the Division exists to protect the public. Given the unprecedented nature of current events, the
20 concerns of the Industry are simply outweighed by interests of the public.

21 After balancing the arguments of the Division and of the Industry, it was the Hearing
22 Officer's opinion that it was in the best interest of the public that Regulation R087-20 be adopted
23 as presented at the hearing of this matter

24 DATED this 22nd day of December 2020.

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By: 
David R. Hall
Hearing Officer