

REQUIRES TWO-THIRDS MAJORITY VOTE
(§§ 8, 29, 37)

S.B. 86

SENATE BILL NO. 86—COMMITTEE ON COMMERCE AND LABOR

(ON BEHALF OF THE DIVISION OF INSURANCE OF THE
DEPARTMENT OF BUSINESS AND INDUSTRY)

PREFILED NOVEMBER 20, 2018

Referred to Committee on Commerce and Labor

SUMMARY—Makes various changes relating to the regulation of insurers by the Division of Insurance of the Department of Business and Industry. (BDR 57-238)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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

AN ACT relating to insurance; revising provisions governing the payment of the expenses for an examination of an insurer; eliminating certain requirements relating to reporting of closed claims for medical liability insurance; eliminating the requirement that certain expired, suspended or terminated certificates be surrendered; requiring certain insurers to file quarterly statements; eliminating certain countersignature requirements; revising provisions governing the taxation of money received by a life insurer pursuant to an annuity agreement; revising certain requirements for an application for a certificate of registration as an administrator; revising provisions governing annual reports filed by an administrator; revising provisions requiring an adjuster to maintain in this State a place of business; authorizing the Commissioner of Insurance to designate certain insurers as domestic surplus lines insurers; authorizing the Commissioner to assess against an insurer the cost for the review of a proposal to change the rate of a health plan; revising requirements relating to certificates of registration as a provider of service contracts; authorizing the Commissioner to issue a certificate of dormancy to certain captive insurers; revising provisions governing state-chartered risk retention groups for consistency with the accreditation standards of the National Association of Insurance Commissioners; revising provisions governing the suspension or revocation of a license of a captive insurer; revising certain requirements relating to certain financial transactions by a captive insurer; establishing or revising minimum capital requirements for certain insurers; revising provisions governing insurers in receivership; providing a penalty; and providing other matters properly relating thereto.



Legislative Counsel's Digest:

1 Existing law requires the Commissioner of Insurance to examine insurers and
2 certain other persons to ensure compliance with the provisions of the Nevada
3 Insurance Code (Title 57 of NRS). (NRS 679B.230, 679B.240) Existing law
4 provides that the person examined shall, upon presentation of a bill by the
5 Commissioner, pay to the Commissioner the expenses of the examiner and
6 assistants of the Commissioner, including reasonable and proper hotel and travel
7 expenses, expert assistance, reasonable compensation of the examiners and
8 assistants and necessary incidental expenses. (NRS 679B.290) **Sections 1, 57 and**
9 **62** of this bill revise the types of expenses which may be collected from examinees
10 and their method of collection and eliminate assistants of the Commissioner as
11 persons whose expenses may be paid by examinees.

12 Existing law requires insurers providing medical liability insurance to
13 physicians and osteopathic physicians to report to the Division of Insurance certain
14 information regarding closed claims. (NRS 630.130, 630.3069, 630.318, 633.286,
15 633.528, 633.529, 679B.144, 679B.440, 679B.460, 690B.260, 690B.360) **Sections**
16 **2, 3, 33 and 71-77** of this bill eliminate those reporting requirements.

17 Existing law requires certain certificates of licensure, authority or registration
18 which are issued by the Commissioner to be surrendered or delivered to the
19 Commissioner upon expiration, suspension or termination thereof. (NRS 680A.160,
20 683A.08526, 683A.480, 684A.210, 684A.220, 684B.110, 684B.120, 685A.220,
21 686A.520, 689.160, 689.595, 695J.260, 696A.330, 697.360) **Sections 4, 13, 17-20,**
22 **27, 28, 30, 31, 64, 70 and 78** of this bill eliminate the requirement that such
23 certificates be surrendered or delivered.

24 Existing law requires certain insurers to file certain annual reports and financial
25 statements with the Commissioner of Insurance. (NRS 680A.270, 680A.280,
26 690B.150, 695B.160, 695C.210, 695D.260, 695F.320) **Sections 5, 6, 32, 53, 56, 59**
27 **and 63** of this bill require certain insurers to also file quarterly statements with the
28 Commissioner and the National Association of Insurance Commissioners.

29 In 2009, the Legislature eliminated certain countersignature provisions which
30 the 9th Circuit Court of Appeals had found to be unconstitutional in discriminating
31 against Nevada nonresident producers of insurance by denying them the same
32 rights and privileges as resident producers. (*Council of Ins. Agents & Brokers v.*
33 *Molasky-Arman*, 522 F.3d 925 (9th Cir. 2008); NRS 680A.300, 680A.310)
34 **Sections 7 and 78** of this bill eliminate certain remaining countersignature
35 requirements and references thereto.

36 Existing law provides that money accepted by a life insurer pursuant to an
37 annuity agreement may be considered income and taxable either upon receipt or at
38 the time the money is applied to purchase annuities. (NRS 680B.025) **Section 8** of
39 this bill provides that, for such an agreement which is issued on or after January 1,
40 2020, the money is considered income and taxable upon receipt.

41 **Section 10** of this bill revises the applicability of specified limitations on an
42 insurer's investment in certain types of real estate.

43 Existing law requires an application for a certificate of registration as an
44 administrator to be accompanied by a financial statement which includes an income
45 statement and balance sheet. (NRS 683A.08522) **Section 11** of this bill requires the
46 financial statement, income statement and balance sheet to have been reviewed by
47 an independent certified public accountant.

48 Existing law requires the Commissioner to submit certain information supplied
49 by an applicant for a certificate of registration as an administrator to the Division of
50 Industrial Relations of the Department of Business and Industry for final approval.
51 (NRS 683A.08524) **Section 12** of this bill requires the Commissioner to submit the
52 information to the Division only if the applicant seeks final approval by the
53 Division in accordance with regulations governing industrial insurance as adopted
54 by the Administrator of the Division.



55 Existing law requires an administrator who files an annual report which
56 contains certain financial statements and other information to pay a filing fee in an
57 amount determined by the Commissioner. Existing law also requires the
58 Commissioner, after reviewing the annual report and accompanying financial
59 statement, to identify any deficiency found in the annual report or submit certain
60 information to an electronic database maintained by the National Association of
61 Insurance Commissioners or its affiliate or subsidiary. (NRS 683A.08528) **Section**
62 **14** of this bill eliminates these requirements.

63 Existing law requires every adjuster to have and maintain in this State a place
64 of business. (NRS 684A.170) **Section 15** of this bill limits this requirement to
65 adjusters who are residents of this State.

66 Existing law requires an adjuster to retain records of all transactions under his
67 or her license for at least 3 years. (NRS 684A.180) **Section 16** of this bill revises
68 this period of retention to at least 3 years after the closure of the claim to which the
69 records apply.

70 **Sections 21-26** of this bill: (1) authorize the Commissioner to designate an
71 insurer which is domiciled in this State and meets certain requirements as a
72 domestic surplus lines insurer; and (2) establish certain requirements and
73 limitations on the transaction of the business of insurance by and with, a domestic
74 surplus lines insurer.

75 Existing law requires the Commissioner to consider each proposed increase or
76 decrease in the rate of a health plan. (NRS 686B.112) **Section 29** of this bill
77 authorizes the Commissioner to assess against an insurer the cost for the review of
78 such a proposal to increase or decrease a rate.

79 Existing law establishes the requirements for the application for, and issuance
80 and renewal of, a certificate of registration as a provider of service contracts. (NRS
81 690C.160) **Section 34** of this bill: (1) increases from \$1,000 to \$2,000 the fee that
82 must be paid at the time of application; (2) increases the term of a certificate of
83 registration from 1 year to 2 years; (3) increases the fee for the renewal of a
84 certificate from \$1,000 to \$2,000; and (4) requires a provider to submit his or her
85 application and fee for renewal not later than 60 days before his or her certificate
86 expires.

87 **Sections 36 and 37** of this bill authorize the Commissioner to issue a certificate
88 of dormancy to a captive insurer which elects to cease transacting the business of
89 insurance and complies with certain requirements and conditions.

90 **Sections 39-44, 46 and 49-51** of this bill revise provisions governing captive
91 insurers to distinguish between association captive insurers and state-chartered risk
92 retention groups for consistency with the accreditation standards of the National
93 Association of Insurance Commissioners.

94 Existing law authorizes the Commissioner to suspend or revoke the license of a
95 captive insurer after an examination and hearing if the Commissioner makes certain
96 determinations. (NRS 694C.270) **Section 45** of this bill eliminates the requirement
97 for an examination and clarifies that failure to pay required taxes on premiums is
98 one of the grounds on which a license may be suspended or revoked.

99 Existing law prohibits a captive insurer from transacting insurance in this State
100 unless the captive insurer has made adequate arrangements with a bank located in
101 this State. (NRS 694C.310) **Section 47** of this bill revises this provision to include a
102 state-chartered bank, state-chartered credit union or state-licensed thrift company
103 that is located in this State and a federally chartered bank that has a branch that is
104 located in this State.

105 Existing law prohibits a captive insurer from paying certain dividends or certain
106 other distributions unless the captive insurer has obtained the prior approval of the
107 Commissioner. (NRS 694C.330) **Section 48** of this bill requires the prior approval
108 of the Commissioner for: (1) a captive insurer other than a state-chartered risk
109 retention group to pay only certain extraordinary dividends or certain other



110 extraordinary distributions; and (2) a state-chartered risk retention group to pay any
111 dividends or distributions.

112 **Sections 52, 54, 58 and 61** of this bill: (1) establish minimum capital
113 requirements for nonprofit corporations for hospital, medical and dental services,
114 health maintenance organizations, organizations that provide plans for dental care;
115 and (2) revise such requirements for prepaid limited health service organizations.

116 **Section 55** of this bill provides that provisions governing rates and service
117 organizations apply to health maintenance organizations.

118 **Sections 66-69** of this bill: (1) require the receiver of an insurer in receivership
119 and each guaranty association which is affected by the delinquency proceedings to
120 file certain financial reports as established or specified by the National Association
121 of Insurance Commissioners; and (2) revise provisions to include references to the
122 Insurer Receivership Model Act adopted by the National Association of Insurance
123 Commissioners.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 679B.290 is hereby amended to read as
2 follows:

3 679B.290 1. Except as otherwise provided in subsection 2:

4 (a) The expense of examination of an insurer, or of any person
5 referred to in subsection 1, 2, 5 or 6 of NRS 679B.240, must be
6 borne by the person examined. Such expense includes only the
7 reasonable ~~[and proper hotel and travel expenses]~~ **compensation**
8 **and per diem allowance** of the ~~[Commissioner and the]~~ examiners
9 ~~[and assistants]~~ of the Commissioner, including expert assistance,
10 ~~[reasonable compensation as to such examiners and assistants]~~ and
11 incidental expenses as necessarily incurred in the examination. As to
12 expense ~~[and compensation]~~ involved in any such examination, the
13 Commissioner shall give due consideration to scales and limitations
14 recommended by the National Association of Insurance
15 Commissioners and outlined in the examination manual sponsored
16 by that association.

17 (b) The person examined shall promptly pay ~~[to the~~
18 **Commissioner]** the expenses of the examination upon presentation
19 by the Commissioner of a reasonably detailed written statement
20 thereof.

21 2. The Commissioner may bill an insurer for the examination
22 of any person referred to in subsection 1 of NRS 679B.240 and shall
23 adopt regulations governing such billings.

24 **Sec. 2.** NRS 679B.440 is hereby amended to read as follows:

25 679B.440 1. The Commissioner may require that reports
26 submitted pursuant to NRS 679B.430 include, without limitation,
27 information regarding:

28 (a) Liability insurance provided to:



1 (1) Governmental agencies and political subdivisions of this
2 State, reported separately for:

- 3 (I) Cities and towns;
- 4 (II) School districts; and
- 5 (III) Other political subdivisions;

- 6 (2) Public officers;
- 7 (3) Establishments where alcoholic beverages are sold;
- 8 (4) Facilities for the care of children;
- 9 (5) Labor, fraternal or religious organizations; and
- 10 (6) Officers or directors of organizations formed pursuant to
11 title 7 of NRS, reported separately for nonprofit entities and entities
12 organized for profit;

13 (b) Liability insurance for:

- 14 (1) Defective products;
- 15 (2) Medical or dental malpractice of:
 - 16 (I) A practitioner licensed pursuant to chapter 630, 630A,
 - 17 631, 632, 633, 634, 634A, 635, 636, 637, 637B, 639 or 640 of NRS;
 - 18 (II) A hospital or other health care facility; or
 - 19 (III) Any related corporate entity.

- 20 (3) Malpractice of attorneys;
- 21 (4) Malpractice of architects and engineers; and
- 22 (5) Errors and omissions by other professionally qualified
23 persons;

24 (c) Vehicle insurance, reported separately for:

- 25 (1) Private vehicles;
- 26 (2) Commercial vehicles;
- 27 (3) Liability insurance; and
- 28 (4) Insurance for property damage; *and*

29 (d) Workers' compensation insurance. *;* *and*

30 ~~—(e) In addition to any information provided pursuant to~~
31 ~~subparagraph (2) of paragraph (b) or NRS 690B.260, a policy of~~
32 ~~insurance for medical malpractice. As used in this paragraph,~~
33 ~~“policy of insurance for medical malpractice” has the meaning~~
34 ~~ascribed to it in NRS 679B.144.]~~

35 2. The Commissioner may require that the report include,
36 without limitation, information specifically pertaining to this State
37 or to an insurer in its entirety, in the aggregate or by type of
38 insurance, and for a previous or current year, regarding:

- 39 (a) Premiums directly written;
- 40 (b) Premiums directly earned;
- 41 (c) Number of policies issued;
- 42 (d) Net investment income, using appropriate estimates when
43 necessary;
- 44 (e) Losses paid;
- 45 (f) Losses incurred;



1 (g) Loss reserves, including:

2 (1) Losses unpaid on reported claims; and

3 (2) Losses unpaid on incurred but not reported claims;

4 (h) Number of claims, including:

5 (1) Claims paid; and

6 (2) Claims that have arisen but are unpaid;

7 (i) Expenses for adjustment of losses, including allocated and
8 unallocated losses;

9 (j) Net underwriting gain or loss;

10 (k) Net operation gain or loss, including net investment income;
11 and

12 (l) Any other information requested by the Commissioner.

13 3. The Commissioner may also obtain, based upon an insurer
14 in its entirety, information regarding:

15 (a) Recoverable federal income tax;

16 (b) Net unrealized capital gain or loss; and

17 (c) All other expenses not included in subsection 2.

18 **Sec. 3.** NRS 679B.460 is hereby amended to read as follows:

19 679B.460 1. An insurer who willfully or repeatedly violates
20 or fails to comply with a provision of NRS 679B.400 to 679B.440,
21 inclusive, ~~for 690B.260~~ or a regulation adopted pursuant to NRS
22 679B.430 is subject, after notice and a hearing held pursuant to NRS
23 679B.310 to 679B.370, inclusive, to payment of an administrative
24 fine of not more than \$1,000 for each day of the violation or failure
25 to comply, up to a maximum fine of \$50,000.

26 2. An insurer who fails or refuses to comply with an order
27 issued by the Commissioner pursuant to NRS 679B.430 is subject,
28 after notice and a hearing held pursuant to NRS 679B.310 to
29 679B.370, inclusive, to suspension or revocation of the insurer's
30 certificate of authority to transact insurance in this state.

31 3. The imposition of an administrative fine pursuant to this
32 section must not be considered by the Commissioner in any other
33 administrative proceeding unless the fine has been paid or a court
34 order for payment of the fine has become final.

35 **Sec. 4.** NRS 680A.160 is hereby amended to read as follows:

36 680A.160 1. If upon completion of its application the
37 Commissioner finds that the insurer has met the requirements
38 therefor under this Code, the Commissioner may issue to the insurer
39 a proper certificate of authority; if the Commissioner does not so
40 find, the Commissioner shall issue an order refusing such certificate.

41 2. The certificate, if issued, shall state the insurer's name,
42 home office address, state or country of organization, and the kinds
43 of insurance the insurer is authorized to transact throughout Nevada.
44 At the insurer's request, the Commissioner may issue a certificate of
45 authority limited to particular types of insurance or coverages within



1 a kind of insurance as defined in NRS 681A.010 to 681A.080,
2 inclusive (kinds of insurance).

3 3. Although issued and delivered to the insurer, the certificate
4 of authority at all times shall be the property of the State of Nevada.
5 ~~Upon any expiration, suspension or termination thereof the insurer~~
6 ~~shall promptly deliver the certificate to the Commissioner.~~

7 **Sec. 5.** NRS 680A.270 is hereby amended to read as follows:

8 680A.270 1. Each authorized insurer shall annually on or
9 before March 1, or within any reasonable extension of time therefor
10 which the Commissioner for good cause may have granted on or
11 before that date, file with the Commissioner a full and true
12 statement of its financial condition, transactions and affairs as of
13 December 31 preceding. The statement must be:

14 (a) In the general form and context of, and require information
15 as called for by, an annual statement as is currently in general and
16 customary use in the United States for the type of insurer and kinds
17 of insurance to be reported upon, with any useful or necessary
18 modification or adaptation thereof, supplemented by additional
19 information required by the Commissioner;

20 (b) Prepared in accordance with:

21 (1) The Annual Statement Instructions for the type of insurer
22 to be reported on as adopted by the National Association of
23 Insurance Commissioners for the year in which the insurer files the
24 statement; and

25 (2) The Accounting Practices and Procedures Manual
26 adopted by the National Association of Insurance Commissioners
27 and effective on January 1, 2001, and as amended by the National
28 Association of Insurance Commissioners after that date; and

29 (c) Verified by the oath of the insurer's president or vice
30 president and secretary or actuary, as applicable, or, in the absence
31 of the foregoing, by two other principal officers, or if a reciprocal
32 insurer, by the oath of the attorney-in-fact, or its like officers if a
33 corporation.

34 2. The statement of an alien insurer must be verified by its
35 United States manager or other officer who is authorized to do so,
36 and may relate only to the insurer's transactions and affairs in the
37 United States unless the Commissioner requires otherwise. If the
38 Commissioner requires a statement as to the insurer's affairs
39 throughout the world, the insurer shall file the statement with the
40 Commissioner as soon as reasonably possible.

41 3. The Commissioner may refuse to continue, or may suspend
42 or revoke, the certificate of authority of any insurer failing to file its
43 annual statement when due.



1 4. At the time of filing ~~[]~~ *its annual statement with the*
2 *Commissioner*, the insurer shall pay the fee for filing its annual
3 statement as prescribed by NRS 680B.010.

4 5. *Each domestic insurer shall file with the Commissioner*
5 *and the National Association of Insurance Commissioners a*
6 *quarterly statement in the form most recently adopted by the*
7 *National Association of Insurance Commissioners for that type of*
8 *insurer. The quarterly statement must be:*

9 (a) *Prepared in accordance with the instructions which are*
10 *applicable to that form, including, without limitation, the required*
11 *date of submission for the form; and*

12 (b) *Filed by electronic means.*

13 6. The Commissioner may adopt regulations requiring each
14 domestic, foreign and alien insurer which is authorized to transact
15 insurance in this state to file the insurer's annual statement with the
16 National Association of Insurance Commissioners or its successor
17 organization.

18 ~~[6.]~~ 7. Except as otherwise provided in NRS 239.0115, all
19 work papers, documents and materials prepared pursuant to this
20 section by or on behalf of the Division are confidential and must not
21 be disclosed by the Division.

22 ~~[7.]~~ 8. To the extent that the Annual Statement Instructions
23 referenced in subparagraph (1) of paragraph (b) of subsection 1 *or*
24 *the instructions for the preparation of quarterly statements*
25 *referenced in paragraph (a) of subsection 5* require the disclosure
26 of compensation paid to or on behalf of an insurer's officers,
27 directors or employees, the information may be filed with the
28 Commissioner *and the National Association of Insurance*
29 *Commissioners* as ~~[an—exhibit]~~ *exhibits* separate from the
30 ~~[statement]~~ *annual and quarterly statements* required by this
31 section. Except as otherwise provided in NRS 239.0115, the
32 compensation information described in this subsection is
33 confidential and must not be disclosed by the Division.

34 **Sec. 6.** NRS 680A.280 is hereby amended to read as follows:

35 680A.280 1. Any insurer failing, without just cause beyond
36 the reasonable control of the insurer, to file ~~[an—annual]~~ *a* statement
37 as required in NRS 680A.265 and 680A.270 shall be required to pay
38 a penalty of \$100 for each day's delay, but not to exceed \$3,000 in
39 aggregate amount, to be recovered in the name of the State of
40 Nevada by the Attorney General.

41 2. Any director, officer, agent or employee of any insurer who
42 subscribes to, makes or concurs in making or publishing, any annual
43 or other statement required by law, knowing the same to contain any
44 material statement which is false, is guilty of a gross misdemeanor.



1 **Sec. 7.** NRS 680A.300 is hereby amended to read as follows:

2 680A.300 1. ~~Except as provided in NRS 680A.310, no~~ *No*
3 authorized insurer may make, write, place, renew or cause to be
4 made, placed or renewed, any policy or duplicate policy,
5 endorsement or contract of insurance of any kind upon persons,
6 property or risks resident, located or to be performed in this State,
7 except through its duly appointed and licensed agents. ~~any one of~~
8 ~~whom shall countersign the policy, endorsement or contract.~~

9 2. ~~Where two or more insurers jointly issue a single policy,~~
10 ~~the policy may be countersigned, on behalf of all insurers appearing~~
11 ~~thereon, by a duly appointed and licensed agent of any one insurer.~~

12 ~~3.]~~ In any case where it is necessary to execute an emergency
13 bond and a commissioned agent authorized to execute the bond is
14 not present, a manager or other employee of the insurer having
15 authority under a power of attorney may execute the bond in order
16 to produce a valid contract between the insurer and the obligee. ~~The~~
17 ~~bond must subsequently be countersigned by a commissioned agent~~
18 ~~who is authorized to execute the bond.]~~ The commissioned agent
19 who executes the bond shall make and retain an adequate office
20 record of the transaction.

21 ~~4. An insurer may use an endorsement to the policy for the~~
22 ~~sole purpose of countersigning the policy, as required in this section,~~
23 ~~only if:~~

24 ~~(a) The endorsement is attached to the policy to which it applies;~~
25 ~~and~~

26 ~~(b) The policy insures persons or property in this State and one~~
27 ~~or more other states.]~~

28 **Sec. 8.** NRS 680B.025 is hereby amended to read as follows:

29 680B.025 For the purposes of NRS 680B.025 to 680B.039,
30 inclusive:

31 1. "Total income derived from direct premiums written":

32 (a) Does not include premiums written or considerations
33 received from life insurance policies or annuity contracts issued in
34 connection with the funding of a pension, annuity or profit-sharing
35 plan qualified or exempt pursuant to sections 401, 403, 404, 408,
36 457 or 501 of the United States Internal Revenue Code as
37 renumbered from time to time.

38 (b) Does not include payments received by an insurer from the
39 Secretary of Health and Human Services pursuant to a contract
40 entered into pursuant to section 1876 of the Social Security Act, 42
41 U.S.C. § 1395mm.

42 (c) As to title insurance, consists of the total amount charged by
43 the company for the sale of policies of title insurance.

44 2. Money accepted by a life insurer pursuant to an agreement
45 which provides for an accumulation of money to purchase annuities



1 at future dates ~~may~~ shall be considered as “total income derived
2 from direct premiums written” ~~either~~ :

3 (a) For such an agreement which is issued before January 1,
4 2020, either upon receipt or upon the actual application of the
5 money to the purchase of annuities, but any interest credited to
6 money accumulated while under the latter alternative must also be
7 included in “total income derived from direct premiums written,”
8 and any money taxed upon receipt, including any interest later
9 credited thereto, is not subject to taxation upon the purchase of
10 annuities. Each life insurer shall signify on its return covering
11 premiums for the calendar year 1971 or for the first calendar year it
12 transacts business in this State, whichever is later, its election
13 between those two alternatives. Thereafter an insurer shall not
14 change his or her election without the consent of the Commissioner.

15 (b) For such an agreement which is issued on or after
16 January 1, 2020, upon receipt.

17 Any such money taxed as “total income derived from direct
18 premiums written” is, in the event of withdrawal of the money
19 before its actual application to the purchase of annuities, eligible to
20 be included as “return premiums” pursuant to the provisions of
21 NRS 680B.030.

22 **Sec. 9.** NRS 680C.110 is hereby amended to read as follows:

23 680C.110 1. In addition to any other fee or charge, the
24 Commissioner shall collect in advance and receipt for, and persons
25 so served must pay to the Commissioner, the fees required by this
26 section.

27 2. A fee required by this section must be:

28 (a) If an initial fee, paid at the time of an initial application or
29 issuance of a license, as applicable;

30 (b) Except as otherwise provided in NRS 680A.180, 683A.378,
31 686A.380, 690C.160, 694C.230, 695A.080, 695B.135, 695D.150,
32 695H.090 and 696A.150, if an annual fee, paid on or before the date
33 established by regulation of the Commissioner;

34 (c) If a triennial fee, paid on or before the time of continuation,
35 renewal or other similar action in regard to a certificate, license,
36 permit or other type of authorization, as applicable; and

37 (d) Deposited in the Fund for Insurance Administration and
38 Enforcement created by NRS 680C.100.

39 3. The fees required pursuant to this section are not refundable.

40 4. The following fees must be paid by the following persons to
41 the Commissioner:

42 (a) Associations of self-insured private
43 employers, as defined in NRS 616A.050:

- 44 (1) Initial fee..... \$1,300
- 45 (2) Annual fee..... \$1,300



1	(b) Associations of self-insured public	
2	employers, as defined in NRS 616A.055:	
3	(1) Initial fee.....	\$1,300
4	(2) Annual fee.....	\$1,300
5	(c) Independent review organizations, as	
6	provided for in NRS 616A.469 or 683A.3715, or	
7	both:	
8	(1) Initial fee.....	\$60
9	(2) Annual fee.....	\$60
10	(d) Producers of insurance, as defined in	
11	NRS 679A.117:	
12	(1) Initial fee.....	\$60
13	(2) Triennial fee.....	\$60
14	(e) Reinsurers, as provided for in	
15	NRS 681A.1551 or 681A.160, as applicable:	
16	(1) Initial fee.....	\$1,300
17	(2) Annual fee.....	\$1,300
18	(f) Intermediaries, as defined in NRS 681A.330:	
19	(1) Initial fee.....	\$60
20	(2) Triennial fee.....	\$60
21	(g) Reinsurers, as defined in NRS 681A.370:	
22	(1) Initial fee.....	\$1,300
23	(2) Annual fee.....	\$1,300
24	(h) Administrators, as defined in	
25	NRS 683A.025:	
26	(1) Initial fee.....	\$60
27	(2) Triennial fee.....	\$60
28	(i) Managing general agents, as defined in	
29	NRS 683A.060:	
30	(1) Initial fee.....	\$60
31	(2) Triennial fee.....	\$60
32	(j) Agents who perform utilization reviews, as	
33	defined in NRS 683A.376:	
34	(1) Initial fee.....	\$60
35	(2) Annual fee.....	\$60
36	(k) Insurance consultants, as defined in	
37	NRS 683C.010:	
38	(1) Initial fee.....	\$60
39	(2) Triennial fee.....	\$60
40	(l) Independent adjusters, as defined in	
41	NRS 684A.030:	
42	(1) Initial fee.....	\$60
43	(2) Triennial fee.....	\$60
44	(m) Public adjusters, as defined in	
45	NRS 684A.030:	



1	(1) Initial fee.....	\$60
2	(2) Triennial fee.....	\$60
3	(n) Associate adjusters, as defined in	
4	NRS 684A.030:	
5	(1) Initial fee.....	\$60
6	(2) Triennial fee.....	\$60
7	(o) Motor vehicle physical damage appraisers,	
8	as defined in NRS 684B.010:	
9	(1) Initial fee.....	\$60
10	(2) Triennial fee.....	\$60
11	(p) Brokers, as defined in NRS 685A.031:	
12	(1) Initial fee.....	\$60
13	(2) Triennial fee.....	\$60
14	(q) Companies, as defined in NRS 686A.330:	
15	(1) Initial fee.....	\$1,300
16	(2) Annual fee.....	\$1,300
17	(r) Rate service organizations, as defined in	
18	NRS 686B.020:	
19	(1) Initial fee.....	\$1,300
20	(2) Annual fee.....	\$1,300
21	(s) Brokers of viatical settlements, as defined in	
22	NRS 688C.030:	
23	(1) Initial fee.....	\$60
24	(2) Annual fee.....	\$60
25	(t) Providers of viatical settlements, as defined	
26	in NRS 688C.080:	
27	(1) Initial fee.....	\$60
28	(2) Annual fee.....	\$60
29	(u) Agents for prepaid burial contracts subject	
30	to the provisions of chapter 689 of NRS:	
31	(1) Initial fee.....	\$60
32	(2) Triennial fee.....	\$60
33	(v) Agents for prepaid funeral contracts subject	
34	to the provisions of chapter 689 of NRS:	
35	(1) Initial fee.....	\$60
36	(2) Triennial fee.....	\$60
37	(w) Sellers of prepaid burial contracts subject to	
38	the provisions of chapter 689 of NRS:	
39	(1) Initial fee.....	\$60
40	(2) Triennial fee.....	\$60
41	(x) Sellers of prepaid funeral contracts subject	
42	to the provisions of chapter 689 of NRS:	
43	(1) Initial fee.....	\$60
44	(2) Triennial fee.....	\$60
45	(y) Providers, as defined in NRS 690C.070:	



1	(1) Initial fee.....	\$1,300
2	(2) Annual fee.....	\$1,300
3	(z) Escrow officers, as defined in	
4	NRS 692A.028:	
5	(1) Initial fee.....	\$60
6	(2) Triennial fee.....	\$60
7	(aa) Title agents, as defined in NRS 692A.060:	
8	(1) Initial fee.....	\$60
9	(2) Triennial fee.....	\$60
10	(bb) Captive insurers, as defined in	
11	NRS 694C.060:	
12	(1) Initial fee.....	\$250
13	(2) Annual fee.....	\$250
14	(cc) Insurance agents for societies, as provided	
15	for in NRS 695A.330:	
16	(1) Initial fee.....	\$60
17	(2) Triennial fee.....	\$60
18	(dd) Purchasing groups, as defined in	
19	NRS 695E.100:	
20	(1) Initial fee.....	\$250
21	(2) Annual fee.....	\$250
22	(ee) Risk retention groups, as defined in	
23	NRS 695E.110:	
24	(1) Initial fee.....	\$250
25	(2) Annual fee.....	\$250
26	(ff) Medical discount plans, as defined in	
27	NRS 695H.050:	
28	(1) Initial fee.....	\$1,300
29	(2) Annual fee.....	\$1,300
30	(gg) Club agents, as defined in NRS 696A.040:	
31	(1) Initial fee.....	\$60
32	(2) Triennial fee.....	\$60
33	(hh) Motor clubs, as defined in NRS 696A.050:	
34	(1) Initial fee.....	\$1,300
35	(2) Annual fee.....	\$1,300
36	(ii) Bail agents, as defined in NRS 697.040:	
37	(1) Initial fee.....	\$60
38	(2) Triennial fee.....	\$60
39	(jj) Bail enforcement agents, as defined in	
40	NRS 697.055:	
41	(1) Initial fee.....	\$60
42	(2) Triennial fee.....	\$60
43	(kk) Bail solicitors, as defined in NRS 697.060:	
44	(1) Initial fee.....	\$60
45	(2) Triennial fee.....	\$60



- 1 (ll) General agents, as defined in NRS 697.070:
- 2 (1) Initial fee.....\$60
- 3 (2) Triennial fee.....\$60

4 (mm) Exchange enrollment facilitators, as
5 defined in NRS 695J.050:

- 6 (1) Initial fee.....\$60
- 7 (2) Triennial fee.....\$60

8 5. An initial fee of \$1,000 must be paid to the Commissioner
9 by each:

10 (a) Insurer who is authorized to transact casualty insurance, as
11 defined in NRS 681A.020;

12 (b) Insurer who is authorized to transact health insurance, as
13 defined in NRS 681A.030;

14 (c) Insurer who is authorized to transact life insurance, as
15 defined in NRS 681A.040;

16 (d) Insurer who is authorized to transact property insurance, as
17 defined in NRS 681A.060;

18 (e) Title insurer, as defined in NRS 692A.070;

19 (f) Fraternal benefit society, as defined in NRS 695A.010;

20 (g) Corporation subject to the provisions of chapter 695B of
21 NRS;

22 (h) Health maintenance organization, as defined in
23 NRS 695C.030;

24 (i) Organization for dental care, as defined in NRS 695D.060;
25 and

26 (j) Prepaid limited health service organization, as defined in
27 NRS 695F.050.

28 6. An insurer who is required to pay an initial fee of \$1,000
29 pursuant to subsection 5 shall also pay to the Commissioner an
30 annual fee in an amount determined by the Commissioner. When
31 determining the amount of the annual fee, the Commissioner must
32 consider:

33 (a) The direct written premiums reported to the Commissioner
34 by the insurer during the previous year;

35 (b) The number of insurers who are required to pay an annual
36 fee pursuant to this subsection;

37 (c) The direct written premiums reported during the previous
38 year by all insurers paying such fees; and

39 (d) The budget of the Division.

40 7. An insurer who is not required to pay an initial or annual fee
41 pursuant to subsection 4 or subsections 5 and 6 shall pay to the
42 Commissioner an initial fee of \$1,300 and an annual fee of \$1,300.

43 **Sec. 10.** NRS 682A.436 is hereby amended to read as follows:

44 682A.436 1. An insurer shall not acquire an investment in
45 accordance with the provisions of NRS 682A.430 if, as a result of



1 and after giving effect to the investment, the aggregate amount of all
2 investments held by the insurer pursuant to that section would
3 exceed:

4 (a) One percent of its admitted assets in mortgage loans
5 covering any one secured location;

6 (b) One-quarter of one percent of its admitted assets in
7 construction loans covering any one secured location; or

8 (c) Two percent of its admitted assets in construction loans in
9 the aggregate.

10 2. An insurer shall not acquire an investment under NRS
11 682A.432 if, as a result of and after giving effect to the investment
12 and any outstanding guarantees made by the insurer in connection
13 with the investment, the aggregate amount of investments held by
14 the insurer under NRS 682A.432 plus the guarantees outstanding
15 would exceed:

16 (a) One percent of its admitted assets in one parcel or group of
17 contiguous parcels of real estate, except that this limitation does not
18 apply to that portion of real estate used for the direct provision of
19 health care services by an accident and health insurer for its
20 insureds, such as hospitals, medical clinics, medical professional
21 buildings or other health facilities used for the purpose of providing
22 health services; or

23 (b) Fifteen percent of its admitted assets in the aggregate, but
24 not more than 5 percent of its admitted assets as to properties that
25 are to be improved or developed.

26 3. An insurer shall not acquire an investment pursuant to NRS
27 682A.430 or 682A.432 if, as a result of and after giving effect to the
28 investment and any guarantees made by the insurer in connection
29 with the investment, the aggregate amount of all investments held
30 by the insurer in accordance with those sections plus the guarantees
31 outstanding would exceed 45 percent of the insurer's admitted
32 assets. An insurer may exceed this limitation by not more than 30
33 percent of the insurer's admitted assets if:

34 (a) This increased amount is invested only in residential
35 mortgage loans;

36 (b) The insurer has not more than 10 percent of the insurer's
37 admitted assets invested in mortgage loans other than residential
38 mortgage loans;

39 (c) The loan-to-value ratio of each residential mortgage loan
40 does not exceed 60 percent at the time the mortgage loan is qualified
41 pursuant to this increased authority, and the fair market value is
42 supported by an appraisal that is not more than 2 years old and
43 prepared by an independent appraiser;



1 (d) A single mortgage loan qualified pursuant to this increased
2 authority does not exceed 0.5 percent of the insurer's admitted
3 assets;

4 (e) The insurer files with the Commissioner, and receives
5 approval from the Commissioner for, a plan that is designed to
6 result in a portfolio of residential mortgage loans that is sufficiently
7 geographically diversified; and

8 (f) The insurer agrees to file annually with the Commissioner
9 records which demonstrate that the insurer's portfolio of residential
10 mortgage loans is geographically diversified in accordance with the
11 plan.

12 4. The limitations of NRS 682A.402, 682A.404 and 682A.406
13 do not apply to an insurer's acquisition of real estate under NRS
14 ~~682A.432.~~ **682A.434.** An insurer shall not acquire real estate under
15 NRS ~~682A.432~~ **682A.434** if, as a result of and after giving effect
16 to the acquisition, the aggregate amount of real estate held by the
17 insurer in accordance with that section would exceed 10 percent of
18 its admitted assets. With the approval of the Commissioner,
19 additional amounts of real estate may be acquired under NRS
20 ~~682A.432.~~ **682A.434.**

21 **Sec. 11.** NRS 683A.08522 is hereby amended to read as
22 follows:

23 683A.08522 Each application for a certificate of registration as
24 an administrator must include or be accompanied by:

25 1. A financial statement ~~[that is certified by an officer]~~ of the
26 applicant *that has been reviewed by an independent certified*
27 *public account* and ~~[must include:] which includes:~~

28 (a) ~~[The]~~ *A statement regarding the* amount of money that the
29 applicant expects to collect from or disburse to residents of this state
30 during the next calendar year. ~~;~~

31 (b) Financial information for the 90 days immediately preceding
32 the date the application was filed with the Commissioner. ~~;~~ **and**

33 (c) An income statement and balance sheet for the 2 years
34 immediately preceding the application that are ~~[prepared]~~ :

35 (1) *Prepared* in accordance with generally accepted
36 accounting principles ~~[- The submission by the applicant of his or~~
37 ~~her consolidated income statement and balance sheet does not~~
38 ~~constitute compliance with the provisions of this paragraph.] ; and~~

39 (2) *Reviewed by an independent certified public*
40 *accountant.*

41 (d) *A certification of the financial statement by an officer of*
42 *the applicant.*

43 2. The documents used to create the business association of the
44 administrator, including articles of incorporation, articles of



1 association, a partnership agreement, a trust agreement and a
2 shareholders' agreement.

3 3. The documents used to regulate the internal affairs of the
4 administrator, including the bylaws, rules or regulations of the
5 administrator.

6 4. A certificate of registration issued pursuant to NRS 600.350
7 for a trade name or trademark used by the administrator **H**, *if*
8 *applicable*.

9 5. An organizational chart that identifies each person who
10 directly or indirectly controls the administrator and each affiliate of
11 the administrator.

12 6. A notarized affidavit from each person who manages or
13 controls the administrator, including each member of the board of
14 directors or board of trustees, each officer, partner and member of
15 the business association of the administrator, and each shareholder
16 of the administrator who holds not less than 10 percent of the voting
17 stock of the administrator. The affidavit must include:

18 (a) The personal history, business record and insurance
19 experience of the affiant;

20 (b) Whether the affiant has been investigated by any regulatory
21 authority or has had any license or certificate denied, suspended or
22 revoked in any state; and

23 (c) Any other information that the Commissioner may require.

24 7. The complete name and address of each office of the
25 administrator, including offices located outside this state.

26 8. A statement that sets forth whether the administrator has:

27 (a) Held a license or certificate to transact any kind of insurance
28 in this state or any other state and whether that license or certificate
29 has been refused, suspended or revoked;

30 (b) Been indebted to any person and, if so, the circumstances of
31 that debt; and

32 (c) Had an administrative agreement cancelled and, if so, the
33 circumstances of that cancellation.

34 9. A statement that describes the business plan of the
35 administrator. The statement must include information:

36 (a) Concerning the number of persons on the staff of the
37 administrator and the activities proposed in this state or in any other
38 state.

39 (b) That demonstrates the capability of the administrator to
40 provide a sufficient number of experienced and qualified persons for
41 the processing of claims, the keeping of records and, if applicable,
42 underwriting.

43 10. If the applicant intends to solicit new or renewal business,
44 proof that the applicant employs or has contracted with a producer
45 of insurance licensed in this state to solicit and take applications. An



1 applicant who intends to solicit insurance contracts directly or to act
2 as a producer must provide proof that the applicant is licensed as a
3 producer in this state.

4 **Sec. 12.** NRS 683A.08524 is hereby amended to read as
5 follows:

6 683A.08524 1. Except as otherwise provided in subsection 2
7 or 3, the Commissioner shall issue a certificate of registration as an
8 administrator to an applicant who:

9 (a) Submits an application on a form prescribed by the
10 Commissioner;

11 (b) Has complied with the provisions of NRS 683A.08522; and

12 (c) Pays the fee for the issuance of a certificate of registration
13 prescribed in NRS 680B.010 and, in addition to any other fee or
14 charge, all applicable fees required pursuant to NRS 680C.110.

15 2. The Commissioner may refuse to issue a certificate of
16 registration as an administrator to an applicant if the Commissioner
17 determines that the applicant or any person who has completed an
18 affidavit pursuant to subsection 6 of NRS 683A.08522:

19 (a) Is not competent to act as an administrator;

20 (b) Is not trustworthy or financially responsible;

21 (c) Does not have a good personal or business reputation;

22 (d) Has had a license or certificate to transact insurance denied
23 for cause, suspended or revoked in this state or any other state;

24 (e) Has failed to comply with any provision of this chapter; or

25 (f) Is financially unsound.

26 3. ~~The Commissioner shall submit the information supplied by~~
27 ~~an applicant pursuant to subsection 1 to~~ *If an applicant seeks final*
28 *approval by* the Division of Industrial Relations of the Department
29 of Business and Industry ~~[for final approval]~~ in accordance with
30 ~~[the]~~ regulations adopted pursuant to subsection 8 of NRS 616A.400
31 ~~[,]~~ *the Commissioner shall submit to the Division the information*
32 *supplied by the applicant pursuant to subsection 1.* Unless the
33 Division provides final approval for the applicant to the
34 Commissioner, the Commissioner shall not issue a certificate of
35 registration as an administrator to the applicant.

36 **Sec. 13.** NRS 683A.08526 is hereby amended to read as
37 follows:

38 683A.08526 1. A certificate of registration as an
39 administrator is valid for 3 years after the date the Commissioner
40 issues the certificate to the administrator.

41 2. An administrator may renew a certificate of registration if
42 the administrator submits to the Commissioner:

43 (a) An application on a form prescribed by the Commissioner;
44 and



1 (b) The fee for the renewal of the certificate of registration
2 prescribed in NRS 680B.010 and, in addition to any other fee or
3 charge, all applicable fees required pursuant to NRS 680C.110.

4 ~~[3.—A certificate of registration that is suspended or revoked
5 must be surrendered immediately to the Commissioner.]~~

6 **Sec. 14.** NRS 683A.08528 is hereby amended to read as
7 follows:

8 683A.08528 1. Not later than 90 days after the expiration of
9 the fiscal year of the administrator, or within such other period as
10 the Commissioner may allow, each holder of a certificate of
11 registration as an administrator shall file with the Commissioner an
12 annual report for that fiscal year. Each annual report must be
13 verified by at least two officers of the administrator.

14 2. Each annual report filed pursuant to this section must
15 include all the following:

16 (a) A financial statement of the administrator that has been
17 reviewed by an independent certified public accountant.

18 (b) The complete name and address of each person, if any, for
19 whom the administrator agreed to act as an administrator during the
20 fiscal year.

21 (c) A statement regarding the total money handled by the
22 administrator on behalf of contracted entities in connection with his
23 or her activities as an administrator. The statement must be on a
24 form prescribed or approved by the Commissioner for the purpose
25 of calculating the amount of the bond required by NRS 683A.0857.

26 (d) Any other information required by the Commissioner.

27 3. Except as otherwise provided in subsection 4, in addition to
28 the information required pursuant to subsection 2, if an annual
29 report is prepared on a consolidated basis, the annual report must
30 include supplemental exhibits that:

31 (a) Have been reviewed by an independent certified public
32 accountant; and

33 (b) Include a balance sheet and income statement for each
34 holder of a certificate of registration as an administrator in this
35 State.

36 4. In lieu of complying with the requirements set forth in
37 paragraphs (a) and (b) of subsection 3, an administrator who is a
38 wholly owned subsidiary of a parent company may submit to the
39 Commissioner:

40 (a) The financial statement of the parent company that has been
41 audited by an independent certified public accountant; and

42 (b) A parental guaranty that is signed by an officer of the parent
43 company and which guarantees the financial solvency of the
44 administrator.



1 5. ~~Each administrator who files an annual report pursuant to~~
2 ~~this section shall, at the time of filing the annual report, pay a filing~~
3 ~~fee in an amount determined by the Commissioner.~~

4 ~~—6.]~~ The Commissioner shall, for each administrator, review the
5 annual report that is most recently filed by the administrator. As
6 soon as practicable after reviewing the report, the Commissioner
7 shall ~~]:~~

8 ~~—(a) Issue]~~ *issue* a certificate to the administrator ~~]:~~

9 ~~—(1) Indicating]~~ *indicating* that, based on the annual report
10 and accompanying financial statement, the administrator ~~[has a~~
11 ~~positive net worth and]~~ is currently licensed and in good standing in
12 this State . ~~]: or~~

13 ~~—(2) Setting forth any deficiency found by the Commissioner~~
14 ~~in the annual report and accompanying financial statement; or~~

15 ~~—(b) Submit a statement to any electronic database maintained by~~
16 ~~the National Association of Insurance Commissioners or any~~
17 ~~affiliate or subsidiary of the Association:~~

18 ~~—(1) Indicating that, based on the annual report and~~
19 ~~accompanying financial statement, the administrator has a positive~~
20 ~~net worth and is in compliance with existing law; or~~

21 ~~—(2) Setting forth any deficiency found by the Commissioner~~
22 ~~in the annual report and accompanying financial statement.]~~

23 **Sec. 15.** NRS 684A.170 is hereby amended to read as follows:

24 684A.170 1. Every adjuster *who is a resident of this State*
25 shall have and maintain in this state a place of business accessible to
26 the public and from which the licensee principally conducts
27 transactions under his or her license. The address of such place shall
28 appear upon the application for a license and upon the license, when
29 issued, and the licensee shall promptly notify the Commissioner in
30 writing of any change thereof. Nothing in this section shall prohibit
31 the maintenance of such place in the licensee's residence in this
32 state.

33 2. The license of the licensee and those of associate adjusters
34 employed by the licensee shall be conspicuously displayed in such
35 place of business in a part thereof customarily open to the public.

36 **Sec. 16.** NRS 684A.180 is hereby amended to read as follows:

37 684A.180 1. Each adjuster shall keep at his or her business
38 address shown on the adjuster's license a record of all transactions
39 under the license.

40 2. The record shall include:

41 (a) A copy of each contract between an independent adjuster and
42 an insurer or self-insurer.

43 (b) A copy of all investigations or adjustments undertaken.



1 (c) A statement of any fee, commission or other compensation
2 received or to be received by the adjuster on account of such
3 investigation or adjustment.

4 3. The adjuster shall make such records available for
5 examination by the Commissioner at all times, and shall retain the
6 records for at least 3 years ~~[-]~~ *after the closure of the claim to*
7 *which the records apply.*

8 4. An independent adjuster shall comply with any record
9 retention policy agreed to in a contract between the independent
10 adjuster and an insurer or self-insurer to the extent that such a policy
11 imposes a requirement to retain records for a longer period than the
12 period required by this section.

13 **Sec. 17.** NRS 684A.210 is hereby amended to read as follows:

14 684A.210 1. The Commissioner may suspend, revoke, limit
15 or refuse to continue any adjuster's license or associate adjuster's
16 license:

17 (a) For any cause specified in any other provision of this
18 chapter;

19 (b) For any applicable cause for revocation of the license of a
20 producer of insurance under NRS 683A.451; or

21 (c) If the licensee has for compensation represented or attempted
22 to represent both the insurer and the insured in the same transaction.

23 2. The license of a business entity may be suspended, revoked,
24 limited or continuation refused for any cause which relates to any
25 individual designated with respect to the license to exercise its
26 powers.

27 ~~[-] The holder of any license which has been suspended or~~
28 ~~revoked shall forthwith surrender the license to the Commissioner.~~

29 **Sec. 18.** NRS 684A.220 is hereby amended to read as follows:

30 684A.220 NRS 683A.451 ~~[-]~~ *and* 683A.461 ~~[-]~~ ~~and 683A.480~~
31 also apply to suspension, revocation, limitation or refusal to
32 continue adjusters' licenses and associate adjusters' licenses, except
33 where in conflict with the express provisions of this chapter.

34 **Sec. 19.** NRS 684B.110 is hereby amended to read as follows:

35 684B.110 1. The Commissioner may suspend, revoke, limit
36 or refuse to continue any motor vehicle physical damage appraiser's
37 license:

38 (a) For any cause specified in any other provision of this
39 chapter;

40 (b) For any such applicable cause as for revocation of the license
41 of a producer of insurance under NRS 683A.451; or

42 (c) If the licensee has for compensation represented or attempted
43 to represent both the insurer and the insured in the same transaction.

44 2. The license of a business organization may be suspended,
45 revoked, limited or continuation refused for any cause which relates



1 to any individual designated in or with respect to the license to
2 exercise its powers.

3 ~~[3. The holder of any license which has been suspended or~~
4 ~~revoked shall forthwith surrender the license to the Commissioner.]~~

5 **Sec. 20.** NRS 684B.120 is hereby amended to read as follows:

6 684B.120 NRS 683A.451 ~~[,]~~ and 683A.461 ~~[and 683A.480]~~
7 also apply to suspension, revocation, limitation or refusal to
8 continue motor vehicle physical damage appraiser's licenses, except
9 where in conflict with the express provisions of this chapter.

10 **Sec. 21.** Chapter 685A of NRS is hereby amended by adding
11 thereto the provisions set forth as sections 22 and 23 of this act.

12 **Sec. 22.** *"Domestic surplus lines insurer" means an insurer*
13 *which is authorized by the Commissioner to accept surplus lines*
14 *insurance pursuant to section 23 of this act.*

15 **Sec. 23.** *1. An insurer which is domiciled in this State may*
16 *be designated as a domestic surplus lines insurer by the*
17 *Commissioner if:*

18 *(a) The insurer possesses capital and surplus of not less than*
19 *\$15,000,000; or*

20 *(b) The Commissioner makes an affirmative finding of*
21 *acceptability pursuant to subsection 3 of NRS 685A.070.*

22 *2. A designation by the Commissioner of an insurer as a*
23 *domestic surplus lines insurer must be in writing.*

24 *3. A domestic surplus lines insurer may accept surplus lines*
25 *insurance in any jurisdiction in which it is eligible.*

26 *4. A broker who places surplus lines insurance with a*
27 *domestic surplus lines insurer shall comply with:*

28 *(a) The provisions of NRS 685A.175 and 685A.180; and*

29 *(b) All other provisions of this chapter which apply to the*
30 *export of nonadmitted insurance for an insured for which this*
31 *State is the home state.*

32 *5. Except as otherwise provided by specific statute, the*
33 *provisions of this Code regarding financial and solvency*
34 *requirements apply to a domestic surplus lines insurer.*

35 *6. The provisions of chapter 686C and 687A of NRS do not*
36 *apply to a domestic surplus lines insurer.*

37 **Sec. 24.** NRS 685A.030 is hereby amended to read as follows:

38 685A.030 As used in this chapter, unless the context otherwise
39 requires, the words and terms defined in NRS 685A.031 to
40 685A.039, inclusive, *and section 22 of this act* have the meanings
41 ascribed to them in those sections.

42 **Sec. 25.** NRS 685A.0375 is hereby amended to read as
43 follows:

44 685A.0375 *1. "Nonadmitted insurer" means an insurer not*
45 *authorized to engage in the business of insurance in this State.*



1 **2. The term includes a domestic surplus lines insurer.**

2 **3.** The term does not include a risk retention group as that term
3 is defined in 15 U.S.C. § 3901(a)(4).

4 **Sec. 26.** NRS 685A.070 is hereby amended to read as follows:

5 685A.070 1. A broker shall not knowingly place surplus lines
6 insurance with an insurer which is unsound financially or ineligible
7 pursuant to this section.

8 2. With respect to nonadmitted insurance for insureds for
9 which this State is the home state, except as otherwise provided in
10 this section, an insurer is not eligible to accept surplus lines or
11 independently procured risks pursuant to this chapter unless it has
12 capital and surplus or its equivalent in an amount of not less than
13 \$15,000,000 or the minimum capital and surplus requirements
14 pursuant to NRS 680A.120, whichever is greater.

15 3. The requirements of ~~{subsection}~~ **subsections 2 and 4 and of**
16 **subsection 1 of section 23 of this act** may be satisfied by an insurer
17 possessing less than the minimum capital and surplus upon an
18 affirmative finding of acceptability by the Commissioner. The
19 finding must be based upon such factors as quality of management,
20 capital and surplus of any parent company, company underwriting
21 profit and investment income trends, market availability and
22 company record and reputation within the industry. The
23 Commissioner shall not make an affirmative finding of acceptability
24 when the ~~{nonadmitted}~~ insurer's capital and surplus is less than
25 \$4,500,000.

26 4. **A broker shall not place surplus lines insurance with a**
27 **domestic surplus lines insurer, and a domestic surplus lines**
28 **insurer is not eligible to accept surplus lines, unless:**

29 **(a) The domestic surplus lines insurer possesses capital and**
30 **surplus of not less than \$15,000,000; or**

31 **(b) The Commissioner has made an affirmative finding of**
32 **acceptability pursuant to subsection 3.**

33 5. A broker shall not place surplus lines insurance with an alien
34 insurer, unless the alien insurer is listed on the Quarterly Listing of
35 Alien Insurers maintained by the International Insurers Department
36 of the National Association of Insurance Commissioners or, if the
37 alien insurer is not listed on the Quarterly Listing of Alien Insurers,
38 it has and maintains in a bank or trust company which is a member
39 of the United States Federal Reserve System a trust fund established
40 pursuant to terms that are reasonably adequate to protect all of its
41 policyholders in the United States. Such a trust fund must not have
42 an expiration date which is at any time less than 5 years in the
43 future, on a continuing basis. In the case of:

44 (a) A single alien insurer, such a trust fund must not be less than
45 the greater of \$5,400,000 or 30 percent of the gross liabilities of the



1 alien insurer for surplus lines in the United States, excluding any
2 liabilities for aviation, wet marine and transportation insurance, not
3 to exceed \$60,000,000, to be determined annually on the basis of
4 accounting practices and procedures that are substantially equivalent
5 to the accounting practices and procedures applicable in this State as
6 of December 31 of the year immediately preceding the date of the
7 determination where:

8 (1) The liabilities are maintained in an irrevocable trust
9 account in a qualified financial institution in the United States, on
10 behalf of policyholders in the United States, consisting of cash,
11 securities, letters of credit or any other investments of substantially
12 the same character and quality as investments that are eligible
13 investments pursuant to chapter 682A of NRS for the capital and
14 statutory reserves of admitted insurers to write like kinds of
15 insurance in this State. The trust fund, which must be included in
16 any calculation of capital and surplus or its equivalent, must comply
17 with the requirements set forth in the Standard Trust Agreement
18 required for listing with the International Insurers Department of the
19 National Association of Insurance Commissioners;

20 (2) The alien insurer may request approval by the
21 Commissioner to use the trust fund to pay any valid claim against a
22 surplus line if the balance of the trust fund is not, during any period,
23 less than \$5,400,000 or 30 percent of the alien insurer's current
24 gross liabilities for surplus lines in the United States, excluding any
25 liabilities for aviation, wet marine and transportation insurance; and

26 (3) In calculating the amount of the trust fund required by
27 this subsection, credit must be given for any deposits for any surplus
28 lines that are separately required and maintained within a state or
29 territory of the United States, not to exceed the amount of the alien
30 insurer's loss and loss adjustment reserves maintained in that state
31 or territory.

32 (b) A group of insurers which includes individual
33 unincorporated insurers, such a trust fund must not be less than
34 \$100,000,000.

35 (c) A group of incorporated insurers under common
36 administration, such a trust fund must not be less than
37 \$100,000,000. Each insurer within the group must individually
38 maintain capital and surplus of not less than \$25,000,000. The group
39 of incorporated insurers must:

40 (1) Operate under the supervision of the Department of Trade
41 and Industry of the United Kingdom ~~or~~ *or its successor agency*;

42 (2) Possess aggregate policyholders surplus of
43 \$10,000,000,000, which must consist of money in trust in an amount
44 not less than the assuming insurers' liabilities attributable to
45 insurance written in the United States; and



1 (3) Maintain a joint trusted surplus of which \$100,000,000
2 must be held jointly for the benefit of United States ceding insurers
3 of any member of the group.

4 ~~[5.]~~ 6. A foreign insurer must be ~~[authorized]~~ :

5 (a) *Authorized* in the state of its domicile to write the kinds of
6 insurance which it intends to write in Nevada and for which this
7 State is the home state of the insured ~~[]~~ ; or

8 (b) *A domestic surplus lines insurer in the state of its domicile.*

9 **Sec. 27.** NRS 685A.220 is hereby amended to read as follows:

10 685A.220 In addition to those referred to in other provisions of
11 this chapter, the following provisions of chapter 683A of NRS, to
12 the extent applicable and not inconsistent with the express
13 provisions of this chapter, also apply to surplus lines brokers:

- 14 1. NRS 683A.341;
- 15 2. NRS 683A.361;
- 16 3. NRS 683A.400;
- 17 4. NRS 683A.451;
- 18 5. NRS 683A.461;
- 19 6. ~~[NRS 683A.480]~~;
- 20 ~~[7.]~~ NRS 683A.490; and
- 21 ~~[8.]~~ 7. NRS 683A.520.

22 **Sec. 28.** NRS 686A.520 is hereby amended to read as follows:

23 686A.520 1. The provisions of NRS 683A.341, 683A.451,
24 683A.461 ~~[, 683A.480]~~ and 686A.010 to 686A.310, inclusive, apply
25 to companies.

26 2. For the purposes of subsection 1, unless the context requires
27 that a section apply only to insurers, any reference in those sections
28 to "insurer" must be replaced by a reference to "company."

29 **Sec. 29.** NRS 686B.112 is hereby amended to read as follows:

30 686B.112 1. The Commissioner shall *review and* consider
31 each proposed increase or decrease in the rate of a health plan issued
32 pursuant to the provisions of chapter 689A, 689B, 689C, 695B,
33 695C, 695D or 695F of NRS, including, without limitation, long-
34 term care and Medicare supplement plans, filed with the
35 Commissioner pursuant to subsection 1 of NRS 686B.070. If the
36 Commissioner finds that a proposed increase will result in a rate
37 which is not in compliance with NRS 686B.050 or subsection 3 of
38 NRS 686B.070, the Commissioner shall disapprove the proposal.
39 The Commissioner shall approve or disapprove each proposal not
40 later than 60 days after the proposal is determined by the
41 Commissioner to be complete pursuant to subsection 4. If the
42 Commissioner fails to approve or disapprove the proposal within
43 that period, the proposal shall be deemed approved.

44 2. Whenever an insurer has no legally effective rates as a result
45 of the Commissioner's disapproval of rates or other act, the



1 Commissioner shall on request specify interim rates for the insurer
2 that are high enough to protect the interests of all parties and may
3 order that a specified portion of the premiums be placed in an
4 escrow account approved by the Commissioner. When new rates
5 become legally effective, the Commissioner shall order the
6 escrowed funds or any overcharge in the interim rates to be
7 distributed appropriately, except that refunds to policyholders that
8 are de minimis must not be required.

9 3. If the Commissioner disapproves a proposed rate pursuant to
10 subsection 1, and an insurer requests a hearing to determine the
11 validity of the action of the Commissioner, the insurer has the
12 burden of showing compliance with the applicable standards for
13 rates established in NRS 686B.010 to 686B.1799, inclusive. Any
14 such hearing must be held:

15 (a) Within 30 days after the request for a hearing has been
16 submitted to the Commissioner; or

17 (b) Within a period agreed upon by the insurer and the
18 Commissioner.

19 ↪ If the hearing is not held within the period specified in paragraph
20 (a) or (b), or if the Commissioner fails to issue an order concerning
21 the proposed rate for which the hearing is held within 45 days after
22 the hearing, the proposed rate shall be deemed approved.

23 4. The Commissioner shall by regulation specify the
24 documents or any other information which must be included in a
25 proposal to increase or decrease a rate submitted to the
26 Commissioner pursuant to subsection 1. Each such proposal shall be
27 deemed complete upon its filing with the Commissioner, unless the
28 Commissioner, within 15 business days after the proposal is filed
29 with the Commissioner, determines that the proposal is incomplete
30 because the proposal does not comply with the regulations adopted
31 by the Commissioner pursuant to this subsection.

32 *5. The Commissioner may assess against an insurer the cost*
33 *for the review of a proposal to increase or decrease a rate*
34 *submitted pursuant to subsection 1.*

35 **Sec. 30.** NRS 689.160 is hereby amended to read as follows:

36 689.160 1. The provisions of NRS 683A.341, 683A.451,
37 683A.461 ~~[, 683A.480]~~ and 686A.010 to 686A.310, inclusive, apply
38 to agents and sellers.

39 2. For the purposes of subsection 1, unless the context requires
40 that a section apply only to insurers, any reference in those sections
41 to "insurer" must be replaced by a reference to "agent" and "seller."

42 3. The provisions of NRS 679B.230 to 679B.300, inclusive,
43 apply to sellers. Unless the context requires that a provision apply
44 only to insurers, any reference in those sections to "insurer" must be
45 replaced by a reference to "seller."



1 **Sec. 31.** NRS 689.595 is hereby amended to read as follows:
2 689.595 1. The provisions of NRS 683A.341, 683A.451,
3 683A.461 ~~[, 683A.480]~~ and 686A.010 to 686A.310, inclusive, apply
4 to agents and sellers.

5 2. For the purposes of subsection 1, unless the context requires
6 that a section apply only to insurers, any reference in those sections
7 to “insurer” must be replaced by a reference to “agent” and “seller.”

8 3. The provisions of NRS 679B.230 to 679B.300, inclusive,
9 apply to sellers. Unless the context requires that a provision apply
10 only to insurers, any reference in those sections to “insurer” must be
11 replaced by a reference to “seller.”

12 **Sec. 32.** NRS 690B.150 is hereby amended to read as follows:

13 690B.150 An insurer who issues policies of insurance for home
14 protection, other than casualty insurance, shall file ~~[the]~~ :

15 1. *The* annual statement required by NRS 680A.270 in the
16 form prescribed by the Commissioner on or before March 1 of each
17 year to cover the preceding calendar year ~~[;]~~ ; *and*

18 2. *The quarterly statements required by NRS 680A.270 in*
19 *accordance with the provisions of subsection 5 of that section.*

20 **Sec. 33.** NRS 690B.360 is hereby amended to read as follows:

21 690B.360 1. The Commissioner may collect all information
22 which is pertinent to monitoring whether an insurer that issues
23 professional liability insurance for a practitioner licensed pursuant
24 to chapter 630, 631, 632 or 633 of NRS is complying with the
25 applicable standards for rates established in NRS 686B.010 to
26 686B.1799, inclusive. Such information may include, without
27 limitation:

28 (a) The amount of gross premiums collected with regard to each
29 medical specialty;

30 (b) Information relating to loss ratios; *and*

31 (c) ~~Information reported pursuant to NRS 690B.260; and~~

32 ~~—(d)—~~ Information reported pursuant to NRS 679B.430 and
33 679B.440.

34 2. In addition to the information collected pursuant to
35 subsection 1, the Commissioner may request any additional
36 information from an insurer:

37 (a) Whose rates and credit utilization are materially different
38 from other insurers in the market for professional liability insurance
39 for a practitioner licensed pursuant to chapter 630, 631, 632 or 633
40 of NRS in this State;

41 (b) Whose credit utilization shows a substantial change from the
42 previous year; or

43 (c) Whose information collected pursuant to subsection 1
44 indicates a potentially adverse trend.



1 3. If the Commissioner requests additional information from an
2 insurer pursuant to subsection 2, the Commissioner may:

3 (a) Determine whether the additional information offers a
4 reasonable explanation for the results described in paragraph (a), (b)
5 or (c) of subsection 2; and

6 (b) Take any steps permitted by law that are necessary and
7 appropriate to assure the ongoing stability of the market for
8 professional liability insurance for a practitioner licensed pursuant
9 to chapter 630, 631, 632 or 633 of NRS in this State.

10 4. On an ongoing basis, the Commissioner may analyze and
11 evaluate the information collected pursuant to this section to
12 determine trends in and measure the health of the market for
13 professional liability insurance for a practitioner licensed pursuant
14 to chapter 630, 631, 632 or 633 of NRS in this State.

15 5. If the Commissioner convenes a hearing pursuant to
16 subsection 1 of NRS 690B.350 and determines that the market for
17 professional liability insurance issued to any class, type or specialty
18 of practitioner licensed pursuant to chapter 630, 631 or 633 of NRS
19 is not competitive and that such insurance is unavailable or
20 unaffordable for a substantial number of such practitioners, the
21 Commissioner shall prepare and submit a report of the
22 Commissioner's findings and recommendations to the Director of
23 the Legislative Counsel Bureau for transmittal to members of the
24 Legislature.

25 **Sec. 34.** NRS 690C.160 is hereby amended to read as follows:

26 690C.160 1. A provider who wishes to issue, sell or offer for
27 sale service contracts in this state must submit to the Commissioner:

28 (a) A registration application on a form prescribed by the
29 Commissioner;

30 (b) Proof that the provider has complied with the requirements
31 for financial security set forth in NRS 690C.170;

32 (c) A copy of each type of service contract the provider proposes
33 to issue, sell or offer for sale;

34 (d) The name, address and telephone number of each
35 administrator with whom the provider intends to contract;

36 (e) A fee of ~~[\$1,000]~~ \$2,000 and ~~[- in addition to any other fee~~
37 ~~or charge,]~~ all applicable fees required pursuant to NRS 680C.110
38 ~~[-]~~ to be paid at the time of application; and

39 (f) The following information for each controlling person:

40 (1) Whether the person, in the last 10 years, has been:

41 (I) Convicted of a felony or misdemeanor of which an
42 essential element is fraud;

43 (II) Insolvent or adjudged bankrupt;

44 (III) Refused a license or registration as a service contract
45 provider or had an existing license or registration as a service



1 contract provider suspended or revoked by any state or
2 governmental agency or authority; or

3 (IV) Fined by any state or governmental agency or
4 authority in any matter regarding service contracts; and

5 (2) Whether there are any pending criminal actions against
6 the person other than moving traffic violations.

7 2. In addition to the fee required by subsection 1, a provider
8 must pay a fee of \$25 for each type of service contract the provider
9 files with the Commissioner.

10 3. *Each year, not later than the anniversary date of his or her*
11 *certificate of registration, a provider must pay the annual fee*
12 *required pursuant to NRS 680C.110 in addition to any other fee*
13 *required pursuant to this section.*

14 4. A certificate of registration is valid for ~~1 year~~ 2 years after
15 the date the Commissioner issues the certificate to the provider. A
16 provider may renew his or her certificate of registration if, *not later*
17 *than 60 days* before the certificate expires, the provider submits to
18 the Commissioner:

19 (a) An application on a form prescribed by the Commissioner;

20 (b) A fee of ~~[\$1,000]~~ \$2,000 and, in addition to any other fee or
21 charge, all applicable fees required pursuant to ~~[NRS 680C.110;]~~
22 *subsection 3*; and

23 (c) The information required by paragraph (f) of subsection 1:

24 (1) If an existing controlling person has had a change in any
25 of the information previously submitted to the Commissioner; or

26 (2) For a controlling person who has not previously
27 submitted the information required by paragraph (f) of subsection 1
28 to the Commissioner.

29 ~~[4.]~~ 5. All fees paid pursuant to this section are nonrefundable.

30 ~~[5.]~~ 6. Each application submitted pursuant to this section,
31 including, without limitation, an application for renewal, must:

32 (a) Be signed by an executive officer, if any, of the provider or,
33 if the provider does not have an executive officer, by a controlling
34 person of the provider; and

35 (b) Have attached to it an affidavit signed by the person
36 described in paragraph (a) which meets the requirements of
37 subsection ~~[6.]~~

38 ~~—6.]~~ 7.

39 7. Before signing the application described in subsection ~~[5.]~~ 6,
40 the person who signs the application shall verify that the
41 information provided is accurate to the best of his or her knowledge.



1 **Sec. 35.** Chapter 694C of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 36 and 37 of this act.

3 **Sec. 36.** *“Dormant captive insurer” means any captive*
4 *insurer that has been issued a certificate of dormancy by the*
5 *Commissioner pursuant to section 37 of this act.*

6 **Sec. 37. 1.** *A captive insurer which ceases to transact the*
7 *business of insurance, including, without limitation, the issuance*
8 *of insurance policies and the assumption of reinsurance, may*
9 *apply to the Commissioner for a certificate of dormancy.*

10 2. *Upon application by a captive insurer pursuant to*
11 *subsection 1, the Commissioner may issue a certificate of*
12 *dormancy to the captive insurer. The Commissioner may issue a*
13 *certificate of dormancy to a captive insurer even if the captive*
14 *insurer retains liabilities that are associated with policies that were*
15 *written or assumed by the captive insurer provided that the captive*
16 *insurer has otherwise ceased to transact the business of insurance.*

17 3. *A dormant captive insurer shall:*

18 (a) *Possess and thereafter maintain unimpaired paid-in capital*
19 *and surplus of not less than \$25,000.*

20 (b) *Pursuant to NRS 694C.230, pay an annual fee and, in*
21 *addition to any other fee or charge, all applicable fees required*
22 *pursuant to NRS 680C.110 for the renewal of a license.*

23 (c) *Be subject to examination for any year for which the*
24 *dormant captive insurer is not in compliance with the provisions*
25 *of this section.*

26 4. *A dormant captive insurer may:*

27 (a) *At the discretion of the Commissioner, be subject to*
28 *examination for any year for which the dormant captive insurer is*
29 *in compliance with the provisions of this section.*

30 (b) *Continue to adjudicate and settle insurance claims under*
31 *any contract of insurance or reinsurance that the captive insurer*
32 *issued during any period in which the captive insurer was not a*
33 *dormant captive insurer. The effective date of such a contract of*
34 *insurance or reinsurance must be before the date on which the*
35 *Commissioner issued a certificate of dormancy to the captive*
36 *insurer.*

37 5. *A dormant captive insurer is not:*

38 (a) *Subject to or liable for the payment of any tax pursuant to*
39 *NRS 694C.450.*

40 (b) *Required to:*

41 (1) *Prepare audited financial statements;*

42 (2) *Obtain actuarial certifications or opinions; or*

43 (3) *File annual reports with the Commissioner pursuant to*

44 *NRS 694C.400.*



1 **6. A certificate of dormancy is subject to renewal after 5 years**
2 **and is forfeited if not renewed within that period.**

3 **7. Except as otherwise provided by this section, before issuing**
4 **any insurance policy or otherwise transacting the business of**
5 **insurance, a dormant captive insurer must apply to the**
6 **Commissioner for approval to surrender its certificate of**
7 **dormancy and resume transacting the business of insurance.**

8 **8. The Commissioner shall revoke the certificate of dormancy**
9 **of a dormant captive insurer that is not in compliance with the**
10 **provisions of this section.**

11 **9. The Commissioner may adopt regulations necessary to**
12 **carry out the provisions of this section.**

13 **Sec. 38.** NRS 694C.010 is hereby amended to read as follows:

14 694C.010 As used in this chapter, unless the context otherwise
15 requires, the words and terms defined in NRS 694C.020 to
16 694C.150, inclusive, **and section 36 of this act** have the meanings
17 ascribed to them in those sections.

18 **Sec. 39.** NRS 694C.050 is hereby amended to read as follows:

19 694C.050 "Association captive insurer" means a captive
20 insurer that only insures risks of the member organizations of an
21 association and the affiliated companies of those members ~~[-~~
22 ~~including groups formed pursuant to the Product Liability Risk~~
23 ~~Retention Act of 1981, as amended, 15 U.S.C. §§ 3901 et seq.,] if:~~

24 1. The association or the member organizations of the
25 association:

26 (a) ~~[Own,] Have complete~~ control ~~[or hold with] over~~ the power
27 to vote all the outstanding voting securities of the association
28 captive insurer, if the association captive insurer is incorporated as a
29 stock insurer; or

30 (b) Have complete voting control over the captive insurer, if the
31 captive insurer is formed as a mutual insurer; and

32 2. The member organizations of the association collectively
33 constitute all the subscribers of the captive insurer, if the captive
34 insurer is formed as a reciprocal insurer.

35 **Sec. 40.** NRS 694C.060 is hereby amended to read as follows:

36 694C.060 "Captive insurer" means ~~[any]~~ :

37 **1. Any** pure captive insurer, association captive insurer, agency
38 captive insurer, rental captive insurer and sponsored captive insurer
39 licensed pursuant to this chapter. The term includes a pure captive
40 insurer who, unless otherwise provided by the Commissioner, is a
41 branch captive insurer with respect to operations in this State.

42 **2. Any state-chartered risk retention group.**



1 **Sec. 41.** NRS 694C.149 is hereby amended to read as follows:
2 694C.149 “State-chartered risk retention group” means any
3 risk retention group that is formed in accordance with the laws of
4 this State . ~~[as an association captive insurer.]~~

5 **Sec. 42.** NRS 694C.160 is hereby amended to read as follows:
6 694C.160 1. The terms and conditions set forth in chapter
7 696B of NRS pertaining to insurance reorganization, receiverships
8 and injunctions apply to captive insurers incorporated pursuant to
9 this chapter.

10 2. An agency captive insurer, a rental captive insurer and an
11 association captive insurer are subject to those provisions of chapter
12 686A of NRS which are applicable to insurers.

13 3. A state-chartered risk retention group is subject to the
14 following:

15 (a) The provisions of NRS 681A.250 to 681A.580, inclusive,
16 regarding intermediaries;

17 (b) The provisions of NRS 681B.550 regarding risk-based
18 capital;

19 (c) The provisions of chapter 683A of NRS regarding managing
20 general agents; ~~and~~

21 (d) *The provisions of chapter 686A of NRS which are*
22 *applicable to insurers; and*

23 (e) The provisions of NRS 693A.110 and any regulations
24 adopted pursuant thereto regarding management and agency
25 contracts of insurers.

26 **Sec. 43.** NRS 694C.180 is hereby amended to read as follows:
27 694C.180 1. Unless otherwise approved by the
28 Commissioner, a pure captive insurer, an agency captive insurer, a
29 rental captive insurer or a sponsored captive insurer must be
30 incorporated as a stock insurer.

31 2. An association captive insurer *or a state-chartered risk*
32 *retention group* must be formed as a:

33 (a) Stock insurer;

34 (b) Mutual insurer; or

35 (c) Reciprocal insurer, except that its attorney-in-fact must be a
36 corporation incorporated in this State.

37 3. A captive insurer shall have not less than three incorporators
38 or organizers, at least one of whom must be a resident of this State.

39 4. Before the articles of incorporation of a captive insurer may
40 be filed with the Secretary of State, the Commissioner must approve
41 the articles of incorporation. In determining whether to grant that
42 approval, the Commissioner shall consider:

43 (a) The character, reputation, financial standing and purposes of
44 the incorporators or organizers;



1 (b) The character, reputation, financial responsibility, experience
2 relating to insurance and business qualifications of the officers and
3 directors of the captive insurer;

4 (c) The competence of any person who, pursuant to a contract
5 with the captive insurer, will manage the affairs of the captive
6 insurer;

7 (d) The competence, reputation and experience of the legal
8 counsel of the captive insurer relating to the regulation of insurance;

9 (e) If the captive insurer is a rental captive insurer, the
10 competence, reputation and experience of the underwriter of the
11 captive insurer;

12 (f) The business plan of the captive insurer; and

13 (g) Such other aspects of the captive insurer as the
14 Commissioner deems advisable.

15 5. The capital stock of a captive insurer incorporated as a stock
16 insurer must be issued at not less than par value.

17 6. At least one member of the board of directors of a captive
18 insurer formed as a corporation, or one member of the subscribers
19 advisory committee or the attorney-in-fact of a captive insurer
20 formed as a reciprocal insurer, must be a resident of this State.

21 7. A captive insurer formed pursuant to the provisions of this
22 chapter has the privileges of, and is subject to, the provisions of
23 general corporation law set forth in chapter 78 of NRS and, if
24 formed as a nonprofit corporation, the provisions set forth in chapter
25 82 of NRS, as well as the applicable provisions contained in this
26 chapter. If the provisions of this chapter conflict with the general
27 provisions in chapter 78 or 82 of NRS governing corporations, the
28 provisions of this chapter control. The provisions of chapter 693A of
29 NRS relating to mergers, consolidations, conversions,
30 mutualizations and transfers of domicile to this State apply to
31 determine the procedures to be followed by captive insurers in
32 carrying out any of those transactions in accordance with this
33 chapter.

34 8. The articles of association, articles of incorporation, charter
35 or bylaws of a captive insurer formed as a corporation must require
36 that a quorum of the board of directors consists of not less than one-
37 third of the number of directors prescribed by the articles of
38 association, articles of incorporation, charter or bylaws.

39 9. The agreement of the subscribers or other organizing
40 document of a captive insurer formed as a reciprocal insurer must
41 require that a quorum of its subscribers advisory committee consists
42 of not less than one-third of the number of its members.

43 **Sec. 44.** NRS 694C.250 is hereby amended to read as follows:

44 694C.250 1. A captive insurer must not be issued a license,
45 and shall not hold a license, unless the captive insurer has and



1 maintains, in addition to any other capital or surplus required to be
2 maintained pursuant to subsection 3, unimpaired paid-in capital and
3 unencumbered surplus of:

- 4 (a) For a pure captive insurer, not less than \$200,000;
- 5 (b) For an association captive insurer, not less than \$500,000;
- 6 (c) For an agency captive insurer, not less than \$600,000;
- 7 (d) For a rental captive insurer, not less than \$800,000; ~~and~~
- 8 (e) For a sponsored captive insurer, not less than \$500,000 ~~;~~ ;

9 *and*

10 *(f) For a state-chartered risk retention group, not less than*
11 *\$500,000.*

12 2. Except as otherwise provided by the Commissioner pursuant
13 to subsection 3, the capital and surplus required to be maintained
14 pursuant to this section must be in the form of cash or an irrevocable
15 letter of credit.

16 3. The Commissioner may prescribe additional requirements
17 relating to capital or surplus based on the type, volume and nature of
18 the insurance business that is transacted by the captive insurer and
19 requirements regarding which capital and surplus, if any, may be in
20 the form of an irrevocable letter of credit.

21 4. A letter of credit used by a captive insurer as evidence of
22 capital and surplus required pursuant to this section must:

23 (a) Be issued by a bank chartered by this State or a bank that is a
24 member of the United States Federal Reserve System and has been
25 approved by the Commissioner; and

26 (b) Include a provision pursuant to which the letter of credit is
27 automatically renewable each year, unless the issuer gives written
28 notice to the Commissioner and the captive insurer at least 90 days
29 before the expiration date.

30 *5. A surplus note used by a captive insurer as evidence of*
31 *capital and surplus required pursuant to this section must:*

32 *(a) Be subject to strict control by the Commissioner and have*
33 *been approved by the Commissioner as to form and content.*

34 *(b) Be subordinate to:*

35 *(1) Policyholders;*

36 *(2) Claims by claimants and beneficiaries under policies;*

37 *and*

38 *(3) All other classes of creditors pursuant to paragraph (k)*
39 *of subsection 1 of NRS 696B.420.*

40 *(c) Require prior approval of the Commissioner for any:*

41 *(1) Payment of interest; and*

42 *(2) Repayment of principal.*

43 *(d) Be accompanied by proceeds which are received by the*
44 *captive insurer in the form of:*

45 *(1) Cash; or*



1 (2) *Other assets that:*

2 (I) *Are acceptable to the Commissioner;*

3 (II) *Have values that are readily determined; and*

4 (III) *Have liquidity that is satisfactory to the*
5 *Commissioner.*

6 (e) *Be accounted for in such a manner that interest shall not*
7 *be recorded as a liability or an expense until approval for payment*
8 *of such interest has been granted by the Commissioner.*

9 **Sec. 45.** NRS 694C.270 is hereby amended to read as follows:

10 694C.270 1. The Commissioner may suspend or revoke the
11 license of a captive insurer if, after ~~an examination and~~ a hearing,
12 the Commissioner determines that:

13 (a) The captive insurer:

14 (1) Is insolvent or has impaired its required capital or
15 surplus;

16 (2) Has failed to meet a requirement of NRS 694C.250,
17 694C.320 or 694C.330;

18 (3) Has refused or failed to submit an annual report, as
19 required by NRS 694C.400, or any other report or statement
20 required by law or by order of the Commissioner;

21 (4) Has failed to comply with the provisions of its charter or
22 bylaws;

23 (5) Has failed to submit to an examination required pursuant
24 to NRS 694C.410;

25 (6) Has refused or failed to pay the cost of an examination
26 required pursuant to NRS 694C.410;

27 (7) Has used any method in transacting insurance pursuant to
28 this chapter which is detrimental to the operation of the captive
29 insurer or would make its condition unsound with respect to its
30 policyholders or the general public; or

31 (8) Has failed *to pay taxes on premiums as required by NRS*
32 *694C.450 or* otherwise to comply with the laws of this State; and

33 (b) The suspension or revocation of the license of the captive
34 insurer is in the best interest of its policyholders or the general
35 public.

36 2. The provisions of NRS 679B.310 to 679B.370, inclusive,
37 apply to hearings conducted pursuant to this section.

38 **Sec. 46.** NRS 694C.300 is hereby amended to read as follows:

39 694C.300 1. Except as otherwise provided in this section, a
40 captive insurer licensed pursuant to this chapter may transact any
41 form of insurance described in NRS 681A.020 to 681A.080,
42 inclusive.

43 2. A captive insurer licensed pursuant to this chapter:

44 (a) Shall not directly provide personal motor vehicle or
45 homeowners' insurance coverage, or any component thereof.



1 (b) Shall not accept or cede reinsurance, except as otherwise
2 provided in NRS 694C.350.

3 (c) May provide excess workers' compensation insurance to its
4 parent and affiliated companies, unless otherwise prohibited by the
5 laws of the state in which the insurance is transacted.

6 (d) May reinsure workers' compensation insurance provided
7 pursuant to a program of self-funded insurance of its parent and
8 affiliated companies if:

9 (1) The parent or affiliated company which is providing the
10 self-funded insurance is certified as a self-insured employer by the
11 Commissioner, if the insurance is being transacted in this State; or

12 (2) The program of self-funded insurance is otherwise
13 qualified pursuant to, or in compliance with, the laws of the state in
14 which the insurance is transacted.

15 3. A pure captive insurer shall not insure any risks other than
16 those of its parent and affiliated companies or controlled unaffiliated
17 businesses.

18 4. An association captive insurer shall not insure any risks
19 other than those of the member organizations of its association and
20 the affiliated companies of the member organizations.

21 5. *A state-chartered risk retention group shall not insure any*
22 *risks other than those of the members of its association.*

23 6. An agency captive insurer shall not insure any risks other
24 than those of the policies that are placed by or through the insurance
25 agency or brokerage that owns the captive insurer.

26 ~~6.7~~ 7. A rental captive insurer shall not insure any risks other
27 than those of the policyholders or associations that have entered into
28 agreements with the rental captive insurer for the insurance of those
29 risks. Such agreements must be in a form which has been approved
30 by the Commissioner.

31 ~~7.8~~ 8. A sponsored captive insurer shall not insure any risks
32 other than those of its participants.

33 ~~8.9~~ 9. As used in this section, "excess workers' compensation
34 insurance" means insurance in excess of the specified per-incident
35 or aggregate limit, if any, established by:

36 (a) The Commissioner, if the insurance is being transacted in
37 this State; or

38 (b) The chief regulatory officer for insurance in the state in
39 which the insurance is being transacted.

40 **Sec. 47.** NRS 694C.310 is hereby amended to read as follows:

41 694C.310 1. The board of directors of a captive insurer shall
42 meet at least once each year in this State. The captive insurer shall:

43 (a) Maintain its principal place of business in this State; and

44 (b) Appoint a resident of this State as a registered agent to
45 accept service of process and otherwise act on behalf of the captive



1 insurer in this State. If the registered agent cannot be located with
2 reasonable diligence for the purpose of serving a notice or demand
3 on the captive insurer, the notice or demand may be served on the
4 Secretary of State who shall be deemed to be the agent for the
5 captive insurer.

6 2. A captive insurer shall not transact insurance in this State
7 unless:

8 (a) The captive insurer has made adequate arrangements with
9 ~~the~~:

10 (1) *A state-chartered bank, a state-chartered credit union or*
11 *a thrift company licensed pursuant to chapter 677 of NRS that is*
12 *located in this State; or*

13 (2) *A federally chartered bank that has a branch which is*
14 *located in this State,*

15 ~~that is~~ authorized pursuant to state or federal law to transfer
16 money. ~~the~~

17 (b) If the captive insurer employs or has entered into a contract
18 with a natural person or business organization to manage the affairs
19 of the captive insurer, the natural person or business organization
20 meets the standards of competence and experience satisfactory to
21 the Commissioner. ~~the~~

22 (c) The captive insurer employs or has entered into a contract
23 with a qualified and experienced certified public accountant who is
24 approved by the Commissioner or a firm of certified public
25 accountants that is nationally recognized. ~~the~~

26 (d) The captive insurer employs or has entered into a contract
27 with qualified, experienced actuaries who are approved by the
28 Commissioner to perform reviews and evaluations of the operations
29 of the captive insurer. ~~the and~~

30 (e) The captive insurer employs or has entered into a contract
31 with an attorney who is licensed to practice law in this State and
32 who meets the standards of competence and experience in matters
33 concerning the regulation of insurance in this State established by
34 the Commissioner by regulation.

35 **Sec. 48.** NRS 694C.330 is hereby amended to read as follows:

36 694C.330 1. Except as otherwise provided in this section, a
37 captive insurer shall pay dividends out of, or make any other
38 distributions from, its capital or surplus, or both, in accordance with
39 the provisions set forth in NRS 692C.370, 693A.140, 693A.150 and
40 693A.160.

41 2. A captive insurer *other than a state-chartered risk retention*
42 *group* shall not pay *extraordinary* dividends out of, or make any
43 other *extraordinary* distribution with respect to, its capital or
44 surplus, or both, in violation of this section unless the captive
45 insurer has obtained the prior approval of the Commissioner to



1 make such a payment or distribution. *As used in this subsection,*
2 *“extraordinary dividend” and “extraordinary distribution” mean*
3 *any dividend or distribution of cash or other property, the fair*
4 *market value of which, together with that of other dividends or*
5 *distributions within the preceding 12 months, exceeds the greater*
6 *of:*

7 (a) *Ten percent of the surplus of the captive insurer as of*
8 *December 31 next preceding the date of the dividend or*
9 *distribution; or*

10 (b) *The net income of the captive insurer for the 12-month*
11 *period ending December 31 next preceding the date of the*
12 *dividend or distribution.*

13 3. *A state-chartered risk retention group shall not pay any*
14 *dividend or distribution without prior approval of the*
15 *Commissioner.*

16 **Sec. 49.** NRS 694C.340 is hereby amended to read as follows:

17 694C.340 1. Except as otherwise provided in this section and
18 NRS 694C.382, an association captive insurer, an agency captive
19 insurer, a rental captive insurer, ~~{or}~~ a sponsored captive insurer *or*
20 *a state-chartered risk retention group* shall comply with the
21 requirements relating to investments set forth in chapter 682A of
22 NRS. Upon the request of the association captive insurer, agency
23 captive insurer, rental captive insurer, ~~{or}~~ sponsored captive
24 insurer ~~{}~~ *or state-chartered risk retention group*, the
25 Commissioner may approve the use of reliable, alternative methods
26 of valuation and rating.

27 2. A pure captive insurer is not subject to any restrictions on
28 allowable investments, except that the Commissioner may prohibit
29 or limit any investment that threatens the solvency or liquidity of the
30 pure captive insurer.

31 3. A pure captive insurer may make a loan to its parent or
32 affiliated company if the loan:

33 (a) Is first approved in writing by the Commissioner;

34 (b) Is evidenced by a note that is in a form that is approved by
35 the Commissioner; and

36 (c) Does not include any money that has been set aside as capital
37 or surplus as required by subsection 1 of NRS 694C.250.

38 **Sec. 50.** NRS 694C.390 is hereby amended to read as follows:

39 694C.390 1. In addition to the information required pursuant
40 to NRS 694C.210, a state-chartered risk retention group ~~{being~~
41 ~~formed as an association captive insurer}~~ must submit to the
42 Commissioner in summary form:

43 (a) The identities of:

44 (1) All members of the group;

45 (2) All organizers of the group;



1 (3) Those persons who will provide administrative services
2 to the group; and

3 (4) Any person who will influence or control the activities of
4 the group;

5 (b) The amount and nature of initial capitalization of the group;

6 (c) The coverages to be offered by the group; and

7 (d) Each state in which the group intends to operate.

8 2. Before it may transact insurance in any state, the state-
9 chartered risk retention group must submit to the Commissioner, for
10 approval by the Commissioner, a plan of operation. The risk
11 retention group shall submit an appropriate revision in the event of
12 any subsequent material change in any item of the plan of operation
13 within 10 days after the change. The group shall not offer any
14 additional kinds of liability insurance, in this State or in any other
15 state, until a revision of the plan is approved by the Commissioner.

16 3. A state-chartered risk retention group chartered in this State
17 must file with the Commissioner on or before March 1 of each year
18 a statement containing information concerning the immediately
19 preceding year which must:

20 (a) Be submitted in a form prescribed by the National
21 Association of Insurance Commissioners;

22 (b) Be prepared in accordance with the Annual Statement
23 Instructions for the type of insurer to be reported on as adopted by
24 the National Association of Insurance Commissioners for the year in
25 which the insurer files the statement;

26 (c) Utilize accounting principles in a manner that remains
27 consistent among financial statements submitted each year and that
28 are substantively identical to:

29 (1) Generally accepted accounting principles, including any
30 useful or necessary modifications or adaptations thereof that have
31 been approved or accepted by the Commissioner for the type of
32 insurance and kinds of insurers to be reported upon, and as
33 supplemented by additional information required by the
34 Commissioner; or

35 (2) Statutory accounting principles, as described in the
36 Accounting Practices and Procedures Manual adopted by the
37 National Association of Insurance Commissioners effective on
38 January 1, 2001, and as amended by the National Association of
39 Insurance Commissioners after that date; and

40 (d) Be submitted electronically, if required by the
41 Commissioner.

42 4. The Commissioner shall transmit to the National
43 Association of Insurance Commissioners a copy of:

44 (a) All information submitted by a state-chartered risk retention
45 group to the Commissioner pursuant to subsections 1 and 3; and



1 (b) Any revisions to a plan of operation submitted to the
2 Commissioner pursuant to subsection 2.

3 **Sec. 51.** NRS 694C.400 is hereby amended to read as follows:

4 694C.400 1. On or before March 1 of each year, a captive
5 insurer shall submit to the Commissioner a report of its financial
6 condition. A captive insurer shall use generally accepted accounting
7 principles and include any useful or necessary modifications or
8 adaptations thereof that have been approved or accepted by the
9 Commissioner for the type of insurance and kinds of insurers to be
10 reported upon, and as supplemented by additional information
11 required by the Commissioner. Except as otherwise provided in this
12 section, each association captive insurer, agency captive insurer,
13 rental captive insurer or sponsored captive insurer shall file its
14 report in the form required by *the Commissioner. Each state-*
15 *chartered risk retention group shall file its report in the form*
16 *required by* NRS 680A.270. The Commissioner shall adopt
17 regulations designating the form in which pure captive insurers must
18 report.

19 2. Each captive insurer other than a state-chartered risk
20 retention group shall submit to the Commissioner, on or before
21 June 30 of each year, an annual audit as of December 31 of the
22 preceding calendar year that is certified by a certified public
23 accountant who is not an employee of the insurer. An annual audit
24 submitted pursuant to this subsection must comply with the
25 requirements set forth in regulations adopted by the Commissioner
26 which govern such an annual audit ~~§~~ , *including, without*
27 *limitation, criteria for extensions and exemptions.*

28 3. Each state-chartered risk retention group shall file a financial
29 statement pursuant to NRS 680A.265.

30 4. A pure captive insurer may apply, in writing, for
31 authorization to file its annual report based on a fiscal year that is
32 consistent with the fiscal year of the parent company of the pure
33 captive insurer. If an alternative date is granted, the annual report is
34 due not later than 60 days after the end of each such fiscal year.

35 5. A pure captive insurer shall file on or before March 1 of
36 each year such forms as required by the Commissioner by regulation
37 to provide sufficient detail to support its premium tax return filed
38 pursuant to NRS 694C.450.

39 6. Any captive insurer failing, without just cause beyond the
40 reasonable control of the captive insurer, to file its annual report of
41 financial condition as required by subsection 1, its annual audit as
42 required by subsection 2 or its financial statement as required by
43 subsection 3 shall pay a penalty of \$100 for each day the captive
44 insurer fails to file the report of financial condition, the annual audit
45 or the financial statement, but not to exceed an aggregate amount of



1 \$3,000, to be recovered in the name of the State of Nevada by the
2 Attorney General.

3 7. Any director, officer, agent or employee of a captive insurer
4 who subscribes to, makes or concurs in making or publishing, any
5 annual or other statement required by law, knowing the same to
6 contain any material statement which is false, is guilty of a gross
7 misdemeanor.

8 **Sec. 52.** Chapter 695B of NRS is hereby amended by adding
9 thereto a new section to read as follows:

10 *A corporation which has been issued a certificate of authority*
11 *pursuant to this chapter shall maintain and report on its statement*
12 *filed with the Commissioner pursuant to NRS 695B.160 a net*
13 *worth in an amount which is not less than the greater of:*

- 14 1. *One million five hundred thousand dollars;*
- 15 2. *Two percent of the first \$150,000,000 earned as revenue*
16 *from premiums collected in the preceding 12-month period, plus 1*
17 *percent of the amount in excess of \$150,000,000 earned as*
18 *revenue from premiums collected in that same period; or*
- 19 3. *The amount of risk-based capital required by regulations*
20 *adopted by the Commissioner pursuant to NRS 681B.550.*

21 **Sec. 53.** NRS 695B.160 is hereby amended to read as follows:
22 695B.160 1. Every corporation subject to the provisions of
23 this chapter shall annually:

24 (a) On or before March 1, file in the Office of the Commissioner
25 a statement verified by at least two of the principal officers of the
26 corporation, showing its condition and affairs as of December 31 of
27 the preceding calendar year. The statement must be in the form
28 required by the Commissioner and must contain statements relative
29 to the matters required to be established as a condition precedent to
30 maintaining or operating a nonprofit hospital, medical or dental
31 service plan and to other matters which the Commissioner may
32 prescribe.

33 (b) Pay all applicable fees for the renewal of a certificate of
34 authority and the fee for the filing of an annual statement.

35 2. *Every corporation subject to the provisions of this chapter*
36 *shall file a financial statement pursuant to NRS 680A.265, as*
37 *required pursuant to paragraph (c) of subsection 1 of*
38 *NRS 680A.265.*

39 3. *Every corporation subject to the provisions of this chapter*
40 *shall file with the Commissioner and the National Association of*
41 *Insurance Commissioners a quarterly statement in the form most*
42 *recently adopted by the National Association of Insurance*
43 *Commissioners for that type of insurer. The quarterly statement*
44 *must be:*



1 (a) Prepared in accordance with the instructions which are
2 applicable to that form, including, without limitation, the required
3 date of submission for the form; and

4 (b) Filed by electronic means.

5 4. The Commissioner may examine, as often as the
6 Commissioner deems it desirable, the affairs of every corporation
7 subject to the provisions of this chapter. The Commissioner shall, if
8 practicable, examine each such corporation at least once in every 3
9 years, and in any event, at least once in every 5 years, as to its
10 condition, fulfillment of its contractual obligations and compliance
11 with applicable laws. ~~For examining the financial condition of~~
12 ~~every such corporation the Commissioner shall collect the~~ The
13 actual expenses of the examination ~~Such expenses~~ must be paid
14 by the corporation ~~in accordance with the provisions of NRS~~
15 ~~679B.290.~~ The Commissioner shall refuse to issue a certificate of
16 authority or shall revoke a certificate of authority issued to any
17 corporation which neglects or refuses to pay such expenses.

18 **Sec. 54.** Chapter 695C of NRS is hereby amended by adding
19 thereto a new section to read as follows:

20 *A health maintenance organization which has been issued a*
21 *certificate of authority pursuant to this chapter shall maintain and*
22 *report on each financial statement filed with the Commissioner*
23 *pursuant to NRS 695C.210 a net worth in an amount which is not*
24 *less than the greatest of:*

25 1. One million five hundred thousand dollars;

26 2. Two percent of the first \$150,000,000 earned as revenue
27 from premiums collected in the preceding 12-month period, plus 1
28 percent of the amount in excess of \$150,000,000 earned as
29 revenue from premiums collected in that same period; or

30 3. The amount of risk-based capital required by regulations
31 adopted by the Commissioner pursuant to NRS 681B.550.

32 **Sec. 55.** NRS 695C.055 is hereby amended to read as follows:

33 695C.055 1. The provisions of NRS 449.465, 679A.200,
34 679B.700, subsections ~~6 and~~ 7 and 8 of NRS 680A.270,
35 subsections 2, 4, 18, 19 and 32 of NRS 680B.010, NRS 680B.020 to
36 680B.060, inclusive, chapter 686A of NRS, NRS ~~686B.010 to~~
37 ~~686B.1799, inclusive, and~~ 687B.500 and chapters 692C and 695G
38 of NRS apply to a health maintenance organization.

39 2. For the purposes of subsection 1, unless the context requires
40 that a provision apply only to insurers, any reference in those
41 sections to "insurer" must be replaced by "health maintenance
42 organization."

43 **Sec. 56.** NRS 695C.210 is hereby amended to read as follows:

44 695C.210 1. Every health maintenance organization shall file
45 with the Commissioner on or before March 1 of each year a report



1 showing its financial condition on the last day of the preceding
2 calendar year. The report must be verified by at least two principal
3 officers of the organization.

4 2. The report must be on forms prescribed by the
5 Commissioner and must include:

6 (a) A financial statement of the organization, including its
7 balance sheet and receipts and disbursements for the preceding
8 calendar year;

9 (b) Any material changes in the information submitted pursuant
10 to NRS 695C.070;

11 (c) The number of persons enrolled during the year, the number
12 of enrollees as of the end of the year, the number of enrollments
13 terminated during the year and, if requested by the Commissioner, a
14 compilation of the reasons for such terminations;

15 (d) The number and amount of malpractice claims initiated
16 against the health maintenance organization and any of the providers
17 used by it during the year broken down into claims with and without
18 form of legal process, and the disposition, if any, of each such
19 claim, if requested by the Commissioner;

20 (e) A summary of information compiled pursuant to paragraph
21 (c) of subsection 1 of NRS 695C.080 in such form as required by
22 the Commissioner; and

23 (f) Such other information relating to the performance of the
24 health maintenance organization as is necessary to enable the
25 Commissioner to carry out his or her duties pursuant to this chapter.

26 3. Every health maintenance organization shall file with the
27 Commissioner annually an audited financial statement of the
28 organization ~~[prepared by an independent certified public~~
29 ~~accountant. The statement must cover the preceding 12-month~~
30 ~~period and must be filed with the Commissioner within 120 days~~
31 ~~after the end of the organization's fiscal year.] in accordance with~~
32 ~~the provisions of subsection 1 of NRS 680A.265.~~ Upon written
33 request, the Commissioner may grant a 30-day extension.

34 4. *Every health maintenance organization shall file with the*
35 *Commissioner and the National Association of Insurance*
36 *Commissioners a quarterly statement in the form most recently*
37 *adopted by the National Association of Insurance Commissioners*
38 *for that type of insurer. The quarterly statement must be:*

39 (a) *Prepared in accordance with the instructions which are*
40 *applicable to that form, including, without limitation, the required*
41 *date of submission for the form; and*

42 (b) *Filed by electronic means.*

43 5. If an organization fails to file timely ~~[the]~~ a report or
44 financial statement required by this section, it shall pay an
45 administrative penalty of \$100 per day until the report or statement



1 is filed, except that the total penalty must not exceed \$3,000. The
2 Attorney General shall recover the penalty in the name of the State
3 of Nevada.

4 ~~[5.]~~ 6. The Commissioner may grant a reasonable extension of
5 time for filing ~~[the]~~ any report or ~~[financial]~~ statement required by
6 this section, if the request for an extension is submitted in writing
7 and shows good cause.

8 **Sec. 57.** NRS 695C.310 is hereby amended to read as follows:

9 695C.310 1. The Commissioner shall make an examination
10 of the affairs of any health maintenance organization and providers
11 with whom such organization has contracts, agreements or other
12 arrangements pursuant to its health care plan as often as the
13 Commissioner deems it necessary for the protection of the interests
14 of the people of this State, but not less frequently than once every 3
15 years.

16 2. The Commissioner shall make an examination concerning
17 any compliance program used by a health maintenance organization
18 and any report, as determined to be appropriate by the
19 Commissioner, regarding the health maintenance organization
20 produced by an organization which examines best practices in the
21 insurance industry. The Commissioner shall make such an
22 examination as often as the Commissioner deems it necessary for
23 the protection of the interests of the people of this State, but not less
24 frequently than once every 3 years.

25 3. In making an examination pursuant to subsection 1 or 2, the
26 Commissioner:

27 (a) Shall determine whether the health maintenance organization
28 is in compliance with this Code, including, without limitation,
29 whether any relationship or transaction between the health
30 maintenance organization and any other health maintenance
31 organization is in compliance with this Code; and

32 (b) May examine any account, record, document or transaction
33 of any health maintenance organization or any provider which
34 relates to:

35 (1) Compliance with this Code by the health maintenance
36 organization which is the subject of the examination;

37 (2) Any relationship or transaction between the health
38 maintenance organization which is the subject of the examination
39 and any other health maintenance organization; or

40 (3) Any relationship or transaction between the health
41 maintenance organization which is the subject of the examination
42 and any provider.

43 4. Except as otherwise provided in this subsection, for the
44 purposes of an examination pursuant to subsection 1 or 2, each
45 health maintenance organization and provider shall, upon the



1 request of the Commissioner or an examiner designated by the
2 Commissioner, submit its books and records relating to any
3 applicable health care plan to the Commissioner or the examiner, as
4 applicable. Medical records of natural persons and records of
5 physicians providing service pursuant to a contract with a health
6 maintenance organization are not subject to such examination,
7 although the records, except privileged medical information, are
8 subject to subpoena upon a showing of good cause. For the purpose
9 of examinations, the Commissioner may administer oaths to and
10 examine the officers and agents of a health maintenance
11 organization and the principals of providers concerning their
12 business.

13 5. The expenses of examinations pursuant to this section must
14 be assessed ~~against the health maintenance organization being~~
15 ~~examined and remitted to the Commissioner.~~ *, billed and paid in*
16 *accordance with the provisions of NRS 679B.290.*

17 6. In lieu of an examination pursuant to this section, the
18 Commissioner may accept the report of an examination made by the
19 insurance commissioner of another state or an applicable regulatory
20 agency of another state.

21 **Sec. 58.** Chapter 695D of NRS is hereby amended by adding
22 thereto a new section to read as follows:

23 *An organization for dental care which has been issued a*
24 *certificate of authority pursuant to this chapter shall maintain a*
25 *capital account with a net worth in an amount which is not less*
26 *than the greater of:*

27 *1. The amount of risk-based capital required by regulations*
28 *adopted by the Commissioner pursuant to NRS 681B.550; or*

29 *2. The following applicable amount, according to the number*
30 *of members in the organization:*

31	
32	<i>Number of members</i>
33	<i>Less than 2,500 \$50,000</i>
34	<i>At least 2,500 but not more than 5,000 75,000</i>
35	<i>More than 5,000..... 125,000</i>

36 **Sec. 59.** NRS 695D.260 is hereby amended to read as follows:

37 695D.260 1. Every organization for dental care shall file with
38 the Commissioner on or before March 1 of each year a report
39 covering its activities for the preceding calendar year. The report
40 must be verified by at least two officers of the organization.

41 2. The report must be on a form prescribed by the
42 Commissioner and must include:

43 (a) A financial statement of the organization, including its
44 balance sheet and receipts and disbursements for the preceding
45 calendar year.



1 (b) Any material changes in the information given in the
2 previous report.

3 (c) The number of members enrolled in that year, the number of
4 members whose coverage has been terminated in that year and the
5 total number of members at the end of the year.

6 (d) The costs of all goods, services and dental care provided that
7 year.

8 (e) Any other information relating to the plan for dental care
9 requested by the Commissioner.

10 3. Every organization for dental care shall file with the
11 Commissioner annually an audited financial statement ~~[prepared by~~
12 ~~an independent certified public accountant. The statement must~~
13 ~~cover the most recent fiscal year of the organization and must be~~
14 ~~filed with the Commissioner within 120 days after the end of that~~
15 ~~fiscal year.] in accordance with the provisions of subsection 1 of~~
16 ~~NRS 680A.265.~~

17 4. *Every organization for dental care shall file with the*
18 *Commissioner and the National Association of Insurance*
19 *Commissioners a quarterly statement in the form most recently*
20 *adopted by the National Association of Insurance Commissioners*
21 *for that type of insurer. The quarterly statement must be:*

22 (a) *Prepared in accordance with the instructions which are*
23 *applicable to that form, including, without limitation, the required*
24 *date of submission for the form; and*

25 (b) *Filed by electronic means.*

26 5. If an organization fails to file timely ~~[the]~~ a report or
27 financial statement required by this section, it shall pay an
28 administrative penalty of \$100 per day until the report or statement
29 is filed, except that the total penalty must not exceed \$3,000. The
30 Attorney General shall recover the penalty in the name of the State
31 of Nevada.

32 ~~[5.]~~ 6. The Commissioner may grant a reasonable extension of
33 time for filing ~~[the]~~ any report or ~~[financial]~~ statement required by
34 this section, if the request for an extension is submitted in writing
35 and shows good cause.

36 ~~[6.]~~ 7. The organization shall pay the Department of Taxation
37 the annual tax, any penalty for nonpayment or delinquent payment
38 of the tax imposed in chapter 680B of NRS, and a filing fee of \$25
39 to the Commissioner, at the time the annual report is filed.

40 **Sec. 60.** NRS 695E.210 is hereby amended to read as follows:

41 695E.210 1. ~~[Any]~~ *The provisions of chapters 683A and*
42 *685A of NRS apply to any person acting, or offering to act, as an*
43 *agent or broker for [a]:*

44 (a) *A purchasing group [, a] ;*



1 (b) A member of a purchasing group under the group policy ~~[-or~~
2 ~~at]; or~~

3 (c) A risk retention group transacting insurance in this ~~[state is~~
4 ~~subject to the provisions of chapters 683A and 685A of NRS.] State.~~

5 2. Except as otherwise provided in this chapter, the provisions
6 of chapter 679B of NRS apply to purchasing groups and risk
7 retention groups, and to the provisions of this chapter, to the extent
8 that the provisions of chapter 679B of NRS are not specifically
9 preempted by the Product Liability Risk Retention Act of 1981, as
10 amended by the Risk Retention Amendments of 1986.

11 3. A risk retention group that violates any provision of this
12 chapter is subject to the fines and penalties, including revocation of
13 its right to do business in this state, applicable to licensed insurers
14 under this title.

15 **Sec. 61.** NRS 695F.200 is hereby amended to read as follows:

16 695F.200 1. Except as otherwise provided in this section,
17 each prepaid limited health service organization which receives a
18 certificate of authority shall maintain ~~[-a:]~~ *all of the following:*

19 (a) ~~[-Capital:]~~ *A capital* account with a net worth of not less than
20 \$500,000 unless a lesser amount is permitted in writing by the
21 Commissioner. The account must not be obligated for any accrued
22 liabilities and must consist of cash, securities or a combination
23 thereof which is acceptable to the Commissioner.

24 (b) ~~[-Surety:]~~ *A surety* bond or deposit of cash or securities for the
25 protection of enrollees of not less than \$500,000.

26 (c) *The amount of risk-based capital required by regulations*
27 *adopted by the Commissioner pursuant to NRS 681B.550.*

28 2. The Commissioner may increase the required amount of the
29 organization's capital account, ~~[-and the]~~ surety bond or deposit *and*
30 *capital maintained pursuant to paragraph (c) of subsection 1* to
31 any ~~[-amounts:]~~ *amount* the Commissioner determines to be
32 appropriate pursuant to subsection 3 if the Commissioner
33 determines that such an increase is necessary to:

34 (a) Assist the Commissioner in the performance of his or her
35 regulatory duties;

36 (b) Ensure that the organization complies with the requirements
37 of this Code; or

38 (c) Ensure the solvency of the organization.

39 3. When determining the appropriate amount of an increase
40 pursuant to subsection 2, the Commissioner must base his or her
41 determination on the type, volume and nature of premiums written
42 and premiums assumed by the organization.

43 4. The amount of the organization's capital account, ~~[-and]~~
44 surety bond or deposit *and capital maintained pursuant to*



1 *paragraph (c) of subsection 1, as* required pursuant to ~~[this~~
2 ~~section:] subsections 1 and 2:~~

3 (a) Is in addition to any reserve required by this chapter and any
4 reserve established by the organization according to good business
5 and accounting practices for incurred but unreported claims and
6 other similar claims; and

7 (b) May increase the amount of risk-based capital required
8 pursuant to NRS 681B.550.

9 5. The amount of the organization's surety bond or deposit *and*
10 *capital maintained pursuant to paragraph (c) of subsection 1, as*
11 required pursuant to ~~[this section] subsections 1 and 2~~ may increase
12 the amount of net worth required pursuant to ~~[this section]~~
13 *subsections 1 and 2.*

14 **Sec. 62.** NRS 695F.310 is hereby amended to read as follows:

15 695F.310 1. The Commissioner may examine the affairs of
16 any prepaid limited health service organization as often as is
17 reasonably necessary to protect the interests of the residents of this
18 State, but not less frequently than once every 3 years.

19 2. A prepaid limited health service organization shall make its
20 books and records available for examination and cooperate with the
21 Commissioner to facilitate the examination.

22 3. In lieu of such an examination, the Commissioner may
23 accept the report of an examination conducted by the commissioner
24 of insurance of another state.

25 4. The reasonable expenses of an examination conducted
26 pursuant to this section must be ~~[charged to the organization being~~
27 ~~examined and remitted to the Commissioner.] assessed, billed and~~
28 *paid in accordance with the provisions of NRS 679B.290.*

29 **Sec. 63.** NRS 695F.320 is hereby amended to read as follows:

30 695F.320 1. Each prepaid limited health service organization
31 shall file with the Commissioner annually, on or before March 1, a
32 report showing its financial condition on the last day of the
33 preceding calendar year. The report must be verified by at least two
34 principal officers of the organization.

35 2. The report must be on a form prescribed by the
36 Commissioner and include:

37 (a) A financial statement of the organization, including its
38 balance sheet and receipts and disbursements for the preceding
39 calendar year;

40 (b) The number of subscribers at the beginning and the end of
41 the year and the number of enrollments terminated during the year;
42 and

43 (c) Such other information as the Commissioner may prescribe.

44 3. Each prepaid limited health service organization shall file
45 with the Commissioner annually an audited financial statement



1 prepared ~~[by an independent certified public accountant. The~~
2 ~~statement must cover the most recent fiscal year of the organization~~
3 ~~and must be filed with the Commissioner within 120 days after the~~
4 ~~end of that fiscal year.] in accordance with the provisions of~~
5 ~~subsection 1 of NRS 680A.265.~~

6 4. *Each prepaid limited health service organization shall file*
7 *with the Commissioner and the National Association of Insurance*
8 *Commissioners a quarterly statement in the form most recently*
9 *adopted by the National Association of Insurance Commissioners*
10 *for that type of insurer. The quarterly statement must be:*

11 (a) *Prepared in accordance with the instructions which are*
12 *applicable to that form, including, without limitation, the required*
13 *date of submission for the form; and*

14 (b) *Filed by electronic means.*

15 5. The Commissioner may require more frequent reports
16 containing such information as is necessary to enable the
17 Commissioner to carry out his or her duties pursuant to this chapter.

18 ~~[5.]~~ 6. The Commissioner may:

19 (a) Assess a fine of not more than \$100 per day for each day
20 ~~[the] a~~ report or ~~[financial]~~ statement required pursuant to this
21 section is not filed after the report or ~~[financial]~~ statement is due, but
22 the fine must not exceed \$3,000; and

23 (b) Suspend the organization's certificate of authority until the
24 organization files the report ~~[.]~~ *or statement, as applicable.*

25 **Sec. 64.** NRS 695J.260 is hereby amended to read as follows:

26 695J.260 1. If an exchange enrollment facilitator fails to
27 obtain an appointment by the Exchange within 30 days after the date
28 on which the certificate was issued, the exchange enrollment
29 facilitator's certificate expires . ~~[and the exchange enrollment~~
30 ~~facilitator shall promptly deliver his or her certificate to the~~
31 ~~Commissioner.]~~

32 2. If the Exchange terminates an exchange enrollment
33 facilitator's appointment, the exchange enrollment facilitator is
34 prohibited from engaging in the business of an exchange enrollment
35 facilitator under his or her certificate until such time as the exchange
36 enrollment facilitator receives a new appointment by the Exchange.
37 If the exchange enrollment facilitator does not obtain a new
38 appointment by the Exchange within 30 days after the date the
39 appointment was terminated, the exchange enrollment facilitator's
40 certificate expires . ~~[and the exchange enrollment facilitator shall~~
41 ~~promptly deliver his or her certificate to the Commissioner.]~~

42 3. Except as otherwise provided in subsection 4, if the
43 Exchange terminates the appointment of an entity other than a
44 natural person:



1 (a) The appointments of exchange enrollment facilitators named
2 on the entity's appointment also terminate; and

3 (b) The exchange enrollment facilitator is prohibited from
4 engaging in the business of an exchange enrollment facilitator under
5 his or her certificate until such time as the exchange enrollment
6 facilitator receives a new appointment by the Exchange. If the
7 exchange enrollment facilitator does not obtain a new appointment
8 by the Exchange within 30 days after the date on which the
9 appointment was terminated, the exchange enrollment facilitator's
10 certificate expires . ~~{and the exchange enrollment facilitator shall
11 promptly deliver his or her certificate to the Commissioner.}~~

12 4. The provisions of subsection 3 do not apply to any
13 appointments the exchange enrollment facilitator may have
14 individually or through an entity other than the terminated entity.

15 5. Upon the termination of an appointment for an entity or
16 certificate holder, the Executive Director of the Exchange shall
17 notify the Commissioner of the effective date of the termination and
18 the grounds for termination.

19 **Sec. 65.** Chapter 696B of NRS is hereby amended by adding
20 thereto the provisions set forth as sections 66 and 67 of this act.

21 **Sec. 66. 1. *Not later than 1 year after the date of entry of***
22 ***an order appointing a receiver in delinquency proceedings for an***
23 ***insurer pursuant to this chapter, and not less frequently than***
24 ***annually thereafter, the receiver shall comply with all***
25 ***requirements for financial reporting for a receivership as specified***
26 ***by the National Association of Insurance Commissioners. The***
27 ***reports required pursuant to this subsection include, without***
28 ***limitation, a statement of:***

29 (a) *The assets and liabilities of the insurer;*

30 (b) *Changes in those assets and liabilities; and*

31 (c) *All funds received and disbursed by the receiver during the*
32 *period since the last such report.*

33 2. *The receiver may:*

34 (a) *Qualify any report and provide notes to any statement for*
35 *further explanation; and*

36 (b) *Provide any additional information required pursuant to*
37 *an order of the court or as the receiver deems appropriate.*

38 3. *In addition to satisfying any filing requirements*
39 *established by the National Association of Insurance*
40 *Commissioners, the receiver shall file the reports, statements and*
41 *other documents required by this section with the court that has*
42 *jurisdiction over the receivership.*

43 4. *For good cause shown, the court may grant an extension*
44 *or modification of time to comply with subsection 1 or such other*
45 *relief as may be appropriate.*



1 **Sec. 67. 1.** *Not later than 1 year after the date of entry of*
2 *an order appointing a receiver in delinquency proceedings for an*
3 *insurer pursuant to this chapter, and at such intervals as may be*
4 *agreed to between the receiver and a guaranty association but in*
5 *no event less frequently than annually, each guaranty association*
6 *which is affected by the delinquency proceedings shall comply*
7 *with all applicable requirements for financial reporting as*
8 *specified by the National Association of Insurance*
9 *Commissioners.*

10 **2.** *In addition to satisfying any filing requirements*
11 *established by the National Association of Insurance*
12 *Commissioners, each guaranty association which is affected by*
13 *the delinquency proceedings shall file the reports and other*
14 *documents required by this section with:*

- 15 (a) *The court that has jurisdiction over the receivership;*
16 (b) *The Commissioner; and*
17 (c) *The receiver.*

18 **3.** *For good cause shown, the court may grant an extension*
19 *or modification of time to comply with subsection 1 or such other*
20 *relief as may be appropriate.*

21 **4.** *As used in this section, “guaranty association” means the*
22 *Nevada Insurance Guaranty Association, the Nevada Life and*
23 *Health Insurance Guaranty Association or a similar organization*
24 *in another jurisdiction, as applicable.*

25 **Sec. 68.** NRS 696B.150 is hereby amended to read as follows:

26 696B.150 “Reciprocal state” means any state other than this
27 state in which in substance and effect the provisions of the Uniform
28 Insurers Liquidation Act ~~[]~~ *or the Insurer Receivership Model Act*
29 are in force, including provisions requiring that the commissioner of
30 insurance or the equivalent insurance supervisory officer be the
31 receiver of a delinquent insurer, and in which effective provisions
32 exist for avoidance of fraudulent conveyances and unlawful
33 preferential transfers.

34 **Sec. 69.** NRS 696B.280 is hereby amended to read as follows:

35 696B.280 1. This section, NRS 696B.030 to 696B.180,
36 inclusive, (definitions) and NRS 696B.290 to 696B.340, inclusive,
37 *and sections 66 and 67 of this act* comprise ~~[and may be cited as~~
38 ~~the Uniform Insurers Liquidation Act.]~~ *the Uniform Insurers*
39 *Liquidation Act and the Insurer Receivership Model Act.*

40 2. If any provision of the ~~[Uniform Insurers Liquidation Act]~~
41 *NAIC Acts* or the application thereof to any person or circumstances
42 is held invalid, such invalidity shall not affect other provisions or
43 applications of the ~~[act]~~ *NAIC Acts* which can be given effect
44 without the invalid provision or application, and to this end the
45 provisions of the ~~[act]~~ *NAIC Acts* are declared to be severable.



1 3. The ~~[Uniform Insurers Liquidation Act]~~ *NAIC Acts* shall be
2 so interpreted as to effectuate ~~[its]~~ *the* general purpose to make
3 uniform the laws of those states which enact ~~[it]~~ *the Uniform*
4 *Insurers Liquidation Act or the Insurer Receivership Model Act.*
5 To the extent that ~~[its]~~ *the* provisions ~~[]~~ *of the NAIC Acts*, when
6 applicable, conflict with other provisions of this Code, the
7 provisions of the ~~[Uniform Insurers Liquidation Act]~~ *NAIC Acts*
8 shall control.

9 4. *As used in this section, "NAIC Acts" means this section,*
10 *NRS 696B.030 to 696B.180, inclusive, and NRS 696B.290 to*
11 *696B.340, inclusive, and sections 66 and 67 of this act.*

12 **Sec. 70.** NRS 697.360 is hereby amended to read as follows:

13 697.360 Licensed bail agents, bail solicitors and bail
14 enforcement agents, and general agents are also subject to the
15 following provisions of this Code, to the extent reasonably
16 applicable:

17 1. Chapter 679A of NRS.

18 2. Chapter 679B of NRS.

19 3. NRS 683A.261.

20 4. NRS 683A.301.

21 5. NRS 683A.311.

22 6. NRS 683A.331.

23 7. NRS 683A.341.

24 8. NRS 683A.361.

25 9. NRS 683A.400.

26 10. NRS 683A.451.

27 11. NRS 683A.461.

28 12. ~~NRS 683A.480.~~

29 ~~13.]~~ NRS 683A.500.

30 ~~[14.]~~ 13. NRS 683A.520.

31 ~~[15.]~~ 14. NRS 686A.010 to 686A.310, inclusive.

32 **Sec. 71.** NRS 630.130 is hereby amended to read as follows:

33 630.130 1. In addition to the other powers and duties
34 provided in this chapter, the Board shall, in the interest of the public,
35 judiciously:

36 (a) Enforce the provisions of this chapter;

37 (b) Establish by regulation standards for licensure under this
38 chapter;

39 (c) Conduct examinations for licensure and establish a system of
40 scoring for those examinations;

41 (d) Investigate the character of each applicant for a license and
42 issue licenses to those applicants who meet the qualifications set by
43 this chapter and the Board; and

44 (e) Institute a proceeding in any court to enforce its orders or the
45 provisions of this chapter.



1 2. On or before February 15 of each odd-numbered year, the
2 Board shall submit to the Governor and to the Director of the
3 Legislative Counsel Bureau for transmittal to the next regular
4 session of the Legislature a written report compiling:

5 (a) Disciplinary action taken by the Board during the previous
6 biennium against any licensee for malpractice or negligence;

7 (b) Information reported to the Board during the previous
8 biennium pursuant to NRS 630.3067, 630.3068, subsections 3 and 6
9 of NRS 630.307 and NRS 690B.250 ; ~~and 690B.260;~~ and

10 (c) Information reported to the Board during the previous
11 biennium pursuant to NRS 630.30665, including, without limitation,
12 the number and types of surgeries performed by each holder of a
13 license to practice medicine and the occurrence of sentinel events
14 arising from such surgeries, if any.

15 ➔ The report must include only aggregate information for statistical
16 purposes and exclude any identifying information related to a
17 particular person.

18 3. The Board may adopt such regulations as are necessary or
19 desirable to enable it to carry out the provisions of this chapter.

20 **Sec. 72.** NRS 630.3069 is hereby amended to read as follows:

21 630.3069 If the Board receives a report pursuant to the
22 provisions of NRS 630.3067, 630.3068 ~~§ or~~ 690B.250 ~~for~~
23 ~~690B.260~~ indicating that a judgment has been rendered or an award
24 has been made against a physician regarding an action or claim for
25 malpractice or that such an action or claim against the physician has
26 been resolved by settlement, the Board shall conduct an
27 investigation to determine whether to impose disciplinary action
28 against the physician regarding the action or claim, unless the Board
29 has already commenced or completed such an investigation
30 regarding the action or claim before it receives the report.

31 **Sec. 73.** NRS 630.318 is hereby amended to read as follows:

32 630.318 1. If the Board or any investigative committee of the
33 Board has reason to believe that the conduct of any physician has
34 raised a reasonable question as to his or her competence to practice
35 medicine with reasonable skill and safety to patients, or if the Board
36 has received a report pursuant to the provisions of NRS 630.3067,
37 630.3068 ~~§ or~~ 690B.250 ~~for 690B.260~~ indicating that a judgment
38 has been rendered or an award has been made against a physician
39 regarding an action or claim for malpractice or that such an action or
40 claim against the physician has been resolved by settlement, the
41 Board or committee may order that the physician undergo a mental
42 or physical examination, an examination testing his or her
43 competence to practice medicine or any other examination
44 designated by the Board to assist the Board or committee in
45 determining the fitness of the physician to practice medicine.



1 2. For the purposes of this section:

2 (a) Every physician who applies for a license or who is licensed
3 under this chapter shall be deemed to have given consent to submit
4 to a mental or physical examination or an examination testing his or
5 her competence to practice medicine when ordered to do so in
6 writing by the Board or an investigative committee of the Board.

7 (b) The testimony or reports of a person who conducts an
8 examination of a physician on behalf of the Board or an
9 investigative committee of the Board pursuant to this section are not
10 privileged communications.

11 3. Except in extraordinary circumstances, as determined by the
12 Board, the failure of a physician licensed under this chapter to
13 submit to an examination when directed as provided in this section
14 constitutes an admission of the charges against the physician.

15 **Sec. 74.** NRS 633.286 is hereby amended to read as follows:

16 633.286 1. On or before February 15 of each odd-numbered
17 year, the Board shall submit to the Governor and to the Director of
18 the Legislative Counsel Bureau for transmittal to the next regular
19 session of the Legislature a written report compiling:

20 (a) Disciplinary action taken by the Board during the previous
21 biennium against osteopathic physicians and physician assistants for
22 malpractice or negligence;

23 (b) Information reported to the Board during the previous
24 biennium pursuant to NRS 633.526, 633.527, subsections 3 and 6 of
25 NRS 633.533 and NRS 690B.250 ; ~~and 690B.260;~~ and

26 (c) Information reported to the Board during the previous
27 biennium pursuant to NRS 633.524, including, without limitation,
28 the number and types of surgeries performed by each holder of a
29 license to practice osteopathic medicine and the occurrence of
30 sentinel events arising from such surgeries, if any.

31 2. The report must include only aggregate information for
32 statistical purposes and exclude any identifying information related
33 to a particular person.

34 **Sec. 75.** NRS 633.528 is hereby amended to read as follows:

35 633.528 If the Board receives a report pursuant to the
36 provisions of NRS 633.526, 633.527 ~~[,] or~~ 690B.250 ~~or 690B.260]~~
37 indicating that a judgment has been rendered or an award has been
38 made against an osteopathic physician or physician assistant
39 regarding an action or claim for malpractice or that such an action or
40 claim against the osteopathic physician or physician assistant has
41 been resolved by settlement, the Board shall conduct an
42 investigation to determine whether to discipline the osteopathic
43 physician or physician assistant regarding the action or claim, unless
44 the Board has already commenced or completed such an



1 investigation regarding the action or claim before it receives the
2 report.

3 **Sec. 76.** NRS 633.529 is hereby amended to read as follows:

4 633.529 1. Notwithstanding the provisions of chapter 622A
5 of NRS, if the Board or an investigative committee of the Board
6 receives a report pursuant to the provisions of NRS 633.526,
7 633.527 ~~]~~ or 690B.250 ~~[or 690B.260]~~ indicating that a judgment
8 has been rendered or an award has been made against an osteopathic
9 physician or physician assistant regarding an action or claim for
10 malpractice, or that such an action or claim against the osteopathic
11 physician or physician assistant has been resolved by settlement, the
12 Board or committee may order the osteopathic physician or
13 physician assistant to undergo a mental or physical examination or
14 any other examination designated by the Board to test his or her
15 competence to practice osteopathic medicine or to practice as a
16 physician assistant, as applicable. An examination conducted
17 pursuant to this subsection must be conducted by a person
18 designated by the Board.

19 2. For the purposes of this section:

20 (a) An osteopathic physician or physician assistant who applies
21 for a license or who holds a license under this chapter is deemed to
22 have given consent to submit to a mental or physical examination or
23 an examination testing his or her competence to practice osteopathic
24 medicine or to practice as a physician assistant, as applicable,
25 pursuant to a written order by the Board.

26 (b) The testimony or reports of a person who conducts an
27 examination of an osteopathic physician or physician assistant on
28 behalf of the Board pursuant to this section are not privileged
29 communications.

30 **Sec. 77.** NRS 679B.144, 690B.260 and 690B.340 are hereby
31 repealed.

32 **Sec. 78.** NRS 680A.310, 683A.480 and 696A.330 are hereby
33 repealed.

34 **Sec. 79.** 1. This section and sections 2, 3, 33 and 71 to 77,
35 inclusive, of this act become effective upon passage and approval.

36 2. Sections 1, 4 to 32, inclusive, 35 to 70, inclusive, and 78 of
37 this act become effective on October 1, 2019.

38 3. Section 34 of this act becomes effective on January 1, 2020.



LEADLINES OF REPEALED SECTIONS

679B.144 Commissioner required to collect information regarding closed claims for medical malpractice; submission to Legislature; regulations.

680A.310 Exceptions to requirements for countersignature by agent.

683A.480 Return of license to Commissioner.

690B.260 Physicians and osteopathic physicians: Reports to Commissioner and licensing boards.

690B.340 Review of settlement or judgment by Commissioner.

696A.330 Surrender of certificate after revocation or suspension of license.

