LEGISLATIVE REVIEW OF ADOPTED REGULATIONS
INFORMATIONAL STATEMENT AS REQUIRED BY NRS 233B.066

LCB FILE NO. R087-20

The following statement is submitted by the State of Nevada, Department of Business and Industry, Division of Insurance ("Division") for adopted amendments to Nevada Administrative Code ("NAC") Chapter(s) 686A.

1. A clear and concise explanation of the need for the adopted regulation.

This regulation is necessary to achieve the following purposes:

a. To protect Nevada consumers from premium increases in personal lines of property and casualty insurance arising out of deteriorations in consumer credit information resulting from the COVID-19 pandemic.

b. To prevent all missed payments or other derogatory credit-report items during the COVID-19 emergency from indirectly harming consumers through premium increases that are inherently unrelated to the prospective risk of insurance loss. This protection would apply both during the state of emergency which is presently in effect, as well as during the recovery phase from the COVID-19 emergency, until two years after the cessation of the Declaration of Emergency for COVID-19 issued by the Governor on March 12, 2020, since the adverse financial and economic ramifications of the pandemic will require considerable time for many individuals to recover.

c. To prohibit adverse consideration of all deterioration in a policyholder's or insured's consumer credit information or credit-based insurance score due to changes occurring on or after March 1, 2020, as an unfairly discriminatory rating treatment which is not a reasonable way of classifying insurance risks.

2. A description of how public comment was solicited, a summary of public response, and an explanation of how other interested persons may obtain a copy of the summary.

(a) A description of how public comment was solicited:

Public comment was solicited by e-mailing the proposed regulation, notices of workshops, notice of intent to act upon the regulation, and small business impact statement to persons on the Division's mailing list requesting notification of proposed regulations. The documents were also made available on the website of the Division, http://doi.nv.gov/, the website of the Nevada Legislature, http://www.leg.state.nv.us, and the Nevada Public Notice website, http://www.notice.ng.gov. The documents were also emailed, or mailed where no email address was available, to the main library for each county in Nevada.

Public comment was also solicited at the workshops held on August 26, 2020 and October 5, 2020, and at the hearing held on October 20, 2020. The public workshops and hearing took place virtually via Webex. Pursuant to Governor Sisolak's March 22, 2020 Declaration of Emergency Directive 006 (extended by Declaration of Emergency Directive 029), the requirement contained in NRS 241.023.1(b) that there be a physical location designated for meetings of public bodies where members of the public are permitted to attend and participate is suspended in order to mitigate the possible exposure or transmission of COVID-19 (Coronavirus).

(b) A summary of the public response:

Comment letters submitted prior to the first workshop on August 26, 2020, included letters from the Nevada Insurance Council (NIC), the American Property and Casualty Insurance Association (APCIA), the Consumer Data Industry Association (CDIA), the National Association of Mutual Insurance Companies (NAMIC), and GEICO – all of whom expressed opposition to certain aspects of the proposed regulation. On the other hand, comments provided by the Center for Economic Justice expressed support for the proposed regulation.

Comment letters submitted prior to the second workshop on October 5, 2020, included a joint letter from the NIC, APCIA, and NAMIC – also referencing an alternative proposal from those organizations – as well as a letter from Progressive Insurance suggesting certain modifications to the regulation. The Division also received a comment letter from the Consumer Federation of America expressing support for the proposed regulation. Subsequent to the workshop, the NIC provided an opinion letter authored for the NIC by Daniel H. Stewart of Hutchison & Steffen, PLLC.

The following persons provided spoken comments at the workshop of August 26, 2020:

- Christian Rataj, representing the National Association of Mutual Insurance Companies (NAMIC)
- Birny Birnbaum, representing the Center for Economic Justice
- Dan Davis, Property and Casualty Actuary from the Alabama Department of Insurance
- Jesse Wadhams, representing the Nevada Insurance Council
- Mark Sektnan, representing the American Property and Casualty Insurance Association (APCIA)

The following persons provided spoken comments at the workshop of October 5, 2020:

- Jim Wadhams, representing the Nevada Insurance Council
- Michael DeLong, representing the Consumer Federation of America
- Christian Rataj, representing the National Association of Mutual Insurance Companies (NAMIC)
- Mark Sektnan, representing the American Property and Casualty Insurance Association (APCIA)
- Birny Birnbaum, representing the Center for Economic Justice
- Hans Kicken, representing Progressive Insurance
- Anne Skallerup, representing TransUnion

The following persons provided spoken comments at the hearing of October 20, 2020.

- Birny Birnbaum, representing the Center for Economic Justice
- Michael DeLong, representing the Consumer Federation of America
- Jesse Wadhams, representing the Nevada Insurance Council

(c) An explanation of how other interested persons may obtain a copy of the summary:

The summary in part 2(b) above reflects the public comments and testimony that transpired with regard to regulation R087-20. A copy of said summary may be obtained by contacting Mark Garratt, Chief of Product Compliance, at (775) 691-4000 or mgarratt@doi.nv.gov. This summary will also be made available by e-mail request to insinfo@doi.nv.gov.

3. The number of persons who:

(a) Attended the hearing: 43
(b) Testified at the hearing: 4
(c) Submitted to the agency written statements: 9

4. A list of names and contact information, including telephone number, business address, business telephone number, electronic mail address, and name of entity or organization represented, for each person identified above in #3 (b) and (c), as provided to the agency:

Testified at the hearing:

Name	Entity/Organization Represented	Business Address	Telephone No./ Business Telephone No.	E-Mail Address
Birny Birnbaum	Center for Economic Justice	1701A S. 2nd Street Austin TX 78704	(512)912-1327	birny@cej-online.org
Michael DeLong	Consumer Federation of America	1620 Eye Street, NW, Suite 200, Washington, DC 20006	(925)708-1135	mdelong@consumerfed.org
Gennady Stolyarov II	Nevada Division of Insurance	1818 East College Parkway, Suite 103, Carson City, NV 89706	(775)687-0766 (Unavailable during pandemic.)	gstolyarov@doi.nv.gov
Jesse Wadhams	Nevada Insurance Council	1045 South Virginia Street Reno, NV 89502	(702)869-8801	jessewadhams@blacklobello.law

Submitted to the agency written statements:

Name	Entity/Organization Represented	Business Address	Telephone No./ Business Telephone No.	E-Mail Address
Sonya L. Bassaly	GEICO	One GEICO Plaza, Washington DC 20076	(720)402-0974	sbassaly@geico.com
Birny Birnbaum	Center for Economic Justice	1701A S. 2nd Street Austin TX 78704	(512)912-1327	birny@cej-online.org

Name	Entity/Organization Represented	Business Address	Telephone No./ Business Telephone No.	E-Mail Address
Melissa Crawford	Nevada Insurance Council	Post Office Box 50548 Henderson, NV 89016	(503)312-4439 (702)798-5156	Crawfm12@nationwide.com
Hans Kicken	Progressive Insurance	300 N Commons Blvd Mayfield Village, OH 44094	(440)603-3714	Hans_kicken@Progressive.com
Michael DeLong	Consumer Federation of America	1620 Eye Street, NW, Suite 200, Washington, DC 20006	(925)708-1135	mdelong@consumerfed.org
Sarah M. Ohs	Consumer Data Industry Association	1090 Vermont Ave., NW, Suite 200 Washington, D.C. 20005-4905	(202)408-7404	sohs@cdiaonline.org
Christian John Rataj	National Association of Mutual Insurance Companies	3601 Vincennes Road, Indianapolis, IN 46248	(303)907-0587	crataj@namic.org
Mark Sektnan	American Property Casualty Insurance Association	1415 L Street, Suite 670 Sacramento, CA 95818	(916)440-1115	mark.sektnan@apci.org
Daniel H. Stewart	Hutchison & Steffen, PLLC	Peccole Professional Park, 10080 West Alta Drive, Suite 200, Las Vegas, NV 89145	(702)385-2500	dstewart@hutchlegal.com

5. A description of how comments were solicited from affected businesses, a summary of their responses, and an explanation of how other interested persons may obtain a copy of the summary.

(a) A description of how comments were solicited from affected businesses:

Comments were solicited from affected businesses in the same manner as they were solicited from the public. Please see the description provided above in response to #2(a).

(b) A summary of the responses from affected businesses:

Comment letters submitted prior to the first workshop on August 26, 2020, included letters from the Nevada Insurance Council (NIC), the American Property and Casualty Insurance Association (APCIA), the Consumer Data Industry Association (CDIA), the National Association of Mutual Insurance Companies (NAMIC), and GEICO – all of whom expressed opposition to certain aspects of the proposed regulation. On the other hand, comments provided by the Center for Economic Justice expressed support for the proposed regulation.

Comment letters submitted prior to the second workshop on October 5, 2020, included a joint letter from the NIC, APCIA, and NAMIC – also referencing an alternative proposal from those organizations – as well as a letter from Progressive Insurance suggesting certain modifications to the regulation. The Division also received a comment letter from the Consumer Federation of America expressing support for the proposed regulation. Subsequent to the workshop, the NIC provided an opinion letter authored for the NIC by Daniel H. Stewart of Hutchison & Steffen, PLLC.

The following persons provided spoken comments at the workshop of August 26, 2020:

- Christian Rataj, representing the National Association of Mutual Insurance Companies (NAMIC)
- Birny Birnbaum, representing the Center for Economic Justice
- Dan Davis, Property and Casualty Actuary from the Alabama Department of Insurance
- Jesse Wadhams, representing the Nevada Insurance Council
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The following persons provided spoken comments at the workshop of October 5, 2020:

- Jim Wadhams, representing the Nevada Insurance Council
- Michael DeLong, representing the Consumer Federation of America
- Christian Rataj, representing the National Association of Mutual Insurance Companies (NAMIC)
- Mark Sektnan, representing the American Property and Casualty Insurance Association (APCIA)
- Birny Birnbaum, representing the Center for Economic Justice
- Hans Kicken, representing Progressive Insurance
- Anne Skallerup, representing TransUnion

The following persons provided spoken comments at the hearing of October 20, 2020.

- Birny Birnbaum, representing the Center for Economic Justice
- Michael DeLong, representing the Consumer Federation of America
- Jesse Wadhams, representing the Nevada Insurance Council

(c) An explanation of how other interested persons may obtain a copy of the summary:

The summary in part 5(b) above reflects the public comments and testimony that transpired with regard to regulation R087-20. A copy of said summary may be obtained by contacting Mark Garratt, Chief of Product Compliance, at (775) 691-4000 or mgarratt@doi.nv.gov. This summary will also be made available by e-mail request to insinfo@doi.nv.gov.

6. If after consideration of public comment, the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.

The Division considered each of the arguments provided by industry representatives who were opposed to various aspects of the proposed regulation. Ultimately, the Division chose to adopt the proposed regulation without any changes, for the reasons explained below in regard to each key area of arguments made by industry representatives.

(i) Response to the allegation regarding the lack of supporting data

Contrary to the opinions of some industry representatives, the Division has been compiling supporting data for months to justify the regulation:

a. Staff members monitored consumer credit trends by attending webinars of credit bureaus.

b. Staff members studied industry publications and news articles regarding the economic and financial impacts of the pandemic

c. Staff members consulted unemployment insurance claim data published by the Department of Employment, Training & Rehabilitation

d. Staff members reviewed the findings provided by economists, financial analysts, industry consultants, customer representatives and others.

e. A one-page fact sheet is available and was presented at the public hearing of October 20, 2020; the Division would also be able to provide numerous other source materials upon request.

f. The issue encountered in assessing the adverse consumer credit impacts due to the COVID-19 pandemic is not a scarcity of data, but rather the opposite – an overwhelming avalanche of data.

(ii) Response to concerns regarding the assumption that adverse credit movements were caused by COVID-19

a. Hundreds of thousands of Nevadans became involuntarily unemployed due to emergency measures.

b. It is clear that the majority of unemployment claims are due to the pandemic; it stands to reason that the majority of credit deteriorations will result from the pandemic as well.

c. Ample data are available on the hardship consumers face from COVID-19.

d. The industry appears to be insisting that data be produced that will show every credit-based insurance score deterioration is due to the pandemic. This is an unrealistic expectation.

e. It is important to prevent any adverse premium impacts now; otherwise many consumers may not be able to afford insurance.

(iii) Response regarding the impacts and limitations of the Federal CARES Act

Some industry representatives believe that the federal CARES Act provides sufficient relief. The Division disagrees.

a. This act only requires forbearance for mortgages (at the consumer's request) and student loans.

b. Forbearance requirements are either expiring soon or have already expired.

c. Federal Pandemic Unemployment Compensation payments ended on July 31, 2020.

d. Division staff attended biweekly webinars by Equifax, which provided detailed analyses of the current economic situation and described difficulties for consumers ahead.

e. As of August 13, 2020, 13.1% of renters did not pay their back rent and risk being evicted once any moratoria expire.

f. A large portion of the unemployed has shifted from temporary unemployment to permanent unemployment.

g. Credit bureaus are not taking action if a consumer is reported as having a past-due balance; it is up to the lenders to report the accounts in forbearance as having zero delinquency.

(iv) Response regarding limitations of extraordinary-life-event exceptions pursuant to NRS 686A.685

Some industry representatives commented that the extraordinary-life-event (ELE) exception in NRS 686A.685 is the established statutory remedy for pandemic-related credit deteriorations. The Division considers a special approach to be necessary to address the effects of the pandemic.

a. In the past, the Division has surveyed insurers regarding the number of ELE exceptions granted annually; the number of ELE exceptions granted by insurers has been in the single digits.

b. It is apparent that insurers do not have the infrastructure necessary to process hundreds of thousands of these requests in Nevada alone.

c. Consumers should not be expected to initiate the requests; many of them do not even know that credit information is being considered by insurers.

d. The lack of consumer awareness exists despite information about ELE being available in the Credit Scoring FAQ on the Division's website and despite the statutory requirements of NRS 686A.710 for insurers to provide notices of credit-related adverse action to consumers.

e. Consumers should be protected from the entirety of the premium increase caused by the deterioration of credit resulting from the impacts of COVID-19, not just part of that premium increase.

f. The proposed treatment of ELE in the Joint Trades Proposal was innovative in providing a different approach to ELE exceptions. Every existing policyholder experiencing an increase in premium or adverse underwriting decision as a result of any change to their consumer credit report or insurance score on or after March 1, 2020 and before the expiration date of this regulation, would be deemed by the Commissioner to have requested an exception pursuant to NRS 686A.685(1), and the insurer would be deemed to have granted that exception by not increasing the policyholder's premium.

g. However, during the discussion on October 12, 2020, it became apparent that the industry representatives were not committed to this proposal. There were multiple attempts to "walk back" key elements of the proposal.

h. During the same discussion on October 12, 2020, an industry representative suggested that the Division should issue an informational notice to consumers advising them of their right to contact their insurer and request an exception. In the Division's view, this is not a viable course of action for the reasons explained above.

i. The Division requested that the trade associations provide information about how insurers have responded to the adverse impact that the pandemic has had on insureds' credit situations, but no such evidence has been provided. The Division thus does not have any evidence that insurers have thus far accommodated insureds with pandemic-related credit deteriorations to any material extent.

(v) Response regarding the potential or lack of potential for insurer shifts to other rating variables

The Consumer Data Industry Association (CDIA) commented in its written remarks that "The removal of this risk indicator may mean that many more consumers in Nevada are at risk of having their insurance rates rise." The Division disagrees, for the following reasons.

a. This regulation would not remove the impact of credit-based information prior to March 1, 2020.

b. The Division has prior-approval authority over all insurer rates in personal lines and would disapprove raising the surcharges associated with other variables or raising the base rates.

c. Many insurers' profitability has risen due to reductions in vehicle miles driven as well as reductions in risk exposure for several other lines of business.

d. This profitability occurred despite voluntary premium refunds and credits provided by the insurers. Thus, property and casualty insurers can readily afford not to increase premiums due to pandemic-related deteriorations in consumer credit information.

(vi) Response regarding the contrast between average impacts and individual impacts

Some industry representatives stated that they have not seen any evidence that either credit scores or credit-based insurance scores have deteriorated to a great extent. They referenced the Great Recession of 2007-2009, when average credit scores did not deteriorate much, and they presented some data points suggesting a slight improvement in mean credit-based insurance scores. The Division considers these observations not to be germane to the purpose of the proposed regulation.

a. Any patterns with regard to average or mean credit scores or credit-based insurance scores are irrelevant because this regulation pertains to individual impacts, not average impacts.

b. This regulation is not proposing any change for those consumers whose credit-based insurance scores have improved or remained the same.

c. Since the possibility exists for individual insureds to suffer adverse credit impacts and adverse premium impacts due to the pandemic-related changes that are beyond their control, the Division is justified in protecting these insureds against premium increases that are unrelated to individual behavior or risk of insurance loss.

d. The nature of the adverse impacts from the present situation differs from those that took place during 2007-2009 because these adverse impacts are related to government mandates.

e. Uneven economic recovery by various income levels and occupations indicates a situation where the average credit-based insurance scores may be unchanged, or even improved, but large segments of the population will still experience deterioration in their scores. This deterioration is unrelated to their own behaviors in managing risk.

(vii) Response regarding the connection or lack of connection of credit-history changes to individual behaviors

a. The credit-related deteriorations resulting from the pandemic are not due to any behavior on the part of the insureds; Nevadans became unemployable because of stay-at-home orders.

b. Industry opponents of Regulation R087-20 would need to choose one of several possible positions on the predictive accuracy of consumer credit information in regard to the prospective risk of insurance loss:

i. The consumer credit was predictive before the pandemic but not after;

ii. The consumer credit information was predictive after the pandemic arrived but not before; or

iii. The consumer credit information was not predictive either before or after the pandemic.

c. Certain pre-COVID-19 uses of consumer credit information in rating were previously approved based on information provided by the insurers who proposed its use, which suggests some predictive ability gained from that information.

d. However, if a set of information – A – was predictive of the behavior of Individual X prior to the pandemic, and X remained the same person from one day to the next, then if A changed to completely different information – B – as a result of an externally imposed stay-at-home order, then if A correctly described the risk propensity of X one day, and person X did not change, then B cannot be said to accurately describe the risk propensity of X – the exact same individual – on the next day.

e. The industry's argument suggests that dramatic swings in indirect consumer data, without changes to direct consumer attributes or behaviors – i.e., what those consumers actually do in their lives – could be consistent with using such indirect consumer data to stably predict future outcomes. Accepting such an argument would undermine the hypothesis that credit-based insurance scores are predictive altogether.

(viii) Response regarding the justification for statutory authority

Some industry representatives have challenged the Division's statutory authority to issue this regulation. The Division holds that it has authority stemming from multiple statutes. The discussion below is not exhaustive, and other sources of statutory authority exist beyond those mentioned here.

a. NRS 686B.010(1) states that "The Legislature intends that NRS 686B.010 to 686B.1799, inclusive, be liberally construed to achieve the purposes stated in subsection 2, which constitute an aid and guide to interpretation but not an independent source of power." Pursuant to subsection 2 of NRS 686B.010, one of the purposes in paragraph (a) is to "Protect policyholders and the public against the adverse effects of excessive, inadequate or unfairly discriminatory rates."

b. NRS 686B.050(4) states that "One rate is unfairly discriminatory in relation to another in the same class if it clearly fails to reflect equitably the differences in expected losses and expenses."

c. NRS 686A.680(1) includes a prohibition that states that "An insurer that uses information from a consumer credit report shall not: (a) Use an insurance score that is calculated using income, gender, sexual orientation, gender identity or expression, address, zip code, ethnic group, religion, marital status or nationality of the consumer as a factor, **or would otherwise lead to unfair or invidious discrimination**."

d. The Division also has authority pursuant to pursuant to NRS 686A.685(6) to "adopt regulations to carry out the provisions of this section." Pursuant to NRS 679B.150(1)(b), the Commissioner may: "Develop, promulgate and revise as the Commissioner deems appropriate, standards in each of the several areas of insurance appropriate to be applied to policies sold in the State of Nevada. The standards must seek to ensure that policies are not unjust, unfair, inequitable, unfairly discriminatory, misleading, deceptive, obscure or encourage misrepresentation or misunderstanding of the contract."

(ix) Response regarding the timeframe of the regulation

Some industry representatives expressed their view that two years after the termination of the Governor's Declaration of Emergency for COVID-19 is too extensive. The Division disagrees.

a. Contrary to the industry representatives' viewpoint, Birny Birnbaum of the Center for Economic Justice commented, "Given that insurance credit scores utilize credit data for at least the most recent three to five years, the proposed rule's time frame of two years following the end of the Governor's pandemic state of emergency is not long enough and certainly not 'overly broad.'"

b. An expiration of two years after the cessation of the Declaration of Emergency for COVID-19 issued by the Governor on March 12, 2020, was selected by considering several factors related to the financial and economic ramifications of the pandemic and the time that many individuals will need to recover fully.

c. A proposal by industry representatives would have modified the expiration date of this regulation to December 31, 2022. This would almost certainly have been a shorter effective timeframe than two years after the termination of the Declaration of Emergency since that Declaration of Emergency is unlikely to be lifted until well after the end of 2020. The Division does not consider shortening the effective timeframe of this regulation to be a viable or consumer-friendly option.

d. The Division, during the meeting of October 12, 2020, did ask what industry representatives thought of the possibility of setting a date-certain for the expiration of the regulation, but setting such a date further out in time – such as December 31, 2023.

e. The Division did not receive any indication of the industry's openness to the above possibility and sees no benefit to designating a calendar expiration date unless a longer absolute timeframe of protection is afforded to consumers as compared to tying the expiration date to two years after the termination of the Declaration of Emergency for COVID-19.

(x) Response regarding the allegation of retroactivity

The opinion letter from Mr. Daniel H. Stewart, provided to the Nevada Insurance Council on September 30, 2020, states that "The Regulation requires insurers who have increased premiums since March 12, 2020 based on post-COVID consumer reports to not only rewrite the policies, but to also refund any overpayments from increased premiums." The Division disagrees with this remark in multiple respects.

a. The effective period of this regulation would begin on March 1, 2020, not March 12, 2020.

b. No provision in Regulation R087-20 would require any action to "rewrite the policies" of insurance. No language of the insurance contract between the policyholder and the insurer is being altered in any manner.

c. Refunds by insurers of overpayments by policyholders in particular are a common phenomenon within the Nevada property and casualty insurance industry.

d. The Division is not proposing to alter the content of insurers' approved rating classifications.

e. Insurers already have had flexibility to determine when to recalculate consumers' credit-based insurance scores, such that every update to a consumer's credit report does not necessitate an insurer re-scoring the consumer.

f. When the Division approved certain uses of credit-based insurance scores as risk attributes in rate filings submitted prior to the onset of the COVID-19 pandemic, the Division understood those credit-based insurance scores to be risk attributes of individuals, reflecting individual behaviors and decisions. The Division did not approve any systemic, pandemic-related effects reflecting adversely on individuals.

g. Even in regard to potential changes to rate levels or rate determination, in enforcing the requirements of NRS 686B.050 and NRS 686B.060 that rates not be excessive, inadequate, or unfairly discriminatory, the Division does have the right to evaluate changing market and economic conditions that may affect whether a previously granted approval, which may have been reasonable under the circumstances, remains reasonable in light of altered circumstances.

h. Section 4 of Regulation R087-20 would not constitute a retroactive change in approved rates, but rather would correct erroneous assignments of insureds who were systemically adversely affected by the COVID-19 pandemic to credit-based insurance score classifications that were premised on individual risk attributes.

i. The refund process is not intended to be burdensome or extraordinary in nature. The Division routinely works with insurers to provide similar refunds when they arise from rating errors or from insurers' implementation of unapproved rating practices that are later discovered.

j. Progressive Insurance, in its comments, recommended removing the March 1, 2020, effective date for the regulation and replacing it with "the date this regulation is implemented". To the Division, this is not a viable option, as the severest consumer harms stemming from the time period of the most intense lockdowns, have already transpired, even if their full impacts may sometimes take months or even years to fully manifest in consumer credit reports.

(xi) Response regarding the limitation of applicability to insurers' existing policyholders

Progressive Insurance recommended clarifying that the regulation only applies to "existing" policyholders' premiums and that nothing in the regulation limits an insurer's ability to use a consumer credit report or insurance score for rating a new policy written after the date this regulation is implemented. The Division did not implement this suggestion for the following reasons.

a. The Division declines to make the specific wording changes recommended by Progressive out of concern that such changes could create a loophole that some less scrupulous insurers might exploit in situations where a policyholder might be rewritten to a technically "new" policy because of a variety of circumstances.

b. The Division can achieve substantially the same effect as contemplated by Progressive while retaining the existing wording of this regulation and thus keeping closed the previously described loophole.

7. (a) The estimated economic effect of the adopted regulation on the business which it is to regulate:

(1) Both adverse and beneficial effects:

i. **Beneficial:** Insurers will benefit in the long-term because of fewer cancellations of policies for non-payment of premium. Because consumers will be protected from premium increases due to credit deteriorations that were outside of their control, they will be in a financially more stable position once the COVID-19 pandemic subsides and will be able to more consistently afford premiums that are set at reasonable levels. Consumers who are more financially secure will be able to make timely insurance premium payments, leading to less revenue loss for insurers.

ii. **Adverse:** Those insurers who may have increased some renewal customers' premiums due to credit-history deterioration subsequent to March 1, 2020, would be required to offer refunds, but the refunded amounts are expected to be modest if the regulation is adopted in the proximate future. The affected insurers are expected to be a minority within the personal-lines market because many insurers already refrain from credit-based rescoring at renewal, unless requested to recalculate the credit-based insurance score by the consumer.

(2) Both immediate and long-term effects:

i. **Immediate:** For property and casualty personal-lines insurers, the immediate effects of this regulation would be no change to the premium impacts from consumer credit information, relative to pre-COVID-19 rating practices. Those insurers who may have increased some renewal customers' premiums due to credit-history deterioration subsequent to March 1, 2020, would be required to offer refunds, but the refunded amounts are expected to be modest if the regulation is adopted in the proximate future. The affected insurers are expected to be a minority within the personal-lines market because many insurers already refrain from credit-based rescoring at renewal, unless requested to recalculate the credit-based insurance score by the consumer.

ii. **Long-Term:** Insurers will benefit in the long-term because of fewer cancellations of policies for non-payment of premium. Because consumers will be protected from premium increases due to credit deteriorations that were outside of their control, they will be in a financially more stable position once the COVID-19 pandemic subsides and will be able to more consistently afford premiums that are set at reasonable levels. Consumers who are more financially secure will be able to make timely insurance premium payments, leading to less revenue loss for insurers.

(b) The estimated economic effect of the adopted regulation on the public:

(1) Both adverse and beneficial effects:

i. **Beneficial:** Consumers will not experience premium increases in personal lines of property and casualty insurance, such as their automobile and home insurance policies, arising out of adverse credit information that results from the COVID-19 pandemic and associated economic disruptions.

ii. **Adverse:** None anticipated.

(2) Both immediate and long-term effects:

i. **Immediate:** Consumers will not experience premium increases in personal lines of property and casualty insurance, such as their automobile and home insurance policies, arising out of adverse credit information that results from the COVID-19 pandemic and associated economic disruptions. This will protect consumers who have already been hard-hit financially from additional adverse impacts due to events beyond their control. Consumers will receive refunds if they have already been surcharged due to such adverse impacts. For some consumers, this relief will be an important component of helping them withstand the pandemic-related disruptions while remaining financially intact.

ii. **Long-Term:** Because consumers will be protected from insurance premium increases due to credit deteriorations that were outside of their control, they will be in a more stable financial position once the COVID-19 pandemic subsides. They will not have to experience unjustified premium increases. Over the long term, this regulation will alleviate hardship in one dimension of consumers' lives.

8. The estimated cost to the agency for enforcement of the adopted regulation.

None. All processes required pursuant to this regulation can be accommodated by the Division using existing staff, existing filing-review procedures, and long-established procedures for insurers to provide refunds in the event of consumer overpayments.

9. A description of any regulations of other state or government agencies which the proposed regulation overlaps or duplicates, and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.

Not applicable, as there is no overlap or duplication. The Nevada Division of Insurance is the only regulatory agency in Nevada that oversees credit-based insurance scoring, and no federal regulation of this practice exists.

10. If the regulation includes provisions that are more stringent than a federal regulation which regulates the same activity, a summary of those provisions.

Not applicable, as there are not more stringent provisions. No federal regulation addresses credit-based insurance scoring or adverse credit-based re-scoring.

11. If the regulation establishes a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

Not applicable, as this regulation does not establish a new fee or increase an existing fee.

All processes required pursuant to this regulation can be accommodated by the Division using existing staff, existing filing-review procedures, and long-established procedures for insurers to provide refunds in the event of consumer overpayments.