

STATE OF NEVADA

JOE LOMBARDO
Governor



DR. KRISTOPHER SANCHEZ
Director

SCOTT J. KIPPER
Commissioner

DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

NOTICE OF INTENT TO ACT UPON REGULATION
LCB File No. R175-24
AND HEARING AGENDA

The Nevada Division of Insurance (“Division”) is proposing the adoption of a regulation pertaining to chapter(s) 686B of the Nevada Administrative Code (“NAC”). The hearing shall take place as follows:

Date: December 2, 2024
Time: 9:00 a.m. PST
Location: **This hearing will be held virtually via Webex and in person. See options below.** (For help using Webex, visit <https://help.webex.com>.)

To join by Webex, click on the URL and enter the meeting number when prompted.
URL: <https://doinv.webex.com/doinv/j.php?MTID=m3192826e81acceca625271f96d69a39fb>
Meeting Number: 2632 785 3126

To join by telephone, call the toll-free number and enter the access code when prompted.
Phone-in Access: 1-844-621-3956 United States Toll Free
Access Code: 2632 785 3126

To attend in person, the following physical locations are being made available:

Nevada Division of Insurance
1818 E. College Pkwy., Ste. 103
Carson City, NV 89706

Nevada Division of Insurance
3300 W. Sahara Ave.
Nevada Room, Ste. 400, 4th Fl.
Las Vegas, NV 89102

Live public comment and written public comment will be taken as designated in the Hearing Agenda.

The purpose of the hearing is to solicit comments from interested persons on the general topic(s) that may be addressed in the proposed regulation; and to assist in determining whether the proposed regulation is likely to impose a direct and significant burden upon a small business or directly restricts the formation, operation, or expansion of a small business.

HEARING AGENDA

1. Open Hearing: R175-24
2. Presentation of Proposed Regulation.

[LCB FILE NO. R175-24 - SUPPLEMENTARY RATE INFORMATION](#)

A REGULATION relating to insurance; revising requirements for the filing of certain rates and supplementary rate information with the Commissioner of Insurance; establishing circumstances under which the Commissioner will disapprove as unfairly discriminatory a rate for homeowners' insurance or property insurance for dwellings; and providing other matters properly relating thereto.

3. Public Comment.

The hearing officer will indicate when live public comment will be taken. Public comment may be limited to three minutes per speaker.

4. Close Hearing: R175-24

Note: Any agenda item may be taken out of order; items may be combined for consideration by the public body; items may be pulled or removed from the agenda at any time; and discussion relating to an item may be delayed or continued at any time. The hearing officer, within his/her discretion, may allow for public comment on individual agenda items.

A copy of all materials relating to the proposal may be obtained by visiting the Division's internet website at <https://doi.nv.gov/News-Notices/Regulations/> or by contacting the Division by email to regs@doi.nv.gov. Members of the public who would like additional information about a proposed regulation may contact the Division by email to regs@doi.nv.gov. Members of the public are encouraged to submit written comments for the record no later than **November 25, 2024**. Written comments may be emailed to regs@doi.nv.gov or mailed to 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706.

We are pleased to make reasonable accommodations for attendees with disabilities. Please notify the Division of your request for reasonable accommodation in writing no later than five (5) working days before the hearing via email to regs@doi.nv.gov.

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

The following information is provided pursuant to the requirements of Nevada Revised Statutes (“NRS”) 233B.0603:

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

The proposed regulation codifies, with some changes, the Division’s Bulletin 24-002. The regulation provides more substantive regulatory authority over supplementary rate information, specifically catastrophic models and rating models used in homeowner and property owner policies. The Division has interpreted these items to be within its statutory authority in Title 57 but given the increase in cancellation, non-renewal, and rate increase applications affecting Nevada policyholders, the Division seeks to formalize this interpretation to better protect policyholders.

- (2) What are the terms or substance of the proposed regulation? Provide a description of the subjects, issues and problems involved.

This regulation further defines the term “supplementary rate information” as used in NRS 686B.070 and 686B.090. Supplementary rate information is defined in NRS 686B.020 but that definition is still incomplete and comprised of vague terms. The clarifications include provisions concerning the use of models, including predictive models, without regard to whether those models are first- or third-party originated.

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

Adopting the provisions of Bulletin 24-002 will allow the Division to exercise greater authority of the approval and use of models which have grown in prevalence within the property insurance industry. The Division has reason to believe that the use of models has expanded outside the bounds of current approvals and may need to be checked for appropriateness.

- (4) Do other regulations address the same problem(s)?

No.

- (5) Are alternate forms of regulation sufficient to address the problem(s)?

No.

- (6) What value does the regulation have for the public?

The Division will better be able to ensure that the use of models in the premium rating and policy renewal decisions of insurers is fair and in compliance with Nevada law. If insurers are using models in an inappropriate manner to increase premiums and eliminate policies the Division will step in to protect consumers' interests.

- (7) What is the anticipated economic benefit of the regulation? Provide a statement as to potential beneficial impact on the following:

a. Public

1. Immediate: It is anticipated that additional explicit oversight of models used by insurers will protect consumers from inappropriate rate increases and cancellation and non-renewal by insurers. This may help stave off situations in which entire classes of insurance products are not available or not affordable in portions of the state.

2. Long Term: It is anticipated that additional explicit oversight of models used by insurers will protect consumers from inappropriate rate increases and cancellation and non-renewal by insurers. This may help stave off situations in which entire classes of insurance products are not available or not affordable in portions of the state.

b. Insurance Business

1. Immediate: none
2. Long Term: none

c. Small Businesses

1. Immediate: Same as for public
2. Long Term: Same as for public

d. Small Communities

1. Immediate: Same as for public
2. Long Term: Same as for public

e. Government Entities

1. Immediate: none
2. Long Term: none

- (8) What is the anticipated adverse impact, if any? Provide a statement as to any anticipated adverse impact, including adverse economic effects, on the following:

a. Public

1. Immediate: none
2. Long Term: none

- b. Insurance Business
 - 1. Immediate: none
 - 2. Long Term: none
 - c. Small Businesses
 - 1. Immediate: none
 - 2. Long Term: none
 - d. Small Communities
 - 1. Immediate: none
 - 2. Long Term: none
 - e. Government Entities
 - 1. Immediate: none
 - 2. Long Term: none
- (9) What is the anticipated cost of the regulation, both direct and indirect? Provide a statement as to the cost of:
- a. Enactment - none
 - b. Enforcement - none
 - c. Compliance - none

- (10) Provide a statement indicating whether the regulation establishes a new fee or increases an existing fee.

This regulation does not change or add any fees.

- (11) Provide a statement which identifies the methods used by the agency in determining the impact of the proposed regulation on a small business, prepared pursuant to subsection 3 of NRS 233B.0608.

The Division's Property and Casualty Insurance section staff discussed the regulation and the possible direct impacts it could have on Nevada small businesses. The Division also hosted a workshop on Tuesday, July 16 to solicit comment on the proposed regulation. The Division's staff could not determine any direct impact this regulation would have on Nevada small business owners and no comments were submitted during the July 16 workshop that indicated other parties anticipated a direct impact on Nevada small business owners.

- (12) Provide a description of any regulations of other state or local governmental agencies which the proposed regulation overlaps or duplicates, and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, state the name of the regulating federal agency.

N/A

(13) If the regulation is required pursuant to federal law, provide a citation and description of the federal law.

N/A

(14) If the regulation includes provisions which are more stringent than a federal regulation that regulates the same activity, provide a summary of such provisions.

N/A

Notice of the hearing has been provided as follows:

By email to all persons on the Division's email list for noticing of administrative regulations.

By email for posting by the Nevada State Library, Archives and Public Records Administrator.

By email for posting by the State of Nevada County Libraries.

By email for posting by the Nevada Legislature.

Published to the Nevada Legislature website: <https://leg.state.nv.us/>.


Published to the Division of Insurance website: <https://doi.nv.gov/>.

Published to the State of Nevada Public Notice website: <https://notice.nv.gov/>.

DATED this 10/29/24 day of October 2024.

SCOTT J. KIPPER
Commissioner of Insurance

By:



TODD RICH
Chief Deputy Commissioner
With Delegation of Authority

STATE OF NEVADA

JOE LOMBARDO
Governor



DR. KRISTOPHER SANCHEZ
Director

SCOTT J. KIPPER
Commissioner

DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

MEMORANDUM

DATE: October 28, 2024
TO: Todd Rich – Chief Deputy Commissioner
FROM: Scott J. Kipper – Insurance Commissioner
SUBJECT: Delegation of Authority in the Commissioner’s Absence

I hereby issue a Delegation of Authority for you to act on my behalf during out of state travel from October 28, 2024 to October 30, 2024. You are empowered to exercise all authority necessary to handle matters coming before the Division of Insurance, unless otherwise delegated. This delegation can be superseded by an appointment of a new Commissioner or appointment of an acting Commissioner by Director of the Department of Business and Industry, Dr. Kristopher Sanchez.

A handwritten signature in blue ink, appearing to read "Scott J. Kipper", written over a horizontal line.

SCOTT J. KIPPER
Commissioner of Insurance

**STATE OF NEVADA
DEPARTMENT OF BUSINESS & INDUSTRY
DIVISION OF INSURANCE**

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

Supplementary Rate Information
LCB File No. R175-24

EFFECTIVE DATE OF REGULATION:
Upon filing with the Nevada Secretary of State

1. BACKGROUND.

NRS 686B.070 and 686B.090 require that an insurer or rate service organization file supplementary rate information with the Division of Insurance (“Division”) for approval prior to being used. NRS 686B.020 contains a definition of supplementary rate information which also includes “any other information prescribed by regulation of the Commissioner.”

The Division issued Bulletin 17-001 on January 26, 2017, to provide additional information to insurers and other filers as to the type of information the Division considers to be supplementary rate information pursuant to NRS 686B.020, 686B.070 and 686B.090. Bulletin 17-001 was superseded by Bulletin 24-002 on August 27, 2024, which provided additional clarity surrounding Artificial Intelligence (“AI”) systems and the use of supplementary rate information in the renewal or non-renewal of existing policies.

The Division now seeks to adopt portions of Bulletin 24-002 as a regulation to comply with the provision of NRS 686B.020 that other definitions for supplementary rate information be prescribed by regulation of the Commissioner.

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

The Division’s Property and Casualty Insurance section staff discussed the regulation and the possible direct impacts it could have on Nevada small businesses. The Division also hosted a workshop on Tuesday, June 27, 2024 to solicit comment on the proposed regulation. The Division’s staff could not determine any direct impact this regulation would have on Nevada small business owners and no comments were submitted during the June 27, 2024 workshop that indicated other parties anticipated a direct impact on Nevada small business owners.

3. DOES THE PROPOSED REGULATION IMPOSE A DIRECT AND SIGNIFICANT ECONOMIC BURDEN UPON A SMALL BUSINESS OR DIRECTLY RESTRICT THE FORMATION, OPERATION OR EXPANSION OF A SMALL BUSINESS? NRS 233B.0608(1).

NO YES


4. HOW WAS THAT CONCLUSION REACHED? NRS 233B.0608(3).

The proposed regulation directly impacts insurance companies that use first- or third-party models in their underwriting or rating practices. The regulation makes clear that any such models are considered supplementary rate information for purposes of NRS 686B.070 and 686B.090 and are subject to the Division's prior approval authority under NRS 686B.110.

I, SCOTT J. KIPPER, Commissioner of Insurance for the State of Nevada, hereby certify that, to the best of my knowledge or belief, a concerted effort was made to determine the impact of the proposed regulation on small businesses and that the information contained in this statement is accurate. (NRS 233B.0608(3))

SCOTT J. KIPPER
Commissioner of Insurance

10/29/24
(DATE)

By: 
TODD RICH
Chief Deputy Commissioner
With Delegation of Authority

STATE OF NEVADA

JOE LOMBARDO
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DR. KRISTOPHER SANCHEZ
Director

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SCOTT J. KIPPER
Commissioner of Insurance