

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R178-24

August 7, 2024

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

AUTHORITY: § 1, NRS 679B.130, 686B.070 and 686B.110.

A REGULATION relating to insurance; requiring an insurer to notify a policyholder under a policy of homeowners' insurance or property insurance for dwellings of certain increases in the premium charged to the policyholder; requiring such a notice to be approved by the Commissioner of Insurance and to satisfy certain requirements; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law authorizes the Commissioner of Insurance to adopt reasonable regulations for the administration of the Nevada Insurance Code. (NRS 679B.130) Existing law requires every insurer authorized to transact insurance in this State, and every rate organization that assists any such insurer in making or filing rates, to file with the Commissioner proposed increases in rates for certain kinds and lines of insurance. (NRS 686B.070) Under existing law, if the Commissioner finds that any such proposed increase in rates is excessive, inadequate, unfairly discriminatory or otherwise not compliant with the requirements of existing law, the Commissioner is required to disapprove the increase in rates. (NRS 686B.050, 686B.110)

Existing regulations require a filing for a proposed increase or decrease in rates for homeowners' insurance or property insurance for dwellings to identify certain factors relating to the proposed increase or decrease in rates. (NAC 686B.503) This regulation provides that if such a filing will result in a material increase in the premium charged to a policyholder: (1) a written form to provide policyholders notice of the increase must be filed with the Commissioner for approval; and (2) the insurer must send the notice form approved by the Commissioner to each policyholder whose premiums will undergo a material increase. Under this regulation, with certain exceptions, a material increase in a premium requiring such a notice is an increase in premium of 10 percent or more.

Section 1. NAC 686B.503 is hereby amended to read as follows:

686B.503 *1.* A filing for an increase or decrease in rates for homeowners' insurance or for property insurance for dwellings, commonly referred to as "dwelling fire insurance," must:

~~11.1~~ (a) Identify the largest theoretical rate increase proposed by the filing; and

~~12.1~~ (b) Identify the contribution of each component of the increase, including, but not limited to, the contribution of the amount of insurance, the protection class, the territory and the construction class.

2. If a filing for an increase in rates pursuant to subsection 1 will result in a material change in the premium charged to a policyholder:

(a) At the same time as the filing pursuant to subsection 1 and in the manner set forth in NAC 686B.100, a written form to notify the policyholder of the material change in the premium must be filed with the Commissioner for approval. The notice form:

(1) Must be written in clear and comprehensible language that is understandable to an ordinary policyholder, describe the basic nature of the increase in the premium and list the primary factors causing the increase in the premium.

(2) May list optional factors causing the increase in the premium, list composite rating variables causing the increase in the premium and show separate impacts to the premium by the different perils or risks being covered and the type of coverage for each such peril or risk.

(b) The insurer shall send a copy of the notice form approved by the Commissioner to each policyholder whose premium will undergo a material change.

3. As used in this section, “material change” means an increase of 10 percent or more in the premium charged. The term does not include any of the following:

(a) An increase in premium because of an increase in the insured’s limit of dwelling coverage applied by the insurer as a result of inflation in the cost of materials and labor needed to repair or replace the covered dwelling.

(b) An additional premium because of a change initiated by the insured, including, without limitation:

- (1) Adding an endorsement;*
- (2) Adding additional coverages;*
- (3) Adding covered premises;*
- (4) Increasing coverage limits; or*
- (5) Altering deductibles.*