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A.B. 338

ASSEMBLY BILL NO. 338—COMMITTEE ON COMMERCE AND LABOR

(ON BEHALF OF THE DIVISION OF INSURANCE)

MARCH 21, 2005

Referred to Committee on Commerce and Labor

SUMMARY—Makes various changes relating to insurance.
(BDR 57-232)

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; providing for the regulation of discount health plans; providing the tax rate on premiums for risk retention groups; decreasing certain fees for risk retention groups; authorizing an insurer to invest in bonds or notes secured by second liens upon real property under certain circumstances; setting forth the circumstances under which a producer of insurance may pay a commission for selling, soliciting, procuring or negotiating insurance in this State; authorizing the Nevada Insurance Guaranty Association to perform certain acts requested by the Commissioner of Insurance; providing that coverage under a conversion health benefit plan must be renewed by the carrier that issued it under certain circumstances; providing for the establishment and regulation of sponsored captive insurers; providing for the establishment and regulation of branch captive insurers; and providing other matters properly relating thereto.



* A B 3 3 8 *

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

1 **Section 1.** Title 57 of NRS is hereby amended by adding
2 thereto a new chapter to consist of the provisions set forth as
3 sections 2 to 16, inclusive, of this act.

4 **Sec. 2.** *As used in this chapter, unless the context otherwise*
5 *requires, the words and terms defined in sections 3 and 4 of this*
6 *act have the meanings ascribed to them in those sections.*

7 **Sec. 3.** *“Discount health plan” means a business*
8 *arrangement or program evidenced by a membership agreement in*
9 *which a person, in exchange for fees, dues or any other form of*
10 *consideration, provides or arranges for members of the discount*
11 *health plan to have access to providers of health care and to*
12 *receive medical services from those providers of health care at a*
13 *discount.*

14 **Sec. 4.** *“Provider of health care” has the meaning ascribed*
15 *to it in NRS 629.031.*

16 **Sec. 5.** *Notwithstanding any other provision of law, the*
17 *Commissioner has exclusive jurisdiction to regulate discount*
18 *health plans in this State.*

19 **Sec. 6. 1.** *Except as otherwise provided in subsection 2, it is*
20 *unlawful for any person to engage in business as a discount*
21 *health plan in this State without first registering as a discount*
22 *health plan pursuant to the provisions of this chapter.*

23 **2.** *An insurer licensed under title 57 of NRS is not required to*
24 *register any plan unless it is offered, marketed or sold for separate*
25 *consideration.*

26 **Sec. 7. 1.** *An application for registration to engage in*
27 *business as a discount health plan must be submitted on a form*
28 *prescribed by the Commissioner. The form must be signed by an*
29 *officer or an authorized representative of the applicant. Except as*
30 *otherwise provided in subsection 2, the application must be*
31 *accompanied by:*

32 (a) *A registration fee of \$500.*

33 (b) *A copy of the organizational documents of the applicant, if*
34 *any.*

35 (c) *A list of names, addresses, positions of employment and*
36 *biographical information of each person who is responsible for*
37 *conducting the business activities of the applicant, including, but*
38 *not limited to, all members of the board of directors, board of*
39 *trustees, officers and managers. The list must set forth the extent*
40 *and nature of any contracts or other agreements between any*
41 *person who is responsible for conducting the business activities of*



1 *the applicant and any other business enterprise, including*
2 *disclosure of any possible conflicts of interest.*

3 (d) *A complete biographical statement, on a form prescribed by*
4 *the Commissioner, describing the facilities, employees and*
5 *services that will be offered by the applicant.*

6 (e) *A copy of all forms used for contracts between the*
7 *applicant and networks of providers of health care regarding the*
8 *provision of medical services to members.*

9 (f) *A copy of the most recent financial statements of the*
10 *applicant, audited by an independent public accountant.*

11 (g) *A description of the method of marketing proposed by the*
12 *applicant.*

13 (h) *A description of the procedures for making a complaint to*
14 *be established and maintained by the applicant.*

15 (i) *Any other information required by the Commissioner.*

16 2. *Each person who registers a discount health plan must*
17 *renew his registration within 1 year after he registers the discount*
18 *health plan. The application to renew the registration must*
19 *include:*

20 (a) *An annual renewal fee of \$500; and*

21 (b) *Any information required by the Commissioner pursuant to*
22 *subsection 1.*

23 3. *An insurer who is licensed or issued a certificate of*
24 *authority to provide insurance in this State is not required to pay*
25 *the fees for registering or renewing the registration of a discount*
26 *health plan pursuant to this section.*

27 **Sec. 8.** *A person who is responsible for conducting the*
28 *business activities of a discount health plan may not:*

29 1. *Use the word "insurance" in any advertising or marketing*
30 *material, brochures or discount cards for the discount health plan*
31 *unless approved by the Commissioner;*

32 2. *Use in any advertising or marketing material, brochures or*
33 *discount cards for the discount health plan the terms "coverage,"*
34 *"copay," "preexisting conditions," "guaranteed issue,"*
35 *"enrollment," "PPO," "preferred provider organization" or any*
36 *other term that could reasonably mislead a person into believing*
37 *the discount health plan is a policy of health insurance;*

38 3. *Pay a provider of health care any fee for a medical service;*
39 *or*

40 4. *Collect or accept money from a member of the discount*
41 *health plan for payment to a provider of health care for specific*
42 *medical services furnished or to be furnished to the member*
43 *unless the plan is registered as an administrator pursuant to NRS*
44 *683A.0805 to 683A.0893, inclusive, or is an authorized insurer.*



1 **Sec. 9.** *The following disclosures must be made in writing to*
2 *any prospective member of a discount health plan and must be*
3 *included on the first page of any advertisements, marketing*
4 *materials and brochures relating to a discount health plan:*

5 1. *That the plan is not a policy of health insurance;*

6 2. *That the plan provides discounts from providers of health*
7 *care for medical services;*

8 3. *That the plan does not make payments directly to the*
9 *providers of health care;*

10 4. *That the member will be required to pay for all health care*
11 *services but will receive a discount from those providers of health*
12 *care who have contracted with the discount health plan;*

13 5. *The corporate name and locations, including the address*
14 *of the registered discount health plan; and*

15 6. *A telephone number where the member may obtain*
16 *information and answers to questions or complaints.*

17 **Sec. 10.** *The disclosures required by this chapter must be*
18 *printed in not less than 12-point type or no smaller than the*
19 *largest type on the page, whichever type is larger.*

20 **Sec. 11.** 1. *Each discount health plan must at all times*
21 *maintain a net worth of \$100,000.*

22 2. *The Commissioner shall not issue a registration or renewal*
23 *of a registration unless the discount health plan certifies that the*
24 *discount health plan has a net worth of at least \$100,000.*

25 **Sec. 12.** *A person is subject to the imposition of a civil*
26 *penalty pursuant to this chapter if, in the course of the business of*
27 *the person, the person:*

28 1. *Solicits, markets, advertises, promotes or sells to a person*
29 *in this State a discount health plan or a membership in connection*
30 *with a discount health plan unless the discount health plan is*
31 *registered pursuant to this chapter.*

32 2. *Fails to provide any disclosure required pursuant to*
33 *section 9 of this act.*

34 3. *Fails to make available to an applicant for membership or*
35 *to a member, through a toll-free telephone number, upon the*
36 *request of the applicant or member, a complete and accurate list of*
37 *all participating providers within the plan in the applicant's or*
38 *member's local area, or within a radius of 50 miles, and a list of*
39 *the services for which the discounts are applicable. The list must*
40 *be available at the time of purchase upon request by the purchaser*
41 *and must be updated not less than once every 6 months.*

42 4. *Violates subsection 1 or 2 of section 8 of this act or*
43 *otherwise uses advertising or marketing material, brochures or*
44 *discount cards that are misleading, deceptive or fraudulent.*



1 5. *Fails to allow a purchaser of a discount health plan to*
2 *cancel the plan within 45 days after the purchase.*

3 6. *Offers discounted products or services that are not*
4 *authorized by a contract with each provider listed in conjunction*
5 *with the discount health plan.*

6 7. *If appropriate, fails to refund any required portion of*
7 *membership fees paid to the discount health plan by the applicant*
8 *or member within 30 days after timely notification of the*
9 *cancellation of the plan to the administrator of the discount health*
10 *plan.*

11 **Sec. 13.** *A person who violates any provision of this chapter*
12 *or an order or regulation of the Commissioner issued or adopted*
13 *pursuant thereto may be assessed a civil penalty by the*
14 *Commissioner of not more than \$2,000 for each act or violation,*
15 *not to exceed an aggregate amount of \$10,000 for violations of a*
16 *similar nature. For the purposes of this section, violations shall be*
17 *deemed to be of a similar nature if the violations consist of the*
18 *same or similar conduct, regardless of the number of times the*
19 *conduct occurred.*

20 **Sec. 14.** 1. *Except as otherwise provided in this subsection,*
21 *the Commissioner may conduct examinations to enforce the*
22 *provisions of this chapter pursuant to the provisions of NRS*
23 *679B.230 to 679B.300, inclusive, at such times as he deems*
24 *necessary. For the purposes of this chapter, the Commissioner is*
25 *not required to comply with the requirement in NRS 679B.230 that*
26 *insurers be examined not less frequently than every 5 years.*

27 2. *A person who is responsible for conducting the business*
28 *activities of a discount health plan shall, upon the request of the*
29 *Commissioner, make available to the Commissioner for inspection*
30 *any accounts, books and records concerning any discount health*
31 *plan issued, sold or offered for sale by the discount health plan*
32 *which are reasonably necessary to enable the Commissioner to*
33 *determine whether the plan is in compliance with the provisions of*
34 *this chapter.*

35 **Sec. 15.** 1. *A discount health plan must maintain records of*
36 *the transactions governed by this chapter. The records must*
37 *include:*

38 (a) *A copy of each type of contract that the discount health*
39 *plan issues, sells or offers for sale;*

40 (b) *The name and address of each member who possesses a*
41 *discount health plan;*

42 (c) *A copy of each contract that the discount health plan enters*
43 *into with providers of health care for purposes of providing*
44 *discount health care; and*



1 (d) A copy of the annual certification of net worth and
2 supporting documentation.

3 2. Except as otherwise provided in this subsection, each
4 discount health plan must retain all records for at least 7 years. A
5 discount health plan which intends to discontinue doing business
6 in this State must provide the Commissioner with satisfactory
7 proof that it has discharged its duties to the members in this State
8 and must not destroy its records without the prior approval of the
9 Commissioner.

10 3. The records required to be maintained pursuant to this
11 section may be stored on a computer disc or other storage device
12 for a computer from which the records may be readily printed.

13 **Sec. 16.** The Commissioner may adopt regulations to carry
14 out the provisions of this chapter.

15 **Sec. 17.** Chapter 680B of NRS is hereby amended by adding
16 thereto a new section to read as follows:

17 *Each risk retention group which is chartered in a state other
18 than this State and which is registered in this State pursuant to
19 NRS 695E.140 to 695E.200, inclusive, shall pay the tax imposed
20 by NRS 680B.027 at a rate of 2 percent.*

21 **Sec. 18.** NRS 680B.010 is hereby amended to read as follows:

22 680B.010 The Commissioner shall collect in advance and
23 receipt for, and persons so served must pay to the Commissioner,
24 fees and miscellaneous charges as follows:

25 1. Insurer's certificate of authority:

26 (a) Filing initial application..... \$2,450

27 (b) Issuance of certificate:

28 (1) For any one kind of insurance as defined in
29 NRS 681A.010 to 681A.080, inclusive..... 283

30 (2) For two or more kinds of insurance as so
31 defined..... 578

32 (3) For a reinsurer..... 2,450

33 (c) Each annual continuation of a certificate..... 2,450

34 (d) Reinstatement pursuant to NRS 680A.180, 50
35 percent of the annual continuation fee otherwise required.

36 (e) Registration of additional title pursuant to
37 NRS 680A.240..... 50

38 (f) Annual renewal of the registration of additional
39 title pursuant to NRS 680A.240 25

40 2. Charter documents, other than those filed with an
41 application for a certificate of authority. Filing
42 amendments to articles of incorporation, charter, bylaws,
43 power of attorney and other constituent documents of the
44 insurer, each document \$10



1	3. Annual statement or report. For filing annual	
2	statement or report	\$25
3	4. Service of process:	
4	(a) Filing of power of attorney	\$5
5	(b) Acceptance of service of process.....	30
6	5. Licenses, appointments and renewals for producers	
7	of insurance:	
8	(a) Application and license.....	\$125
9	(b) Appointment fee for each insurer	15
10	(c) Triennial renewal of each license	125
11	(d) Temporary license	10
12	(e) Modification of an existing license.....	50
13	6. Surplus lines brokers:	
14	(a) Application and license.....	\$125
15	(b) Triennial renewal of each license	125
16	7. Managing general agents' licenses, appointments	
17	and renewals:	
18	(a) Application and license.....	\$125
19	(b) Appointment fee for each insurer	15
20	(c) Triennial renewal of each license	125
21	8. Adjusters' licenses and renewals:	
22	(a) Independent and public adjusters:	
23	(1) Application and license	\$125
24	(2) Triennial renewal of each license	125
25	(b) Associate adjusters:	
26	(1) Application and license	125
27	(2) Triennial renewal of each license	125
28	9. Licenses and renewals for appraisers of physical	
29	damage to motor vehicles:	
30	(a) Application and license.....	\$125
31	(b) Triennial renewal of each license	125
32	10. Additional title and property insurers pursuant to	
33	NRS 680A.240:	
34	(a) Original registration	\$50
35	(b) Annual renewal	25
36	11. Insurance vending machines:	
37	(a) Application and license, for each machine	\$125
38	(b) Triennial renewal of each license	125
39	12. Permit for solicitation for securities:	
40	(a) Application for permit.....	\$100
41	(b) Extension of permit.....	50
42	13. Securities salesmen for domestic insurers:	
43	(a) Application and license.....	\$25
44	(b) Annual renewal of license	15
45	14. Rating organizations:	



1	(a) Application and license.....	\$500
2	(b) Annual renewal.....	500
3	15. Certificates and renewals for administrators	
4	licensed pursuant to chapter 683A of NRS:	
5	(a) Application and certificate of registration	\$125
6	(b) Triennial renewal.....	125
7	16. For copies of the insurance laws of Nevada, a fee	
8	which is not less than the cost of producing the copies.	
9	17. Certified copies of certificates of authority and	
10	licenses issued pursuant to the Insurance Code	\$10
11	18. For copies and amendments of documents on file	
12	in the Division, a reasonable charge fixed by the	
13	Commissioner, including charges for duplicating or	
14	amending the forms and for certifying the copies and	
15	affixing the official seal.	
16	19. Letter of clearance for a producer of insurance or	
17	other licensee if requested by someone other than the	
18	licensee	\$10
19	20. Certificate of status as a producer of insurance or	
20	other licensee if requested by someone other than the	
21	licensee	\$10
22	21. Licenses, appointments and renewals for bail	
23	agents:	
24	(a) Application and license.....	\$125
25	(b) Appointment for each surety insurer	15
26	(c) Triennial renewal of each license	125
27	22. Licenses and renewals for bail enforcement	
28	agents:	
29	(a) Application and license.....	\$125
30	(b) Triennial renewal of each license	125
31	23. Licenses, appointments and renewals for general	
32	agents for bail:	
33	(a) Application and license.....	\$125
34	(b) Initial appointment by each insurer	15
35	(c) Triennial renewal of each license	125
36	24. Licenses and renewals for bail solicitors:	
37	(a) Application and license.....	\$125
38	(b) Triennial renewal of each license	125
39	25. Licenses and renewals for title agents and escrow	
40	officers:	
41	(a) Application and license.....	\$125
42	(b) Triennial renewal of each license	125
43	(c) Appointment fee for each title insurer	15
44	(d) Change in name or location of business or in	
45	association	10



1	26. Certificate of authority and renewal for a seller of	
2	prepaid funeral contracts	\$125
3	27. Licenses and renewals for agents for prepaid	
4	funeral contracts:	
5	(a) Application and license	\$125
6	(b) Triennial renewal of each license	125
7	28. Licenses, appointments and renewals for agents	
8	for fraternal benefit societies:	
9	(a) Application and license	\$125
10	(b) Appointment for each insurer	15
11	(c) Triennial renewal of each license	125
12	29. Reinsurance intermediary broker or manager:	
13	(a) Application and license	\$125
14	(b) Triennial renewal of each license	125
15	30. Agents for and sellers of prepaid burial contracts:	
16	(a) Application and certificate or license	\$125
17	(b) Triennial renewal	125
18	31. Risk retention groups:	
19	(a) Initial registration {and review of an application	
20	\$2,450 \$250
21	(b) Each annual continuation of a certificate of	
22	registration	{2,450} 250
23	32. Required filing of forms:	
24	(a) For rates and policies	\$25
25	(b) For riders and endorsements	10
26	33. Viatical settlements:	
27	(a) Provider of viatical settlements:	
28	(1) Application and license	\$1,000
29	(2) Annual renewal.....	1,000
30	(b) Broker of viatical settlements:	
31	(1) Application and license	500
32	(2) Annual renewal.....	500
33	34. Insurance consultants:	
34	(a) Application and license.....	\$125
35	(b) Triennial renewal	125
36	35. Licensee's association with or appointment or	
37	sponsorship by an organization:	
38	(a) Initial appointment, association or sponsorship, for	
39	each organization	\$50
40	(b) Renewal of each association or sponsorship	50
41	(c) Annual renewal of appointment.....	15
42	36. Purchasing groups:	
43	(a) Initial registration and review of an application	\$100
44	(b) Each annual continuation of registration	100



1 **Sec. 19.** NRS 680B.010 is hereby amended to read as follows:
2 680B.010 The Commissioner shall collect in advance and
3 receipt for, and persons so served must pay to the Commissioner,
4 fees and miscellaneous charges as follows:
5 1. Insurer's certificate of authority:
6 (a) Filing initial application..... \$2,450
7 (b) Issuance of certificate:
8 (1) For any one kind of insurance as defined in
9 NRS 681A.010 to 681A.080, inclusive 283
10 (2) For two or more kinds of insurance as so
11 defined 578
12 (3) For a reinsurer..... 2,450
13 (c) Each annual continuation of a certificate..... 2,450
14 (d) Reinstatement pursuant to NRS 680A.180, 50
15 percent of the annual continuation fee otherwise required.
16 (e) Registration of additional title pursuant to
17 NRS 680A.240..... 50
18 (f) Annual renewal of the registration of additional
19 title pursuant to NRS 680A.240 25
20 2. Charter documents, other than those filed with an
21 application for a certificate of authority. Filing
22 amendments to articles of incorporation, charter, bylaws,
23 power of attorney and other constituent documents of the
24 insurer, each document \$10
25 3. Annual statement or report. For filing annual
26 statement or report \$25
27 4. Service of process:
28 (a) Filing of power of attorney \$5
29 (b) Acceptance of service of process..... 30
30 5. Licenses, appointments and renewals for producers
31 of insurance:
32 (a) Application and license..... \$125
33 (b) Appointment fee for each insurer 15
34 (c) Triennial renewal of each license 125
35 (d) Temporary license 10
36 (e) Modification of an existing license..... 50
37 6. Surplus lines brokers:
38 (a) Application and license..... \$125
39 (b) Triennial renewal of each license 125
40 7. Managing general agents' licenses, appointments
41 and renewals:
42 (a) Application and license..... \$125
43 (b) Appointment fee for each insurer 15
44 (c) Triennial renewal of each license 125
45 8. Adjusters' licenses and renewals:



1	(a) Independent and public adjusters:	
2	(1) Application and license	\$125
3	(2) Triennial renewal of each license	125
4	(b) Associate adjusters:	
5	(1) Application and license	125
6	(2) Triennial renewal of each license	125
7	9. Licenses and renewals for appraisers of physical	
8	damage to motor vehicles:	
9	(a) Application and license.....	\$125
10	(b) Triennial renewal of each license	125
11	10. Additional title and property insurers pursuant to	
12	NRS 680A.240:	
13	(a) Original registration	\$50
14	(b) Annual renewal	25
15	11. Insurance vending machines:	
16	(a) Application and license, for each machine	\$125
17	(b) Triennial renewal of each license	125
18	12. Permit for solicitation for securities:	
19	(a) Application for permit.....	\$100
20	(b) Extension of permit.....	50
21	13. Securities salesmen for domestic insurers:	
22	(a) Application and license.....	\$25
23	(b) Annual renewal of license	15
24	14. Rating organizations:	
25	(a) Application and license.....	\$500
26	(b) Annual renewal	500
27	15. Certificates and renewals for administrators	
28	licensed pursuant to chapter 683A of NRS:	
29	(a) Application and certificate of registration	\$125
30	(b) Triennial renewal	125
31	16. For copies of the insurance laws of Nevada, a fee	
32	which is not less than the cost of producing the copies.	
33	17. Certified copies of certificates of authority and	
34	licenses issued pursuant to the Code	\$10
35	18. For copies and amendments of documents on file	
36	in the Division, a reasonable charge fixed by the	
37	Commissioner, including charges for duplicating or	
38	amending the forms and for certifying the copies and	
39	affixing the official seal.	
40	19. Letter of clearance for a producer of insurance or	
41	other licensee if requested by someone other than the	
42	licensee	\$10
43	20. Certificate of status as a producer of insurance or	
44	other licensee if requested by someone other than the	
45	licensee	\$10



1	21. Licenses, appointments and renewals for bail	
2	agents:	
3	(a) Application and license.....	\$125
4	(b) Appointment for each surety insurer	15
5	(c) Triennial renewal of each license	125
6	22. Licenses and renewals for bail enforcement	
7	agents:	
8	(a) Application and license.....	\$125
9	(b) Triennial renewal of each license	125
10	23. Licenses, appointments and renewals for general	
11	agents for bail:	
12	(a) Application and license.....	\$125
13	(b) Initial appointment by each insurer	15
14	(c) Triennial renewal of each license	125
15	24. Licenses and renewals for bail solicitors:	
16	(a) Application and license.....	\$125
17	(b) Triennial renewal of each license	125
18	25. Licenses and renewals for title agents and escrow	
19	officers:	
20	(a) Application and license	\$125
21	(b) Triennial renewal of each license	125
22	(c) Appointment fee for each title insurer	15
23	(d) Change in name or location of business or in	
24	association	10
25	26. Certificate of authority and renewal for a seller of	
26	prepaid funeral contracts	\$125
27	27. Licenses and renewals for agents for prepaid	
28	funeral contracts:	
29	(a) Application and license.....	\$125
30	(b) Triennial renewal of each license	125
31	28. Licenses, appointments and renewals for agents	
32	for fraternal benefit societies:	
33	(a) Application and license.....	\$125
34	(b) Appointment for each insurer	15
35	(c) Triennial renewal of each license	125
36	29. Reinsurance intermediary broker or manager:	
37	(a) Application and license.....	\$125
38	(b) Triennial renewal of each license	125
39	30. Agents for and sellers of prepaid burial contracts:	
40	(a) Application and certificate or license	\$125
41	(b) Triennial renewal	125
42	31. Risk retention groups:	
43	(a) Initial registration.....	\$250
44	(b) Each annual continuation of a certificate of	
45	registration.....	250



1 32. Required filing of forms:
2 (a) For rates and policies \$25
3 (b) For riders and endorsements 10
4 33. Viatical settlements:
5 (a) Provider of viatical settlements:
6 (1) Application and license \$1,000
7 (2) Annual renewal..... 1,000
8 (b) Broker of viatical settlements:
9 (1) Application and license 500
10 (2) Annual renewal..... 500
11 *(c) Registration of producer of insurance acting as a*
12 *viatical settlement broker..... 250*
13 34. Insurance consultants:
14 (a) Application and license..... \$125
15 (b) Triennial renewal..... 125
16 35. Licensee’s association with or appointment or
17 sponsorship by an organization:
18 (a) Initial appointment, association or sponsorship, for
19 each organization..... \$50
20 (b) Renewal of each association or sponsorship 50
21 (c) Annual renewal of appointment..... 15
22 36. Purchasing groups:
23 (a) Initial registration and review of an application \$100
24 (b) Each annual continuation of registration 100

25 **Sec. 20.** NRS 680B.027 is hereby amended to read as follows:
26 680B.027 1. Except as otherwise provided in NRS 680B.033,
27 680B.050 and 690C.110, *and section 17 of this act*, for the privilege
28 of transacting business in this State, each insurer shall pay to the
29 Department of Taxation a tax upon his net direct premiums and net
30 direct considerations written at the rate of 3.5 percent.

31 2. The tax must be paid in the manner required by NRS
32 680B.030 and 680B.032.

33 3. The Commissioner or the Executive Director of the
34 Department of Taxation may require at any time verified
35 supplemental statements with reference to any matter pertinent to
36 the proper assessment of the tax.

37 **Sec. 21.** NRS 682A.180 is hereby amended to read as follows:
38 682A.180 An insurer may lend and thereby invest its funds
39 upon the pledge of securities eligible for investment under this
40 chapter. As of the date made, ~~[no such loan shall]~~ *the loan must not*
41 exceed in amount 90 percent of the market value of ~~[such]~~ *the*
42 collateral pledged. ~~[The amount so loaned shall be included pro rata~~
43 ~~in determining the maximum percentage of funds permitted under~~
44 ~~this chapter to be invested in the respective categories of securities~~
45 ~~so pledged.]~~



1 **Sec. 22.** NRS 682A.200 is hereby amended to read as follows:

2 682A.200 1. An insurer may make loans or investments not
3 otherwise expressly permitted under this chapter, in an aggregate
4 amount not over 10 percent of the insurer's admitted assets and not
5 over ~~4~~ 5 percent of those assets as to any one such loan or
6 investment, if the loan or investment fulfills the requirements of
7 NRS 682A.030 and otherwise qualifies as a sound investment. No
8 such loan or investment may be represented by:

9 (a) Any item described in NRS 681B.020, or any loan or
10 investment otherwise expressly prohibited.

11 (b) Agents' balances, or amounts advanced to or owing by
12 agents, except as to policy loans, mortgage loans and collateral
13 loans otherwise authorized under this chapter.

14 (c) Any category of loans or investments expressly eligible
15 under any other provision of this chapter.

16 (d) Any asset acquired or held by the insurer under any other
17 category of loans or investments eligible under this chapter.

18 2. The insurer shall keep a separate record of all loans and
19 investments made under this section.

20 **Sec. 23.** NRS 682A.230 is hereby amended to read as follows:

21 682A.230 1. An insurer may invest in bonds or notes secured
22 by mortgages or deeds of trust representing first *or second* liens
23 upon ~~unencumbered~~ real property located in this or another state,
24 or in Canada, subject to the following conditions:

25 (a) The amount loaned, or the aggregate amount of bonds issued
26 upon the security of a mortgage or deed of trust, ~~shall~~ *must* not at
27 the time of the investment exceed ~~75~~ 85 percent of the fair market
28 value of the real property. The value of the property ~~shall~~ *must* be
29 substantiated by the appraisal of a recognized or experienced real
30 estate appraiser acceptable to the Commissioner. Before making the
31 investment, a certificate of the value of the property, based on ~~such~~
32 ~~appraisal, shall~~ *the appraisal, must* be executed by the insurer's
33 board of directors or by an investment committee of the board of
34 directors making or authorizing the investment on the insurer's
35 behalf.

36 (b) There ~~shall~~ *must* have been no default as to payment of any
37 part of the principal or interest of any such bond or note.

38 (c) The total investment in any one such note, or bond or bonds
39 secured by the same real property, ~~shall~~ *must* not exceed ~~30,000~~
40 ~~or 2~~ \$100,000 *or 5* percent of the insurer's assets, whichever is
41 ~~the~~ greater.

42 (d) In applying the limitation under paragraph (a), there may be
43 excluded from the amount invested that portion of the investment
44 which is guaranteed by the Executive Director for Veterans'
45 Services pursuant to the Servicemen's Readjustment Act of 1944, as



1 amended, or insured by the Federal Housing Administrator or other
2 agency of the Government of the United States, or by an agency of
3 the Government of Canada.

4 2. "Improved real property" means all farmland which has
5 been reclaimed and is used for the purpose of husbandry, whether
6 for tillage or pasture, and all real property within the limits of an
7 incorporated village, town or city on which permanent buildings
8 suitable for residence or commercial use are situated.

9 3. For the purposes of this section, real property shall not be
10 deemed to be encumbered:

11 (a) By reason of the existence of taxes or assessments which are
12 not delinquent, instruments creating or reserving mineral, oil or
13 timber rights, rights-of-way, joint driveways, sewer rights, rights in
14 walls, or by reason of building restrictions or other restrictive
15 covenants; or

16 (b) When such real property is subject to lease in whole or in
17 part whereby rents or profits are reserved to the owner, if the
18 security for such investment is a full and unrestricted first lien upon
19 such real property and there is no condition or right of reentry or
20 forfeiture under which such investments can be cut off, subordinated
21 or otherwise disturbed.

22 **Sec. 24.** Chapter 683A of NRS is hereby amended by adding
23 thereto a new section to read as follows:

24 *1. A producer of insurance who is appointed as an agent may*
25 *pay a commission or compensation for or on account of the*
26 *selling, soliciting, procuring or negotiating of insurance in this*
27 *State only to a licensed and appointed producer of insurance of*
28 *the insurer with whom insurance was placed or to a licensed*
29 *producer acting as a broker.*

30 *2. A licensee shall not accept any commission or*
31 *compensation to which he is not entitled pursuant to the*
32 *provisions of this title.*

33 **Sec. 25.** NRS 683A.251 is hereby amended to read as follows:

34 683A.251 1. The Commissioner shall prescribe the form of
35 application by a natural person for a license as a resident producer
36 of insurance. The applicant must declare, under penalty of refusal to
37 issue, or suspension or revocation of, the license, that the statements
38 made in the application are true, correct and complete to the best of
39 his knowledge and belief. Before approving the application, the
40 Commissioner must find that the applicant has:

41 (a) Attained the age of 18 years;

42 (b) Not committed any act that is a ground for refusal to issue,
43 or suspension or revocation of, a license;



1 (c) Completed a course of study for the lines of authority for
2 which the application is made, unless the applicant is exempt from
3 this requirement;

4 (d) Paid the fee prescribed for the license and a fee of \$15 for
5 deposit in the Insurance Recovery Account, neither of which may be
6 refunded; and

7 (e) Successfully passed the examinations for the lines of
8 authority for which application is made, unless the applicant is
9 exempt from this requirement.

10 2. A business organization must be licensed as a producer of
11 insurance in order to act as such. Application must be made on a
12 form prescribed by the Commissioner. Before approving the
13 application, the Commissioner must find that the applicant has:

14 (a) Paid the fee prescribed for the license and a fee of \$15 for
15 deposit in the Insurance Recovery Account, neither of which may be
16 refunded; and

17 (b) Designated a natural person who is licensed as a producer of
18 insurance and who is affiliated with the business organization to be
19 responsible for the organization's compliance with the laws and
20 regulations of this State relating to insurance.

21 3. A natural person who is a resident of this State applying for
22 a license must furnish a ~~copy of a search concerning him conducted~~
23 ~~by the Federal Bureau of Investigation in its national criminal~~
24 ~~records and of a search concerning him of~~ *complete set of his*
25 *fingerprints which the Commissioner may forward to the Central*
26 *Repository for Nevada Records of Criminal History* ~~for~~ *for*
27 *submission to the Federal Bureau of Investigation for its report.*
28 The Commissioner shall adopt regulations concerning the
29 procedures for obtaining this information.

30 4. The Commissioner may require any document reasonably
31 necessary to verify information contained in an application.

32 **Sec. 26.** NRS 683A.361 is hereby amended to read as follows:

33 683A.361 1. An insurer or a producer of insurance shall not
34 pay a commission, brokerage, fee for service or other valuable
35 consideration to a person for selling, soliciting or negotiating
36 insurance in this State if his activities require him to be licensed
37 under this title and he is not so licensed.

38 2. A person shall not accept a commission, brokerage, fee for
39 service or other valuable consideration for selling, soliciting or
40 negotiating insurance in this State if his activities require him to be
41 licensed under this title and he is not so licensed.

42 3. Commissions for renewal and other deferred commissions
43 may be paid to a person whose activities required him to be licensed
44 under this title at the time of the sale, solicitation or negotiation and
45 he was so licensed at that time.



1 4. An insurer or producer of insurance may pay or assign
2 commissions, brokerage, fees for service or other valuable
3 considerations to ~~[an insurance agency or]~~ a person who does not
4 sell, solicit or negotiate insurance in this State unless the payment
5 would violate the provisions of NRS 686A.110 or 686A.120.

6 *5. An insurer shall not pay a commission, directly or*
7 *indirectly, to a producer of insurance for selling, soliciting or*
8 *negotiating insurance in this State unless the producer of*
9 *insurance is appointed as an agent of the insurer as provided in*
10 *NRS 683A.321. This subsection does not apply to a broker for*
11 *reinsurance or to business placed pursuant to subsection 3, NRS*
12 *685A.155 or section 24 of this act, or contracts entered into*
13 *pursuant to NRS 693A.110 which are approved by the*
14 *Commissioner.*

15 *6. A producer of insurance shall not accept a commission*
16 *from an insurer for selling, soliciting or negotiating insurance in*
17 *this State unless he is appointed as an agent of the insurer as*
18 *provided in NRS 683A.321. This subsection does not apply to a*
19 *broker for reinsurance or to business placed pursuant to*
20 *subsection 3, NRS 685A.155 or section 24 of this act, or contracts*
21 *entered into pursuant to NRS 693A.110 which are approved by the*
22 *Commissioner.*

23 *7. As used in this section, "broker for reinsurance" has the*
24 *meaning ascribed to it in NRS 681A.280.*

25 **Sec. 27.** NRS 684A.070 is hereby amended to read as follows:

26 684A.070 1. For the protection of the people of this State, the
27 Commissioner may not issue or continue any license as an adjuster
28 except in compliance with the provisions of this chapter. Any person
29 for whom a license is issued or continued must:

30 (a) Be at least 18 years of age;

31 (b) Except as otherwise provided in subsection 2, be a resident
32 of this State, and have resided therein for at least 90 days before his
33 application for the license;

34 (c) Be competent, trustworthy, financially responsible and of
35 good reputation;

36 (d) Never have been convicted of, or entered a plea of guilty or
37 nolo contendere to, forgery, embezzlement, obtaining money under
38 false pretenses, larceny, extortion, conspiracy to defraud or any
39 crime involving moral turpitude;

40 (e) Have had at least 2 years' recent experience with respect to
41 the handling of loss claims of sufficient character reasonably to
42 enable him to fulfill the responsibilities of an adjuster;

43 (f) Pass all examinations required under this chapter; and



1 (g) Not be concurrently licensed as ~~[an agent, broker, solicitor]~~ *a*
2 *producer of insurance for property, casualty or surety* or *a* surplus
3 lines broker, except as a bail agent.

4 2. The Commissioner may waive the residency requirement set
5 forth in paragraph (b) of subsection 1 if the applicant is:

6 (a) An adjuster licensed under the laws of another state who has
7 been brought to this State by a firm or corporation with whom he is
8 employed that is licensed as an adjuster in this State to fill a vacancy
9 in the firm or corporation in this State;

10 (b) An adjuster licensed in an adjoining state whose principal
11 place of business is located within 50 miles from the boundary of
12 this State; or

13 (c) An adjuster who is applying for a limited license pursuant to
14 NRS 684A.155.

15 3. A conviction of, or plea of guilty or nolo contendere by, an
16 applicant or licensee for any crime listed in paragraph (d) of
17 subsection 1 is a sufficient ground for the Commissioner to deny a
18 license to the applicant, or to suspend, revoke or limit the license of
19 an adjuster pursuant to NRS 684A.210.

20 **Sec. 28.** NRS 684A.080 is hereby amended to read as follows:

21 684A.080 1. A firm or corporation may be licensed either as
22 an independent adjuster or public adjuster. Each general partner and
23 each other natural person to act for the firm, or each natural person
24 to act for the corporation, must be named in the license ~~[or~~
25 ~~registered with the Commissioner,]~~ and must qualify as an
26 individual licensee. A natural person who is authorized to act for a
27 firm or corporation and who also wishes to be licensed in an
28 individual capacity must obtain a separate license in his own name.
29 The Commissioner shall charge a full additional fee for each natural
30 person named in ~~[or registered as to]~~ the license.

31 2. Transaction of business under the license must be within the
32 purposes stated in the firm's partnership agreement or the
33 corporation's charter.

34 3. The licensee shall promptly notify the Commissioner in
35 writing of all changes among its members, directors, officers and
36 other natural persons designated in ~~[or registered as to]~~ the license.

37 **Sec. 29.** NRS 684A.140 is hereby amended to read as follows:

38 684A.140 1. Concurrently with an application for a license or
39 for renewal of a license as an adjuster, the applicant or licensee must
40 provide an appointment for each associate adjuster employed by him
41 or to be employed by him contingent upon issuance of the license.
42 Each person who desires to become licensed as an associate adjuster
43 must submit an application to the Commissioner for such a license.
44 The application must include the social security number of the
45 applicant.



1 2. Upon payment of the appropriate fee, the Commissioner
2 shall issue and deliver to a licensed adjuster a license for each
3 associate authorized by the State to act on behalf of the licensee.
4 The Commissioner shall not issue a license as an associate adjuster
5 to a person who is licensed as ~~{an agent, broker, solicitor}~~ *a*
6 *producer of insurance for property, casualty or surety* or *a* surplus
7 lines broker.

8 3. The license of an associate adjuster may be renewed upon
9 payment of the applicable fee. His license ~~{expires}~~ *terminates* at
10 the same time as the license of the employing adjuster ~~[-, except that~~
11 ~~the]~~ *unless, within 30 days after the termination of the license, the*
12 *associate adjuster submits to the Commissioner the applicable fee*
13 *and a request to be employed by another employing adjuster. The*
14 Commissioner shall promptly terminate an associate adjuster's
15 license upon written request therefor by the employing adjuster.

16 4. A person shall not act as or hold himself out in this State to
17 be an associate adjuster unless he holds a current license as such
18 issued to him by the Commissioner. A violation of this provision is
19 a gross misdemeanor.

20 **Sec. 30.** NRS 684A.140 is hereby amended to read as follows:

21 684A.140 1. Concurrently with an application for a license or
22 for renewal of a license as an adjuster, the applicant or licensee must
23 provide an appointment for each associate adjuster employed by him
24 or to be employed by him contingent upon issuance of the license.
25 Each person who desires to become licensed as an associate adjuster
26 must submit an application to the Commissioner for such a license.

27 2. Upon payment of the appropriate fee, the Commissioner
28 shall issue and deliver to a licensed adjuster a license for each
29 associate authorized by the State to act in behalf of the licensee. The
30 Commissioner shall not issue a license as an associate adjuster to a
31 person who is licensed as ~~{an agent, broker, solicitor}~~ *a producer of*
32 *insurance for property, casualty or surety* or *a* surplus lines broker.

33 3. The license of an associate adjuster may be renewed upon
34 payment of the applicable fee. His license expires at the same time
35 as the license of the employing adjuster ~~[-, except that the]~~ *unless, at*
36 *least 30 days before the expiration of the license, the associate*
37 *adjuster submits to the Commissioner the applicable fee and a*
38 *request to be employed by another employing adjuster. The*
39 Commissioner shall promptly terminate an associate adjuster's
40 license upon written request therefor by the employing adjuster.

41 4. A person shall not act as or hold himself out in this State to
42 be an associate adjuster unless he holds a current license as such
43 issued to him by the Commissioner. A violation of this provision is
44 a gross misdemeanor.



1 **Sec. 31.** NRS 685A.220 is hereby amended to read as follows:
2 685A.220 In addition to those referred to in other provisions of
3 this chapter, the following provisions of chapter 683A of NRS, to
4 the extent applicable and not inconsistent with the express
5 provisions of this chapter, also apply to surplus lines brokers:

- 6 1. NRS 683A.341;
- 7 2. NRS 683A.361;
- 8 3. NRS 683A.400;
- 9 4. **NRS 683A.451;**
- 10 5. NRS 683A.461;
- 11 ~~5.~~ 6. NRS 683A.480;
- 12 ~~6.~~ 7. NRS 683A.490; and
- 13 ~~7.~~ 8. NRS 683A.520.

14 **Sec. 32.** NRS 686C.240 is hereby amended to read as follows:
15 686C.240 1. The Board of Directors *of the Association* shall
16 determine the amount of each assessment in Class A and may, but
17 need not, prorate it. If an assessment is prorated, the Board may
18 provide that any surplus be credited against future assessments in
19 Class B. An assessment which is not prorated must not exceed
20 ~~[\$150]~~ **\$300** for each member insurer for any one calendar year.

21 2. The Board may allocate any assessment in Class B among
22 the accounts according to the premiums or reserves of the impaired
23 or insolvent insurer or any other standard which it considers fair and
24 reasonable under the circumstances.

25 3. Assessments in Class B against member insurers for each
26 account and subaccount must be in the proportion that the premiums
27 received on business in this State by each assessed member insurer
28 on policies or contracts covered by each account or subaccount for
29 the 3 most recent calendar years for which information is available
30 preceding the year in which the insurer became impaired or
31 insolvent bears to premiums received on business in this State for
32 those calendar years by all assessed member insurers.

33 4. Assessments for money to meet the requirements of the
34 Association with respect to an impaired or insolvent insurer must
35 not be authorized or called until necessary to carry out the purposes
36 of this chapter. Classification of assessments under subsection 2 of
37 NRS 686C.230 and computation of assessments under this section
38 must be made with a reasonable degree of accuracy, recognizing
39 that exact determinations may not always be possible. The
40 Association shall notify each member insurer of its anticipated
41 prorated share of an assessment authorized but not yet called within
42 180 days after it is authorized.

43 **Sec. 33.** NRS 687A.033 is hereby amended to read as follows:
44 687A.033 1. "Covered claim" means an unpaid claim or
45 judgment, including a claim for unearned premiums, which arises



1 out of and is within the coverage of an insurance policy to which
2 this chapter applies issued by an insurer which becomes an insolvent
3 insurer, if one of the following conditions exists:

4 (a) The claimant or insured, if a natural person, is a resident of
5 this State at the time of the insured event.

6 (b) The claimant or insured, if other than a natural person,
7 maintains its principal place of business in this State at the time of
8 the insured event.

9 (c) The property from which the first party property damage
10 claim arises is permanently located in this State.

11 (d) The claim ~~is not a covered claim pursuant to the laws of any~~
12 ~~other state and the premium tax imposed on the insurance policy is~~
13 ~~payable in this State pursuant to NRS 680B.027.]~~ *arises as a claim*
14 *within the coverage of a policy of excess industrial insurance*
15 *which exceeds the limit of a self-insured retention or another*
16 *policy of industrial insurance.*

17 2. The term does not include:

18 (a) An amount that is directly or indirectly due a reinsurer,
19 insurer, insurance pool or underwriting association, as recovered by
20 subrogation, indemnity or contribution, or otherwise.

21 (b) That part of a loss which would not be payable because of a
22 provision for a deductible or a self-insured retention specified in the
23 policy.

24 (c) Except as otherwise provided in this paragraph, any claim
25 filed with the Association:

26 (1) More than 18 months after the date of the order of
27 liquidation; or

28 (2) After the final date set by the court for the filing of claims
29 against the liquidator or receiver of the insolvent insurer,

30 ➤ whichever is earlier. The provisions of this paragraph do not
31 apply to a claim for workers' compensation that is reopened
32 pursuant to the provisions of NRS 616C.390 ~~or~~ *or to a claim that is*
33 *covered by a policy of excess industrial insurance issued to a self-*
34 *insured employer or to an association of self-insured public or*
35 *private employers.*

36 (d) A claim filed with the Association for a loss that is incurred
37 but is not reported to the Association before the expiration of the
38 period specified in subparagraph (1) or (2) of paragraph (c).

39 (e) An obligation to make a supplementary payment for
40 adjustment or attorney's fees and expenses, court costs or interest
41 and bond premiums incurred by the insolvent insurer before the
42 appointment of a liquidator, unless the expenses would also be a
43 valid claim against the insured.

44 (f) A first party or third party claim brought by or against an
45 insured, if the aggregate net worth of the insured and any affiliate of



1 the insured, as determined on a consolidated basis, is more than
2 \$25,000,000 on December 31 of the year immediately preceding the
3 date the insurer becomes an insolvent insurer. The provisions of this
4 paragraph do not apply to a claim for workers' compensation. As
5 used in this paragraph, "affiliate" means a person who directly or
6 indirectly owns or controls, is owned or controlled by, or is under
7 common ownership or control with, another person. For the purpose
8 of this definition, the terms "owns," "is owned" and "ownership"
9 mean ownership of an equity interest, or the equivalent thereof, of
10 10 percent or more.

11 **3. As used in this section:**

12 (a) *"Association of self-insured private employers" has the*
13 *meaning ascribed to it in NRS 616A.050.*

14 (b) *"Association of self-insured public employers" has the*
15 *meaning ascribed to it in NRS 616A.055.*

16 (c) *"Industrial insurance" has the meaning ascribed to it in*
17 *NRS 686B.1757.*

18 (d) *"Self-insured employer" has the meaning ascribed to it in*
19 *NRS 616A.305.*

20 **Sec. 34.** NRS 687A.060 is hereby amended to read as follows:
21 687A.060 1. The Association:

22 (a) Is obligated to the extent of the covered claims existing
23 before the determination of insolvency and arising within 30 days
24 after the determination of insolvency, or before the expiration date
25 of the policy if that date is less than 30 days after the determination,
26 or before the insured replaces the policy or on request cancels
27 the policy if he does so within 30 days after the determination. The
28 obligation of the Association to pay a covered claim is limited to the
29 payment of:

30 (1) The entire amount of the claim, if the claim is for
31 workers' compensation pursuant to the provisions of chapters 616A
32 to 616D, inclusive, or chapter 617 of NRS;

33 (2) Not more than \$300,000 for each policy if the claim is for
34 the return of unearned premiums; or

35 (3) The limit specified in a policy or \$300,000, whichever is
36 less, for each occurrence for any covered claim other than a covered
37 claim specified in subparagraph (1) or (2).

38 (b) Shall be deemed the insurer to the extent of its obligations on
39 the covered claims and to that extent has any rights, duties and
40 obligations of the insolvent insurer as if the insurer had not become
41 insolvent. The rights include, without limitation, the right to seek
42 and obtain any recoverable salvage and to subrogate a covered
43 claim, to the extent that the Association has paid its obligation under
44 the claim.



1 (c) Shall assess member insurers amounts necessary to pay the
2 obligations of the Association pursuant to paragraph (a) after an
3 insolvency, the expenses of handling covered claims subsequent to
4 an insolvency, the cost of examinations pursuant to NRS 687A.110
5 and other expenses authorized by this chapter. The assessment of
6 each member insurer must be in the proportion that the net direct
7 written premiums of the member insurer for the calendar year
8 preceding the assessment bear to the net direct written premiums of
9 all member insurers for the same calendar year. Each member
10 insurer must be notified of the assessment not later than 30 days
11 before it is due. No member insurer may be assessed in any year an
12 amount greater than 2 percent of the net direct written premiums of
13 that member insurer for the calendar year preceding the assessment.
14 If the maximum assessment, together with the other assets of the
15 Association, does not provide in any 1 year an amount sufficient to
16 make all necessary payments, the money available may be prorated
17 and the unpaid portion must be paid as soon as money becomes
18 available. The Association may pay claims in any order, including
19 the order in which the claims are received or in groups or categories.
20 The Association may exempt or defer, in whole or in part, the
21 assessment of any member insurer if the assessment would cause the
22 financial statement of the member insurer to reflect amounts of
23 capital or surplus less than the minimum amounts required for a
24 certificate of authority by any jurisdiction in which the member
25 insurer is authorized to transact insurance. During the period of
26 deferment, no dividends may be paid to shareholders or
27 policyholders. Deferred assessments must be paid when payment
28 will not reduce capital or surplus below required minimums.
29 Payments must be refunded to those companies receiving larger
30 assessments because of deferment, or, in the discretion of the
31 company, credited against future assessments. Each member insurer
32 must be allowed a premium tax credit for any amounts paid pursuant
33 to the provisions of this chapter:

34 (1) For assessments made before January 1, 1993, at the rate
35 of 10 percent per year for 10 successive years beginning March 1,
36 1996; or

37 (2) For assessments made on or after January 1, 1993, at the
38 rate of 20 percent per year for 5 successive years beginning with the
39 calendar year following the calendar year in which the assessments
40 are paid.

41 (d) Shall investigate claims brought against the fund and adjust,
42 compromise, settle and pay covered claims to the extent of the
43 obligation of the Association and deny any other claims.

44 (e) Shall notify such persons as the Commissioner directs
45 pursuant to paragraph (a) of subsection 2 of NRS 687A.080.



1 (f) Shall act on claims through its employees or through one or
2 more member insurers or other persons designated as servicing
3 facilities. Designation of a servicing facility is subject to the
4 approval of the Commissioner, but the designation may be declined
5 by a member insurer.

6 (g) Shall reimburse each servicing facility for obligations of the
7 Association paid by the facility and for expenses incurred by the
8 facility while handling claims on behalf of the Association and pay
9 the other expenses of the Association authorized by this chapter.

10 2. The Association may:

11 (a) Appear in, defend and appeal any action on a claim brought
12 against the Association.

13 (b) Employ or retain persons necessary to handle claims and
14 perform other duties of the Association.

15 (c) Borrow money necessary to carry out the purposes of this
16 chapter in accordance with the plan of operation.

17 (d) Sue or be sued.

18 (e) Negotiate and become a party to contracts necessary to carry
19 out the purposes of this chapter.

20 (f) Perform other acts necessary or proper to effectuate the
21 purposes of this chapter.

22 (g) *Perform any administrative acts requested by the*
23 *Commissioner in furtherance of the purposes of this title and, if*
24 *the cost of the action is not paid for by the Association or its*
25 *member insurers, the Nevada Industrial Insurance Act.*

26 (h) If, at the end of any calendar year, the Board of Directors *of*
27 *the Association* finds that the assets of the Association exceed its
28 liabilities as estimated by the Board of Directors for the coming
29 year, refund to the member insurers in proportion to the contribution
30 of each that amount by which the assets of the Association exceed
31 the liabilities.

32 ~~(h)~~ (i) Assess each member insurer equally not more than \$100
33 per year for administrative expenses not related to the insolvency of
34 any insurer.

35 **Sec. 35.** NRS 687A.080 is hereby amended to read as follows:
36 687A.080 1. The Commissioner shall:

37 (a) Notify the Association of the existence of an insolvent
38 insurer not later than 3 days after he receives notice of the
39 determination of insolvency by a court or makes a determination of
40 insolvency pursuant to NRS 687A.107, whichever is earlier.

41 (b) Upon request of the Board of Directors ~~(h)~~ *of the*
42 *Association*, provide the Association with a statement of the net
43 direct written premiums of each member insurer.

44 2. The Commissioner may:



1 (a) Require that the Association notify the insureds of the
2 insolvent insurer and any other interested parties of the
3 determination of insolvency and of their rights under this chapter.
4 Such notification must be by mail at their last known address, but if
5 sufficient information for notification by mail is not available,
6 notice by publication in a newspaper of general circulation is
7 sufficient.

8 (b) Suspend or revoke, after notice and opportunity for hearing,
9 the certificate of authority to transact insurance in this State of any
10 member insurer which fails to pay an assessment when due or fails
11 to comply with the plan of operation. As an alternative, the
12 Commissioner may levy a fine on any member insurer which fails to
13 pay an assessment when due. The fine must not exceed 5 percent of
14 the unpaid assessment per month, except that no fine may be less
15 than \$100 per month.

16 (c) Revoke the designation of any servicing facility if he finds
17 claims are being acted upon unsatisfactorily.

18 *(d) Request the Association to perform any acts specified in*
19 *paragraph (g) of subsection 2 of NRS 687A.060.*

20 **Sec. 36.** NRS 687B.325 is hereby amended to read as follows:

21 687B.325 1. No policy of industrial insurance that has been
22 in effect for at least 70 days or that has been renewed may be
23 cancelled by the insurer before the expiration of the agreed term or
24 1 year ~~from~~ *after* the effective date of the policy or renewal,
25 whichever occurs first, except on any one of the following grounds:

26 (a) A failure by the policyholder to pay a premium for the policy
27 of industrial insurance when due ~~is~~, *including the failure of the*
28 *policyholder to remit an amount due because of an endorsement*
29 *for a deductible;*

30 (b) A failure by the policyholder to:

31 (1) Report any payroll;

32 (2) Allow the insurer to audit any payroll in accordance with
33 the terms of the policy or any previous policy issued by the insurer;
34 or

35 (3) Pay any additional premium charged because of an audit
36 of any payroll as required by the terms of the policy or any previous
37 policy issued by the insurer;

38 (c) A material failure by the policyholder to comply with any
39 federal or state order concerning safety or any written
40 recommendation of the insurer's designated representative for loss
41 control;

42 (d) A material change in ownership of the policyholder or any
43 change in the policyholder's business or operations that:

44 (1) Materially increases the hazard for frequency or severity
45 of loss;



1 (2) Requires additional or different classifications for the
2 calculation of premiums; or

3 (3) Contemplates an activity that is excluded by any
4 reinsurance treaty of the insurer;

5 (e) A material misrepresentation made by the policyholder; or

6 (f) A failure by the policyholder to cooperate with the insurer in
7 conducting an investigation of a claim.

8 2. An insurer shall not cancel a policy of industrial insurance
9 pursuant to paragraph (a) ~~[(b), (e) or (f)]~~ of subsection 1 except
10 upon 10 days' written notice submitted by the insurer to the
11 policyholder.

12 3. Except as otherwise provided in this subsection, an insurer
13 shall not cancel a policy of industrial insurance pursuant to
14 paragraph (b), (c), ~~[(e)]~~ (d), (e) or (f) of subsection 1 except upon
15 30 days' written notice by the insurer to the policyholder. An insurer
16 is not required to provide a written notice to a policyholder pursuant
17 to this subsection if the policyholder and the insurer consent to the
18 cancellation of the policy of industrial insurance and to the
19 reissuance of another policy of industrial insurance effective upon a
20 material change in the ownership or operations of the insured. If the
21 policyholder corrects the condition to the satisfaction of the insurer
22 within the period specified in the policy of insurance, the insurer
23 shall not cancel the policy.

24 4. Any written notice submitted to a policyholder pursuant to
25 this section must be given by first-class mail addressed to the
26 policyholder at the address of the policyholder set forth in the policy
27 of industrial insurance. Evidence indicating that a written notice
28 specified in this section has been mailed is sufficient proof of notice.

29 5. The provisions of this section do not prohibit, during any
30 period in which a policy of industrial insurance is in force, any
31 change in the premium rate required or authorized by any law,
32 regulation or order of the Commissioner, or otherwise agreed upon
33 by the policyholder and the insurer.

34 6. For the purposes of this section, any policy of industrial
35 insurance that is written for a term of more than 1 year, or any
36 policy of industrial insurance with no fixed date of expiration, shall
37 be deemed to be written for successive periods of 1 year.

38 **Sec. 37.** Chapter 688C of NRS is hereby amended by adding
39 thereto a new section to read as follows:

40 *1. A natural person who has been licensed for at least 1 year*
41 *and who is in good standing as a resident or nonresident producer*
42 *of insurance with a life insurance qualification is not required to*
43 *be licensed as a broker of viatical settlements.*

44 *2. A licensed producer of insurance specified in subsection 1*
45 *must register with the Division not more than 30 days after first*



1 *operating as a broker of viatical settlements, on a form prescribed*
2 *by the Commissioner, and pay the fee for registration pursuant to*
3 *NRS 680B.010. Failure to register within the required period or*
4 *late payment of or failure to pay the fee may result in the*
5 *imposition of an administrative fine of not more than \$500.*

6 *3. A producer of insurance who acts as a broker of viatical*
7 *settlements pursuant to subsection 1 shall comply with the*
8 *provisions of NRS 688C.220 to 688C.250, inclusive, and 688C.310.*

9 **Sec. 38.** NRS 688C.170 is hereby amended to read as follows:

10 688C.170 The Commissioner may adopt regulations to:

11 1. Establish standards for evaluating the reasonableness of
12 payments under viatical settlements to persons chronically or
13 terminally ill, including the regulation of the rates of discount used
14 to determine the amount paid in exchange for an assignment,
15 transfer, sale or devise of a benefit under a policy.

16 2. Require a bond or otherwise ensure financial accountability
17 of providers and brokers of viatical settlements.

18 3. Govern the relationship of insurers with providers and
19 brokers of viatical settlements during the viatication of a policy.

20 *4. Establish standards and requirements for licensing and*
21 *registering producers of insurance acting as brokers of viatical*
22 *settlements.*

23 **Sec. 39.** NRS 688C.190 is hereby amended to read as follows:

24 688C.190 1. ~~[A]~~ *Except as otherwise provided in section 37*
25 *of this act, a* person shall not, without first obtaining a license from
26 the Commissioner, operate in or from this State as a provider or
27 broker of viatical settlements.

28 2. Application for a license must be made to the Commissioner
29 on a form prescribed by him, accompanied by the prescribed fee. A
30 license may be renewed from year to year on its anniversary by
31 payment of the prescribed fee. The license expires if the fee is not
32 paid by that date.

33 3. An applicant shall provide information on forms required by
34 the Commissioner, who may at any time require the applicant to
35 disclose the identity of all stockholders, partners, members, officers
36 and employees. The Commissioner may refuse to issue a license to
37 an organization if he is not satisfied that a stockholder, partner,
38 member or officer who may materially influence the applicant's
39 conduct satisfies the requirements of this chapter.

40 4. A license issued to an organization authorizes all partners,
41 members, officers and designated employees to act as providers or
42 brokers of viatical settlements. Those persons must be named in the
43 application or a supplement to it.



1 **Sec. 40.** Chapter 689A of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 *“Exclusion for a preexisting condition” means:*

4 1. *Any limitation or exclusion of benefits relating to a*
5 *condition that was present before the date coverage was first*
6 *provided, regardless of whether any medical advice, diagnosis,*
7 *care or treatment was recommended or received before that date;*
8 *or*

9 2. *Any exclusion applicable to an individual based on any*
10 *information relating to the status of an individual’s health that*
11 *was obtained before the date coverage was first provided,*
12 *including, without limitation, any identification of a condition*
13 *resulting from:*

14 (a) *A pre-enrollment questionnaire or physical examination*
15 *provided to the individual; or*

16 (b) *A review of any medical records relating to the period of*
17 *pre-enrollment.*

18 **Sec. 41.** NRS 689A.470 is hereby amended to read as follows:

19 689A.470 As used in NRS 689A.470 to 689A.740, inclusive,
20 *and section 40 of this act*, unless the context otherwise requires, the
21 words and terms defined in NRS 689A.475 to 689A.605, inclusive,
22 *and section 40 of this act*, have the meanings ascribed to them in
23 those sections.

24 **Sec. 42.** Chapter 689B of NRS is hereby amended by adding
25 thereto a new section to read as follows:

26 *Coverage provided under a conversion health benefit plan must*
27 *be renewed by the carrier that issued the plan, at the option of the*
28 *person covered under the health benefit plan, unless:*

29 1. *The person failed to pay premiums or contributions in*
30 *accordance with the terms of the health benefit plan or the*
31 *individual carrier has not received timely premium payments;*

32 2. *The person committed an act or practice that constitutes*
33 *fraud or has made an intentional misrepresentation of material*
34 *fact under the terms of the coverage; or*

35 3. *The carrier who is obligated to offer a conversion health*
36 *benefit plan pursuant to NRS 689B.590 or a health maintenance*
37 *organization organized pursuant to chapter 695C of NRS decides*
38 *to discontinue offering and renewing all health benefit plans*
39 *delivered or issued for delivery in this State. If the carrier or*
40 *health maintenance organization decides to discontinue offering*
41 *and renewing those plans, the carrier or health maintenance*
42 *organization shall:*

43 (a) *Provide notice of its intention to the Commissioner and the*
44 *chief regulatory officer for insurance in each state in which the*
45 *carrier or health maintenance organization is licensed to transact*



1 *insurance at least 60 days before the date on which notice of*
2 *cancellation or nonrenewal is delivered or mailed to the persons*
3 *covered by the insurance to be discontinued;*

4 *(b) Provide notice of its intention at least 180 days before the*
5 *renewal of any conversion health benefit plan to all persons*
6 *covered under its conversion health benefit plans and to the*
7 *Commissioner and the chief regulatory officer for insurance in*
8 *each state in which the carrier or health maintenance*
9 *organization is licensed to transact insurance; and*

10 *(c) Discontinue all group health insurance delivered or issued*
11 *for delivery to persons in this State and not renew coverage under*
12 *any policy of group health insurance issued to those persons.*

13 **Sec. 43.** Chapter 694C of NRS is hereby amended by adding
14 thereto the provisions set forth as sections 44 to 62, inclusive, of this
15 act.

16 **Sec. 44.** *“Alien captive insurer” means any insurer formed to*
17 *write insurance business for its parents and affiliates and is*
18 *licensed pursuant to the laws of an alien jurisdiction which*
19 *imposes statutory or regulatory standards acceptable to the*
20 *Commissioner on companies transacting the business of*
21 *insurance in such jurisdiction.*

22 **Sec. 45.** *“Branch business” means any insurance business*
23 *transacted by a branch captive insurer in this State.*

24 **Sec. 46.** *“Branch captive insurer” means an alien captive*
25 *insurer licensed pursuant to this chapter to transact the business*
26 *of insurance through a business unit with a principal place of*
27 *business in this State.*

28 **Sec. 47.** *“Branch operations” means any business operations*
29 *of a branch captive insurer in this State.*

30 **Sec. 48.** *“Controlled unaffiliated business” means any*
31 *company:*

32 *1. That is not in the corporate system of a parent and*
33 *affiliated companies;*

34 *2. That has an existing contractual relationship with a parent*
35 *or affiliated company; and*

36 *3. Whose risks are managed by a captive insurer pursuant to*
37 *this chapter.*

38 **Sec. 49.** *“Participant” means a corporation, association,*
39 *limited-liability company, partnership, trust, sponsor or other*
40 *business organization, and any affiliate thereof, that is insured by*
41 *a sponsored captive insurer, where the losses of the participant are*
42 *limited by a participant contract to the participant’s pro rata share*
43 *of the assets of one or more protected cells identified in such*
44 *participant contract.*



1 **Sec. 50.** *“Participant contract” means a contract by which a*
2 *sponsored captive insurer insures the risks of a participant and*
3 *limits the losses of each such participant to its pro rata share of*
4 *the assets of one or more protected cells identified in the*
5 *participant contract.*

6 **Sec. 51.** *“Protected cell” means a separate account*
7 *established by a sponsored captive insurer in which assets are*
8 *maintained for one or more participants in accordance with the*
9 *terms of one or more participant contracts that fund the liability of*
10 *the sponsored captive insurer assumed on behalf of the*
11 *participants as set forth in the participant contracts.*

12 **Sec. 52.** *“Sponsor” means an insurer licensed pursuant to*
13 *the laws of any state, a reinsurer authorized or approved under the*
14 *laws of any state, or a captive insurer formed or licensed pursuant*
15 *to this chapter that:*

- 16 1. *Meets the requirements of subsection 3 of NRS 694C.180;*
17 *and*
18 2. *Is approved by the Commissioner to provide all or part of*
19 *the capital and surplus required by applicable law and to organize*
20 *and operate a sponsored captive insurer.*

21 **Sec. 53.** *“Sponsored captive insurer” means any captive*
22 *insurer:*

- 23 1. *In which the minimum capital and surplus required by*
24 *applicable law is provided by one or more sponsors;*
25 2. *That is formed or licensed pursuant to this chapter;*
26 3. *That only insures the risks of its participants through*
27 *separate participant contracts; and*
28 4. *That funds the liability for each participant through one or*
29 *more protected cells where the assets of each protected cell are*
30 *segregated from the assets of other protected cells and the assets of*
31 *the general account of the sponsored captive insurer.*

32 **Sec. 54.** 1. *One or more sponsors may form a sponsored*
33 *captive insurer pursuant to this chapter.*

34 2. *A sponsored captive insurer formed or licensed pursuant to*
35 *this chapter may establish and maintain one or more protected*
36 *cells to insure the risks of one or more participants, subject to the*
37 *following conditions:*

38 (a) *The shareholders of a sponsored captive insurer must be*
39 *limited to its participants and sponsors, provided that the*
40 *sponsored captive insurer may issue nonvoting securities to other*
41 *persons on terms approved by the Commissioner;*

42 (b) *Each protected cell must be accounted for separately on the*
43 *books and records of the sponsored captive insurer to reflect the*
44 *financial condition and results of operations of that protected cell,*
45 *including, but not limited to, the net income or loss, dividends, or*



1 *other distributions to participants, and such other factors as may*
2 *be set forth in the participant contract or required by the*
3 *Commissioner;*

4 *(c) The assets of a protected cell must not be chargeable with*
5 *liabilities arising out of any other insurance business which the*
6 *sponsored captive insurer may conduct;*

7 *(d) A sponsored captive insurer shall not make a sale,*
8 *exchange, transfer of assets, dividend or distribution between or*
9 *among any of its protected cells without the consent of any*
10 *participant for which the protected cells are maintained;*

11 *(e) A sponsored captive insurer shall not make a sale,*
12 *exchange, transfer of assets, dividend or distribution from a*
13 *protected cell to a sponsor or participant without the prior written*
14 *approval of the Commissioner, and the Commissioner shall not*
15 *give written approval if the sale, exchange, transfer, dividend or*
16 *distribution would result in the insolvency or impairment of the*
17 *protected cell;*

18 *(f) On or before March 1 of each year, a sponsored captive*
19 *insurer must file with the Commissioner a report of its financial*
20 *condition, including, but not limited to, accounting statements*
21 *detailing the financial experience of each protected cell and any*
22 *other information required by the Commissioner;*

23 *(g) A sponsored captive insurer must notify the Commissioner*
24 *not more than 10 business days after a protected cell becomes*
25 *insolvent or otherwise unable to meet its claims or expense*
26 *obligations;*

27 *(h) A participant contract must not become effective without*
28 *the prior written approval of the Commissioner;*

29 *(i) The addition of each new protected cell, the withdrawal of*
30 *any participant of a protected cell or the termination of any*
31 *existing protected cell constitutes a change in the business plan*
32 *and requires the prior written approval of the Commissioner; and*

33 *(j) The business written by a sponsored captive insurer with*
34 *respect to each protected cell must be:*

35 *(1) Fronted by an insurer licensed pursuant to the laws of*
36 *any state;*

37 *(2) Reinsured by a reinsurer authorized or approved by the*
38 *Commissioner; or*

39 *(3) Secured by a trust fund in the United States for the*
40 *benefit of policyholders and claimants or funded by an irrevocable*
41 *letter of credit or other arrangement that is acceptable to the*
42 *Commissioner. The amount of security provided must not be less*
43 *than the reserves associated with those liabilities, which are not*
44 *fronted or reinsured pursuant to subparagraph (1) or (2),*
45 *including reserves for losses, allocated loss adjustment expenses,*



1 *incurred but not reported losses and unearned premiums for*
2 *business written through the protected cell maintained for the*
3 *participant. The Commissioner may require the sponsored captive*
4 *insurer to increase the funding of any security arrangement*
5 *established under this subsection. If the form of security is a letter*
6 *of credit, the letter of credit must be established, issued or*
7 *confirmed by a bank chartered in this State, a member of the*
8 *Federal Reserve System or a bank chartered in another state if the*
9 *bank is deemed acceptable by the Commissioner. A trust*
10 *maintained pursuant to this subparagraph must be established in*
11 *a form and under such terms that are approved by the*
12 *Commissioner.*

13 3. *A sponsor of a sponsored captive insurer must:*

14 (a) *Be an insurer licensed pursuant to the laws of any state, a*
15 *reinsurer authorized or approved under the laws of any state or a*
16 *captive insurer formed or licensed pursuant to this chapter; and*

17 (b) *Not be a risk retention group.*

18 4. *A participant in a sponsored captive insurer need not be a*
19 *shareholder of the sponsored captive insurer or an affiliate of the*
20 *sponsored captive insurer and:*

21 (a) *May be an association, corporation, limited-liability*
22 *company, partnership, trust or other form of business*
23 *organization;*

24 (b) *May be a sponsor of the sponsored captive insurer; and*

25 (c) *Must not be a risk retention group.*

26 5. *A participant in a sponsored captive insurer shall insure*
27 *only its own risks through a sponsored captive insurer.*

28 **Sec. 55.** *Notwithstanding the provisions of this chapter, the*
29 *assets of two or more protected cells may be combined for the*
30 *purpose of investment, and such combination must not be*
31 *construed as defeating the separation of the assets for accounting*
32 *or other purposes. Sponsored captive insurers shall comply with*
33 *the investment requirements set forth in NRS 694C.340, if*
34 *applicable, except to the extent that credit for reinsurance ceded to*
35 *reinsurers is allowed pursuant to NRS 694C.350 or to the extent*
36 *otherwise deemed reasonable and appropriate by the*
37 *Commissioner. Notwithstanding the provisions of this chapter, the*
38 *Commissioner may approve the use of alternative reliable methods*
39 *of valuation and rating.*

40 **Sec. 56.** *The provisions of chapter 696B of NRS apply to a*
41 *sponsored captive insurer if:*

42 1. *The assets of a protected cell are not used to pay any*
43 *expense or claim other than those that are attributable to the*
44 *protected cell; and*



1 2. *The capital and surplus of the sponsored captive insurer*
2 *are available at all times to pay any expenses of or claims against*
3 *the sponsored captive insurer.*

4 **Sec. 57.** *1. As security for the payment of liabilities*
5 *attributable to the branch operations of a branch captive insurer,*
6 *the Commissioner shall require that a trust fund, funded by an*
7 *irrevocable letter of credit or other acceptable asset, be established*
8 *and maintained in the United States for the benefit of United*
9 *States policy holders and ceding United States insurers under*
10 *insurance policies or reinsurance contracts issued or assumed by*
11 *the branch captive insurer through its branch operations.*

12 2. *The amount of the security must be not less than the total*
13 *amount required by NRS 694C.250 and 694C.260, and any*
14 *reserves on such insurance policies or reinsurance contracts,*
15 *including reserves for losses, allocated loss adjustment expenses,*
16 *incurred but not reported losses and unearned premiums with*
17 *regard to business written through the branch operations. The*
18 *Commissioner may authorize a branch captive insurer that is*
19 *required to post security for loss reserves on branch business by its*
20 *reinsurer to reduce the funds in the trust account required by this*
21 *section by that same amount as long as the security remains*
22 *posted with the reinsurer.*

23 3. *If the form of the security is a letter of credit, the letter of*
24 *credit must be established, issued or confirmed by a bank*
25 *chartered in this State or a bank that is a member of the Federal*
26 *Reserve System.*

27 **Sec. 58.** *An alien captive insurer licensed as a branch captive*
28 *insurer shall petition the Commissioner to issue a certificate*
29 *setting forth the finding of the Commissioner that, after*
30 *considering the character, reputation, financial responsibility,*
31 *insurance experience and business qualifications of the officers*
32 *and directors of the alien captive insurer, the licensing and*
33 *maintenance of the branch operations will promote the general*
34 *welfare of the State. The alien captive insurer may register to do*
35 *business in this State after the certificate is issued by the*
36 *Commissioner.*

37 **Sec. 59.** *Before March 1 of each year or, if approved by the*
38 *Commissioner, not more than 60 days after the expiration of the*
39 *fiscal year of the branch captive insurer, the branch captive*
40 *insurer shall file with the Commissioner a copy of all reports and*
41 *statements required to be filed under the laws of the jurisdiction in*
42 *which the alien captive insurer is formed. The reports and*
43 *statements must be verified by oath of two of the executive officers*
44 *of the alien captive insurer. If the Commissioner is satisfied that*
45 *the annual report filed by the alien captive insurer in the*



1 *jurisdiction in which it is domiciled provides adequate information*
2 *concerning the financial condition of the alien captive insurer, the*
3 *Commissioner may waive the requirement for completion of the*
4 *captive annual statement for business written in the alien*
5 *jurisdiction.*

6 **Sec. 60.** *1. The examination of a branch captive insurer*
7 *pursuant to NRS 694C.410 must be of branch business and*
8 *branch operations only, so long as the branch captive insurer*
9 *provides to the Commissioner on an annual basis a certificate of*
10 *compliance, or equivalent documentation, issued by or filed with*
11 *the licensing authority of the jurisdiction in which the branch*
12 *captive insurer is formed, and demonstrates to the satisfaction of*
13 *the Commissioner that it is operating in a sound financial*
14 *condition and in accordance with all applicable laws and*
15 *regulations of that jurisdiction.*

16 *2. As a condition of licensure, the alien captive insurer must*
17 *authorize the Commissioner to examine the affairs of the alien*
18 *captive insurer in the jurisdiction in which the alien captive*
19 *insurer is formed.*

20 **Sec. 61.** *The tax required pursuant to NRS 694C.450 applies*
21 *only to the branch business of the branch captive insurer.*

22 **Sec. 62.** *In addition to the information required pursuant to*
23 *NRS 694C.200, each sponsored captive insurer shall file with the*
24 *Commissioner:*

25 *1. Information demonstrating the manner in which the*
26 *applicant will account for the loss and expense experience of each*
27 *protected cell, at a level of detail deemed sufficient by the*
28 *Commissioner, and the method of reporting such information;*

29 *2. A written acknowledgement that all financial records of*
30 *the sponsored captive insurer, including, but not limited to,*
31 *records pertaining to any protected cells, must be made available*
32 *for inspection or examination by the Commissioner or his*
33 *designee;*

34 *3. All contracts entered into between the sponsored captive*
35 *insurer and any participant, including, but not limited to,*
36 *participant contracts; and*

37 *4. Evidence satisfactory to the Commissioner indicating that*
38 *expenses will be allocated to each protected cell in a fair and*
39 *equitable manner.*

40 **Sec. 63.** *NRS 694C.010 is hereby amended to read as follows:*
41 *694C.010 As used in this chapter, unless the context otherwise*
42 *requires, the words and terms defined in NRS 694C.020 to*
43 *694C.150, inclusive, and sections 44 to 53, inclusive, of this act*
44 *have the meanings ascribed to them in those sections.*



1 **Sec. 64.** NRS 694C.030 is hereby amended to read as follows:
2 694C.030 “Agency captive insurer” means a captive insurer
3 that is owned *or directly or indirectly controlled* by an insurance
4 agency or brokerage and that only insures risks of policies which are
5 placed by or through the agency or brokerage.

6 **Sec. 65.** NRS 694C.040 is hereby amended to read as follows:
7 694C.040 “Association” means a legal entity consisting of two
8 or more corporations, *limited-liability companies*, partnerships,
9 associations or other forms of business organizations.

10 **Sec. 66.** NRS 694C.060 is hereby amended to read as follows:
11 694C.060 “Captive insurer” means any pure captive insurer,
12 association captive insurer, agency captive insurer , ~~and~~ rental
13 captive insurer *and sponsored captive insurer* licensed pursuant to
14 this chapter. *The term includes a pure captive insurer who, unless*
15 *otherwise provided by the Commissioner, is a branch captive*
16 *insurer with respect to operations in this State.*

17 **Sec. 67.** NRS 694C.090 is hereby amended to read as follows:
18 694C.090 “Member organization” means any *individual or*
19 corporation, *limited-liability company*, partnership, association or
20 other form of business organization that belongs to an association.

21 **Sec. 68.** NRS 694C.110 is hereby amended to read as follows:
22 694C.110 “Parent” means a corporation, *limited-liability*
23 *company*, partnership, association or other form of business
24 organization that directly or indirectly owns, controls or holds with
25 power to vote more than 50 percent of the outstanding voting
26 securities of ~~it~~:

- 27 1. A pure captive insurer ~~is~~ *organized as a stock corporation;*
28 *or*
29 2. *The membership of a pure captive insurer organized as a*
30 *nonprofit corporation.*

31 **Sec. 69.** NRS 694C.120 is hereby amended to read as follows:
32 694C.120 “Pure captive insurer” means a captive insurer that
33 only insures risks of its parent and affiliated companies ~~is~~ *or*
34 *controlled unaffiliated businesses and, unless otherwise provided*
35 *by the Commissioner, includes a branch captive insurer.*

36 **Sec. 70.** NRS 694C.180 is hereby amended to read as follows:
37 694C.180 1. ~~It~~ *Unless otherwise approved by the*
38 *Commissioner, a* pure captive insurer, an agency captive insurer ,
39 ~~or~~ a rental captive insurer ~~shall~~ *or a sponsored captive insurer*
40 *must* be incorporated as a stock insurer.

- 41 2. An association captive insurer ~~shall~~ *must* be formed as a:
42 (a) Stock insurer;
43 (b) Mutual insurer; or
44 (c) Reciprocal insurer, except that its attorney-in-fact must be a
45 corporation incorporated in this State.



1 3. A captive insurer shall have not less than three incorporators
2 ~~{}~~ *or organizers*, at least ~~{two}~~ *one* of whom must be ~~{residents}~~ *a*
3 *resident* of this State.

4 4. Before the articles of incorporation of a captive insurer may
5 be filed with the Secretary of State, the Commissioner must approve
6 the articles of incorporation. In determining whether to grant ~~{such}~~
7 *that* approval, the Commissioner shall consider:

8 (a) The character, reputation, financial standing and purposes of
9 the incorporators ~~{}~~ *or organizers*;

10 (b) The character, reputation, financial responsibility, experience
11 relating to insurance and business qualifications of the officers and
12 directors of the captive insurer;

13 (c) The competence of any person who, pursuant to a contract
14 with the captive insurer, will manage the affairs of the captive
15 insurer;

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

18 (e) If the captive insurer is a rental captive insurer, the
19 competence, reputation and experience of the underwriter of the
20 captive insurer;

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

22 (g) Such other aspects of the captive insurer as the
23 Commissioner deems advisable.

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

26 6. At least one member of the board of directors of a captive
27 insurer *formed as a corporation*, or ~~{of its}~~ *one member of the*
28 *subscribers advisory committee or the attorney-in-fact of a captive*
29 *insurer formed as a reciprocal insurer*, must be a resident of this
30 State.

31 7. A captive insurer formed pursuant to the provisions of this
32 chapter has the privileges of, and is subject to, the provisions of
33 general corporation law set forth in chapter 78 of NRS *and, if*
34 *formed as a nonprofit corporation, the provisions set forth in*
35 *chapter 82 of NRS*, as well as the applicable provisions contained in
36 this chapter. If the provisions of this chapter conflict with the
37 general provisions in chapter 78 *or 82* of NRS governing
38 corporations, the provisions of this chapter control. The provisions
39 of chapter 693A of NRS relating to mergers, consolidations,
40 conversions, mutualizations and transfers of domicile to this State
41 apply to determine the procedures to be followed by captive insurers
42 in carrying out any of those transactions in accordance with this
43 chapter.

44 8. The articles of association, articles of incorporation, charter
45 or bylaws of a captive insurer *formed as a corporation* must require



1 that a quorum of the board of directors consists of not less than one-
2 third of the number of directors prescribed by the articles of
3 association, articles of incorporation, charter or bylaws.

4 **9. *The agreement of the subscribers or other organizing***
5 ***document of a captive insurer formed as a reciprocal insurer must***
6 ***require that a quorum of its subscribers advisory committee***
7 ***consists of not less than one-third of the number of its members.***

8 **Sec. 71.** NRS 694C.230 is hereby amended to read as follows:

9 694C.230 1. If the Commissioner determines that the
10 documents and statements filed by the captive insurer satisfy the
11 requirements for licensure, the Commissioner shall issue a license to
12 the captive insurer. ~~[The license is valid for 1 year after the date on~~
13 ~~which it is issued.]~~ The license may be renewed **annually** upon the
14 satisfaction of all requirements imposed by the Commissioner and
15 payment of the renewal fee.

16 2. A captive insurer must pay a fee of \$300 for the issuance of
17 a license and **, on or before March 1 of each year,** an annual fee of
18 \$300 for the renewal of a license.

19 **Sec. 72.** NRS 694C.250 is hereby amended to read as follows:

20 694C.250 1. A captive insurer must not be issued a license,
21 and shall not hold a license, unless the captive insurer has and
22 maintains, in addition to any other capital required to be maintained
23 pursuant to subsection 3, unimpaired paid-in capital of:

24 (a) For a pure captive insurer, not less than \$100,000;

25 (b) For an association captive insurer incorporated as a stock
26 insurer, not less than \$200,000;

27 (c) For an agency captive insurer, not less than \$300,000; ~~[and]~~

28 (d) For a rental captive insurer, not less than \$400,000 ~~[;]~~; **and**

29 **(e) *For a sponsored captive insurer, not less than \$200,000.***

30 2. Except as otherwise provided by the Commissioner pursuant
31 to subsection 3, the capital required to be maintained pursuant to
32 this section must be in the form of cash or an irrevocable letter of
33 credit.

34 3. The Commissioner may prescribe additional requirements
35 relating to capital based on the type, volume and nature of the
36 insurance business that is transacted by the captive insurer and
37 requirements regarding which capital, if any, may be in the form of
38 an irrevocable letter of credit.

39 4. A letter of credit used by a captive insurer as evidence of
40 capital required pursuant to this section must:

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

44 (b) Include a provision pursuant to which the letter of credit is
45 automatically renewable each year, unless the issuer gives written



1 notice to the Commissioner and the captive insurer at least 90 days
2 before the expiration date.

3 **Sec. 73.** NRS 694C.260 is hereby amended to read as follows:

4 694C.260 1. A captive insurer must not be issued a license,
5 and shall not hold a license, unless the captive insurer has and
6 maintains, in addition to any other surplus required to be maintained
7 pursuant to subsection 3, an unencumbered surplus of:

8 (a) For a pure captive insurer, not less than ~~[\$150,000;]~~
9 *\$100,000;*

10 (b) For an association captive insurer incorporated as a stock
11 insurer, not less than \$300,000;

12 (c) For an agency captive insurer, not less than \$300,000;

13 (d) For a rental captive insurer, not less than ~~[\$350,000; and]~~
14 *\$400,000;*

15 (e) For an association captive insurer incorporated as a mutual
16 insurer or reciprocal insurer, not less than \$500,000 ~~[;]~~ *; and*

17 *(f) For a sponsored captive insurer, not less than \$300,000.*

18 2. Except as otherwise provided in subsection 3, the surplus
19 required to be maintained pursuant to this section must be in the
20 form of cash or an irrevocable letter of credit.

21 3. The Commissioner may prescribe additional requirements
22 relating to surplus based on the type, volume and nature of the
23 insurance business that is transacted by the captive insurer and
24 requirements regarding which surplus, if any, may be in the form of
25 an irrevocable letter of credit.

26 4. A letter of credit used by a captive insurer as evidence of
27 required surplus pursuant to this section must:

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

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

35 **Sec. 74.** NRS 694C.300 is hereby amended to read as follows:

36 694C.300 1. Except as otherwise provided in this section, a
37 captive insurer licensed pursuant to this chapter may transact any
38 form of insurance described in NRS 681A.020 to 681A.080,
39 inclusive.

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

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

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



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

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

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

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

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

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

19 5. An agency captive insurer shall not insure any risks other
20 than those of the policies that are placed by or through the insurance
21 agency or brokerage that owns the captive insurer.

22 6. A rental captive insurer shall not insure any risks other than
23 those of the policyholders or associations that have entered into
24 agreements with the rental captive insurer for the insurance of those
25 risks. Such agreements must be in a form which has been approved
26 by the Commissioner.

27 7. *A sponsored captive insurer shall not insure any risks*
28 *other than those of its participants.*

29 8. As used in this section, "excess workers' compensation
30 insurance" means insurance in excess of the specified per-incident
31 or aggregate limit, if any, established by:

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

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

36 **Sec. 75.** NRS 694C.310 is hereby amended to read as follows:

37 694C.310 1. The board of directors of a captive insurer shall
38 meet at least ~~[one time]~~ *once* each year in this State. The captive
39 insurer shall:

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

41 (b) Appoint a resident of this State as a registered agent to
42 accept service of process and otherwise act on behalf of the captive
43 insurer in this State. If the registered agent cannot be located with
44 reasonable diligence for the purpose of serving a notice or demand
45 on the captive insurer, the notice or demand may be served on the



1 Secretary of State who shall be deemed to be the agent for the
2 captive insurer.

3 2. A captive insurer shall not transact insurance in this State
4 unless:

5 (a) The captive insurer has made adequate arrangements with a
6 bank located in this State that is authorized pursuant to state or
7 federal law to transfer money;

8 (b) If the captive insurer employs or has entered into a contract
9 with a natural person or business organization to manage the affairs
10 of the captive insurer, the natural person or business organization
11 meets the standards of competence and experience satisfactory to
12 the Commissioner;

13 (c) The captive insurer employs or has entered into a contract
14 with a qualified and experienced certified public accountant *who is*
15 *approved by the Commissioner* or a firm of certified public
16 accountants that is nationally recognized;

17 (d) The captive insurer employs or has entered into a contract
18 with qualified, experienced actuaries *who are approved by the*
19 *Commissioner* to perform reviews and evaluations of the operations
20 of the captive insurer; and

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

26 **Sec. 76.** NRS 694C.340 is hereby amended to read as follows:

27 694C.340 1. Except as otherwise provided in this section ~~§~~
28 *and section 55 of this act*, an association captive insurer, an agency
29 captive insurer, ~~or~~ a rental captive insurer *or a sponsored captive*
30 *insurer* shall comply with the requirements relating to investments
31 set forth in chapter 682A of NRS. Upon the request of the
32 association captive insurer, agency captive insurer, ~~or~~ rental
33 captive insurer ~~§~~ *or sponsored captive insurer*, the Commissioner
34 may approve the use of reliable, alternative methods of valuation
35 and rating.

36 2. A pure captive insurer is not subject to any restrictions on
37 allowable investments, except that the Commissioner may prohibit
38 or limit any investment that threatens the solvency or liquidity of the
39 pure captive insurer.

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

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

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



1 (c) Does not include any money that has been set aside as capital
2 or surplus as required by subsection 1 of NRS 694C.250 or
3 subsection 1 of NRS 694C.260.

4 **Sec. 77.** NRS 694C.450 is hereby amended to read as follows:

5 694C.450 1. Except as otherwise provided in this section, a
6 captive insurer shall pay to the Division, not later than March 1 of
7 each year, a tax at the rate of:

8 (a) Two-fifths of 1 percent on the first \$20,000,000 of its net
9 direct premiums;

10 (b) One-fifth of 1 percent on the next \$20,000,000 of its net
11 direct premiums; and

12 (c) Seventy-five thousandths of 1 percent on each additional
13 dollar of its net direct premiums.

14 2. Except as otherwise provided in this section, a captive
15 insurer shall pay to the Division, not later than March 1 of each
16 year, a tax at a rate of:

17 (a) Two hundred twenty-five thousandths of 1 percent on the
18 first \$20,000,000 of revenue from assumed reinsurance premiums;

19 (b) One hundred fifty thousandths of 1 percent on the next
20 \$20,000,000 of revenue from assumed reinsurance premiums; and

21 (c) Twenty-five thousandths of 1 percent on each additional
22 dollar of revenue from assumed reinsurance premiums.

23 ➤ The tax on reinsurance premiums pursuant to this subsection
24 must not be levied on premiums for risks or portions of risks which
25 are subject to taxation on a direct basis pursuant to subsection 1. A
26 captive insurer is not required to pay any reinsurance premium tax
27 pursuant to this subsection on revenue related to the receipt of assets
28 by the captive insurer in exchange for the assumption of loss
29 reserves and other liabilities of another insurer that is under
30 common ownership and control with the captive insurer, if the
31 transaction is part of a plan to discontinue the operation of the other
32 insurer and the intent of the parties to the transaction is to renew or
33 maintain such business with the captive insurer.

34 3. If the sum of the taxes to be paid by a captive insurer
35 calculated pursuant to subsections 1 and 2 is less than \$5,000 in any
36 given year, the captive insurer shall pay a tax of \$5,000 for that
37 year. *The maximum aggregate tax for any year must not exceed*
38 *\$175,000. The maximum aggregate tax to be paid by a sponsored*
39 *captive insurer applies only to each protected cell and does not*
40 *apply to the sponsored captive insurer as a whole.*

41 4. Two or more captive insurers under common ownership and
42 control must be taxed as if they were a single captive insurer.

43 5. Notwithstanding any specific statute to the contrary and
44 except as otherwise provided in this subsection, the tax provided for
45 by this section constitutes all the taxes collectible pursuant to the



1 laws of this State from a captive insurer, and no occupation tax or
2 other taxes may be levied or collected from a captive insurer by this
3 State or by any county, city or municipality within this State, except
4 for taxes imposed pursuant to chapter 363A or 363B of NRS and ad
5 valorem taxes on real or personal property located in this State used
6 in the production of income by the captive insurer.

7 6. Ten percent of the revenues collected from the tax imposed
8 pursuant to this section must be deposited with the State Treasurer
9 for credit to the Account for the Regulation and Supervision of
10 Captive Insurers created pursuant to NRS 694C.460. The remaining
11 90 percent of the revenues collected must be deposited with the
12 State Treasurer for credit to the State General Fund.

13 7. A captive insurer that is issued a license pursuant to this
14 chapter after July 1, 2003, is entitled to receive a nonrefundable
15 credit of \$5,000 applied against the aggregate taxes owed by the
16 captive insurer for the first year in which the captive insurer incurs
17 any liability for the payment of taxes pursuant to this section. A
18 captive insurer is entitled to a nonrefundable credit pursuant to this
19 section not more than once after the captive insurer is initially
20 licensed pursuant to this chapter.

21 8. As used in this section, unless the context otherwise
22 requires:

23 (a) "Common ownership and control" means:

24 (1) In the case of a stock insurer, the direct or indirect
25 ownership of 80 percent or more of the outstanding voting stock of
26 two or more corporations by the same member or members.

27 (2) In the case of a mutual insurer, the direct or indirect
28 ownership of 80 percent or more of the surplus and the voting power
29 of two or more corporations by the same member or members.

30 (b) "Net direct premiums" means the direct premiums collected
31 or contracted for on policies or contracts of insurance written by a
32 captive insurer during the preceding calendar year, less the amounts
33 paid to policyholders as return premiums, including dividends on
34 unabsorbed premiums or premium deposits returned or credited to
35 policyholders.

36 **Sec. 78.** NRS 694C.460 is hereby amended to read as follows:

37 694C.460 1. There is hereby created in the State General
38 Fund an Account for the Regulation and Supervision of Captive
39 Insurers. Money in the Account must be used only to carry out the
40 provisions of this chapter. Except as otherwise provided in NRS
41 694C.450, all fees and assessments received by the Commissioner
42 or Division pursuant to this chapter must be credited to the Account.
43 Not more than 2 percent of the tax collected and deposited in the
44 Account pursuant to NRS 694C.450, may, upon application by
45 the Division or an agency for economic development to, and with



1 the approval of, the Interim Finance Committee, be transferred to an
2 agency for economic development to be used by that agency to
3 promote the industry of captive insurance in this State.

4 2. Except as otherwise provided in this section, all payments
5 from the Account for the maintenance of staff and associated
6 expenses, including contractual services, as necessary, must be
7 disbursed from the State Treasury only upon warrants issued by the
8 State Controller, after receipt of proper documentation of the
9 services rendered and expenses incurred.

10 3. At the end of each fiscal year, that portion of the balance in
11 the Account which exceeds ~~[\$100,000]~~ *\$500,000* must be
12 transferred to the State General Fund.

13 4. The State Controller may anticipate receipts to the Account
14 and issue warrants based thereon.

15 **Sec. 79.** NRS 695B.150 is hereby amended to read as follows:

16 695B.150 A corporation organized under this chapter shall be
17 deemed to be insolvent if its reserve fund is impaired so as to be less
18 than the amounts set forth in NRS 695B.140. For the purposes of
19 determining such insolvency and the financial condition of ~~[such a]~~
20 *the* corporation, for the purposes of preparation of annual
21 statements, and for all other purposes not otherwise expressly
22 provided for in this chapter, ~~[such a corporation shall be]~~ *the*
23 *corporation is* subject to all requirements of the laws of the State of
24 Nevada as to assets, liabilities and reserves which are applicable to
25 ~~[mutual nonassessable legal reserve disability insurers.] :~~

26 1. *Health insurers; or*

27 2. *Mutual life, accident and health insurers.*

28 **Sec. 80.** NRS 695E.140 is hereby amended to read as follows:

29 695E.140 1. A risk retention group seeking to be chartered in
30 this State must obtain a certificate of authority pursuant to chapter
31 ~~[680A]~~ *694C* of NRS to transact liability insurance and, except as
32 otherwise provided in this chapter, must comply with:

33 (a) All of the laws, regulations and requirements applicable to
34 liability insurers in this State; and

35 (b) The provisions of NRS 695E.150 to 695E.210, inclusive, to
36 the extent that those provisions do not limit or conflict with the
37 provisions with which the group is required to comply pursuant to
38 paragraph (a).

39 2. Before it may transact insurance in any state, the risk
40 retention group must submit to the Commissioner for his approval a
41 plan of operation. The risk retention group shall submit an
42 appropriate revision in the event of any subsequent material change
43 in any item of the plan of operation within 10 days after the change.
44 The group shall not offer any additional kinds of liability insurance,



1 in this State or in any other state, until a revision of the plan is
2 approved by the Commissioner.

3 3. A risk retention group chartered in a state other than Nevada
4 that is seeking to transact insurance as a risk retention group in this
5 State must comply with the provisions of NRS 695E.150 to
6 695E.210, inclusive.

7 **Sec. 81.** NRS 696A.300 is hereby amended to read as follows:
8 696A.300 1. Each license for a club agent issued under this
9 chapter continues in force for 3 years unless it is suspended, revoked
10 or otherwise terminated. A license may be renewed upon
11 submission of the statement required pursuant to NRS 696A.303
12 and payment to the Commissioner of the applicable fee for renewal
13 and a fee of \$15 for deposit in the insurance recovery account
14 created by NRS 679B.305. The statement must be submitted and the
15 fees must be paid on or before the last day of the month in which the
16 license is renewable.

17 2. Any license not so renewed expires at midnight on the last
18 day specified for its renewal. The Commissioner may accept a
19 request for renewal received by him within 30 days after the
20 expiration of the license if the request is accompanied by the
21 statement required pursuant to NRS 696A.303, a fee for renewal of
22 150 percent of the fee otherwise required and the fee of \$15 for
23 deposit in the insurance recovery account created by
24 NRS 679B.305.

25 3. The Commissioner shall collect in advance and deposit with
26 the State Treasurer for credit to the State General Fund the
27 following fees for licensure as a club agent:

- 28 (a) Application and license.....~~[\$78]~~ **\$125**
- 29 (b) Appointment by each motor club~~[\$]~~ **15**
- 30 (c) Triennial renewal of each license~~[\$78]~~ **125**

31 **Sec. 82.** NRS 696A.300 is hereby amended to read as follows:
32 696A.300 1. Each license for a club agent issued under this
33 chapter continues in force for 3 years unless it is suspended, revoked
34 or otherwise terminated. A license may be renewed upon payment to
35 the Commissioner of the applicable fee for renewal and a fee of \$15
36 for deposit in the insurance recovery account created by NRS
37 679B.305. The fees must be paid on or before the last day of the
38 month in which the license is renewable.

39 2. Any license not so renewed expires at midnight on the last
40 day specified for its renewal. The Commissioner may accept a
41 request for renewal received by him within 30 days after the
42 expiration of the license if the request is accompanied by a fee for
43 renewal of 150 percent of the fee otherwise required and the fee of
44 \$15 for deposit in the insurance recovery account created by
45 NRS 679B.305.



1 3. The Commissioner shall collect in advance and deposit with
2 the State Treasurer for credit to the State General Fund the
3 following fees for licensure as a club agent:

- 4 (a) Application and license.....~~[\$78]~~ **\$125**
- 5 (b) Appointment by each motor club~~[\$]~~ **15**
- 6 (c) Triennial renewal of each license~~[78]~~ **125**

7 **Sec. 83.** NRS 689B.190 and 690B.060 are hereby repealed.

8 **Sec. 84.** 1. This section and sections 1 to 18, inclusive, 20 to
9 24, inclusive, 26 to 29, inclusive, 33, 34, 35 and 39 to 78, inclusive,
10 and 80 of this act become effective upon passage and approval.

11 2. Sections 19, 25, 31, 32, 36, 37, 38, 79, 81 and 83 of this act
12 become effective on October 1, 2005.

13 3. Sections 29 and 81 of this act expire by limitation on the
14 date on which the provisions of 42 U.S.C. § 666 requiring each state
15 to establish procedures under which the state has authority to
16 withhold or suspend, or to restrict the use of professional,
17 occupational and recreational licenses of persons who:

18 (a) Have failed to comply with a subpoena or warrant relating to
19 a proceeding to determine the paternity of a child or to establish or
20 enforce an obligation for the support of a child; or

21 (b) Are in arrears in the payment for the support of one or more
22 children,

23 ➔ are repealed by the Congress of the United States.

24 4. Sections 30 and 82 of this act become effective on the date
25 on which the provisions of 42 U.S.C. § 666 requiring each state to
26 establish procedures under which the state has authority to withhold
27 or suspend, or to restrict the use of professional, occupational and
28 recreational licenses of persons who:

29 (a) Have failed to comply with a subpoena or warrant relating to
30 a proceeding to determine the paternity of a child or to establish or
31 enforce an obligation for the support of a child; or

32 (b) Are in arrears in the payment for the support of one or more
33 children,

34 ➔ are repealed by the Congress of the United States.

TEXT OF REPEALED SECTIONS

689B.190 Renewal of converted policy: Request for information on sources of other benefits; grounds for refusal to renew; notice concerning cancellation of other coverage.

1. A converted policy issued under NRS 689B.120 may include a provision permitting the insurer to request from the



insured, in advance of any premium due date, information as to whether he is covered for similar benefits under any of the sources listed in NRS 689B.140.

2. The insurer may not refuse to renew the policy or the coverage of any person insured under it unless:

(a) Benefits provided under the sources listed in subsection 1 of NRS 689B.140, together with the benefits provided by the converted policy, would result in overinsurance according to the insurer's standards;

(b) The holder of the converted policy has refused to provide requested information as to such sources; or

(c) Fraud was committed in applying for any benefits under the converted policy.

3. Before refusing to renew a converted policy because of overinsurance, the insurer shall notify the insured that the converted policy will be renewed only if the other coverage is cancelled.

690B.060 Reports to Commissioner. On or before March 1 of each year, every insurer who issues policies of insurance covering the liability of manufacturers or sellers for defective products shall submit a report to the Commissioner on an approved reporting form.



