
SENATE BILL NO. 224—COMMITTEE ON COMMERCE AND LABOR

(ON BEHALF OF ATTORNEY GENERAL)

FEBRUARY 19, 1999

Referred to Committee on Commerce and Labor

SUMMARY—Makes various changes concerning assessment commissioner of insurance may impose upon insurers to pay for program to investigate certain violations and fraudulent acts of insurers. (BDR 57-596)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

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

AN ACT relating to insurance; revising the calculation of the assessment that the commissioner of insurance may impose upon each insurer that is authorized to transact insurance in this state to pay for the program to investigate certain violations and fraudulent acts of insurers; requiring the state industrial insurance system to pay such an assessment; and providing other matters properly relating thereto.

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

- 1 **Section 1.** NRS 679B.158 is hereby amended to read as follows:
2 679B.158 1. The special investigative account is hereby established
3 in the state general fund for use by the commissioner. The commissioner
4 shall deposit all money received pursuant to this section with the state
5 treasurer for credit to the account. Money remaining in the account at the
6 end of any year ~~{does not lapse and}~~ may be used by the commissioner in
7 any subsequent year ~~{ }~~ ***for the purposes set forth in this section.***
8 2. The commissioner shall ~~{authorize}~~ :
9 ***(a) In cooperation with the attorney general, biennially prepare and***
10 ***submit to the legislature a proposed budget for the program established***
11 ***pursuant to NRS 679B.153; and***
12 ***(b) Authorize*** expenditures from the special investigative account to pay
13 the expenses of the program established pursuant to NRS 679B.153 and of

1 any unit established in the office of the attorney general ~~{which}~~ **that**
2 investigates and prosecutes insurance fraud.

3 **3. The money authorized for expenditures pursuant to paragraph (b)**
4 **of subsection 2 must be distributed in the following manner:**

5 **(a) Fifteen percent of the money authorized for expenditures must be**
6 **paid to the commissioner to oversee the program established pursuant to**
7 **NRS 679B.153; and**

8 **(b) Eighty-five percent of the money authorized for expenditures must**
9 **be paid to the attorney general to enforce the provisions of the program**
10 **established pursuant to NRS 679B.153.**

11 **4. All of the costs of the program established pursuant to NRS**
12 **679B.153 must be paid by the insurers authorized to transact insurance in**
13 **this state. The commissioner shall annually determine the total cost and**
14 **~~equally~~ divide that amount among the insurers ~~{-}~~ *pro rata based upon***
15 ***the total amount of premiums charged to insureds in this state by each***
16 ***insurer, but the amount must not exceed the amount set forth in this***
17 ***subsection.* The annual amount ~~{so assessed must not exceed \$500 per~~**
18 **~~authorized insurer.~~ assessed to each insurer:**

19 **(a) Must not exceed \$500, if the total amount of the premiums**
20 **charged to insureds in this state by the insurer is less than \$100,000;**

21 **(b) Must not exceed \$750, if the total amount of the premiums**
22 **charged to insureds in this state by the insurer is \$100,000 or more but**
23 **less than \$1,000,000;**

24 **(c) Must not exceed \$1,000, if the total amount of the premiums**
25 **charged to insureds in this state by the insurer is \$1,000,000 or more but**
26 **less than \$10,000,000;**

27 **(d) Must not exceed \$1,500, if the total amount of the premiums**
28 **charged to insureds in this state by the insurer is \$10,000,000 or more**
29 **but less than \$50,000,000; and**

30 **(e) Must not exceed \$2,000, if the total amount of the premiums**
31 **charged to insureds in this state by the insurer is \$50,000,000 or more.**

32 **5. The commissioner ~~{may}~~ shall adopt regulations ~~{regarding}~~ to**
33 **carry out the provisions of this section, including, without limitation, the**
34 **calculation ~~{and collection}~~ of the assessment.**

35 **6. As used in this section, "insurer" includes the state industrial**
36 **insurance system.**

37 **Sec. 2. NRS 695F.090 is hereby amended to read as follows:**

38 **695F.090** Prepaid limited health service organizations are subject to
39 the provisions of this chapter and to the following provisions, to the extent
40 reasonably applicable:

41 **1. NRS 687B.310 to 687B.420, inclusive, concerning cancellation and**
42 **nonrenewal of policies.**

- 1 2. NRS 687B.122 to 687B.128, inclusive, concerning readability of
- 2 policies.
- 3 3. The requirements of NRS 679B.152.
- 4 4. The fees imposed pursuant to NRS 449.465.
- 5 5. NRS 686A.010 to 686A.310, inclusive, concerning trade practices
- 6 and frauds.
- 7 6. The assessment imposed pursuant to subsection ~~{3}~~ 4 of NRS
- 8 679B.158.
- 9 7. Chapter 683A of NRS.
- 10 8. To the extent applicable, the provisions of NRS 689B.340 to
- 11 689B.600, inclusive, and chapter 689C of NRS relating to the portability
- 12 and availability of health insurance.
- 13 9. NRS 689A.413.
- 14 10. NRS 680B.025 to 680B.039, inclusive, concerning premium tax,
- 15 premium tax rate, annual report and estimated quarterly tax payments. For
- 16 the purposes of this subsection, unless the context otherwise requires that a
- 17 section apply only to insurers, any reference in those sections to "insurer"
- 18 must be replaced by a reference to "prepaid limited health service
- 19 organization."
- 20 11. Chapter 692C of NRS, concerning holding companies.
- 21 **Sec. 3.** NRS 616B.197 is hereby amended to read as follows:
- 22 616B.197 1. The system shall comply with:
- 23 (a) Those provisions of Title 57 of NRS designated by regulations
- 24 adopted by the commissioner ~~{;}~~ and ***those provisions of Title 57 of NRS***
- 25 ***made applicable to the system by a specific statute; and***
- 26 (b) Any orders issued to the system by the commissioner.
- 27 2. Such regulations and orders must comply with the provisions of
- 28 chapters 616A to 617, inclusive, of NRS, including, but not limited to,
- 29 those provisions governing the investments and operations of the system.
- 30 3. ~~{The}~~ ***Except as otherwise provided in subsection 1, the***
- 31 commissioner shall not require the system to pay any licensing fees,
- 32 assessments or taxes paid to the division of insurance of the department of
- 33 business and industry by insurers licensed pursuant to Title 57 of NRS.
- 34 4. The system shall pay the costs of any examination of the system
- 35 conducted by the commissioner, as required by NRS 679B.290, upon
- 36 presentation by the commissioner of a reasonably detailed written statement
- 37 of the expenses of the examination.
- 38 **Sec. 4.** This act becomes effective on July 1, 1999.