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FIRST REPRINT

S.B. 4

SENATE BILL NO. 4—SENATOR TOWNSEND

PREFILED JANUARY 11, 2001

Referred to Committee on Commerce and Labor

SUMMARY—Makes various changes regarding insurance. (BDR 57-734)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: 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 provisions governing the filing and approval of rates of insurers in a competitive market; authorizing the commissioner to require certain insurers to file additional supporting data; providing for the issuance by the commissioner of orders to discontinue a rate; 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 686B.070 is hereby amended to read as follows:
2 686B.070 ***1.*** Every authorized insurer and every rate service
3 organization licensed under NRS 686B.130 which has been designated by
4 any insurer for the filing of rates under subsection 2 of NRS 686B.090
5 shall file with the commissioner all:
6 ~~1-1~~ ***(a)*** Rates and proposed increases thereto;
7 ~~1-2~~ ***(b)*** Forms of policies to which the rates apply;
8 ~~1-3~~ ***(c)*** Supplementary rate information; and
9 ~~1-4~~ ***(d)*** Changes and amendments thereof,
10 made by it for use in this state.
11 ***2. Except as otherwise provided in this section and NRS 686B.110:***
12 ***(a) Unless the commissioner has determined that the market is not***
13 ***competitive; or***
14 ***(b) If a proposed increase or decrease in the rate of an insurer does***
15 ***not change by more than 7 percent the total average premium required to***
16 ***be paid by persons insured by the insurer for a particular line or kind of***
17 ***insurance during the 12 months immediately preceding the proposed***
18 ***increase or decrease,***



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1 *the insurer shall file the information required by subsection 1 and the*
2 *supporting data required to be filed pursuant to NRS 686B.100 on or*
3 *before the date on which the changes are to become effective.*

4 *3. In a competitive market, if the commissioner determines that the*
5 *rates of an insurer require closer supervision by the commissioner*
6 *because of the financial condition of the insurer or because the insurer*
7 *has engaged in rating practices which are unfairly discriminatory, the*
8 *commissioner may require the insurer to file the information required by*
9 *subsection 1 and the supporting data required to be filed pursuant to*
10 *NRS 686B.100 at least 60 days before the rates become effective or may*
11 *subject the rates to review pursuant to NRS 686B.110.*

12 *4. The commissioner shall review filings made pursuant to this*
13 *section as soon as practicable to:*

14 *(a) Ensure the sufficiency of the financial condition of the insurer;*
15 *and*

16 *(b) Determine if the insurer has engaged in rating practices which are*
17 *unfairly discriminatory.*

18 *5. Rates for title insurance, surety insurance and liability insurance*
19 *for medical malpractice must be approved before the insurer may use the*
20 *rates. If the commissioner does not approve or disapprove a filing*
21 *involving the rates for such insurance within 60 days after the date of the*
22 *filing, the rates shall be deemed to be approved.*

23 **Sec. 2.** NRS 686B.110 is hereby amended to read as follows:

24 686B.110 1. ~~He~~ *If the commissioner has determined that:*

25 *(a) The market is not competitive;*

26 *(b) Pursuant to NRS 686B.180, essential insurance coverage is not*
27 *readily available in a voluntary market;*

28 *(c) Pursuant to NRS 686B.070, the rates of the insurer require closer*
29 *supervision and that the rates are subject to review pursuant to this*
30 *section; or*

31 *(d) A proposed increase or decrease in the rate of any kind or line of*
32 *insurance changes by more than 7 percent the total average premium*
33 *required to be paid by persons insured by the insurer for a particular line*
34 *or kind of insurance during the 12 months immediately preceding the*
35 *proposed increase or decrease,*

36 *the* commissioner shall consider each proposed increase or decrease in the
37 rate of any kind or line of insurance or subdivision thereof filed with him
38 pursuant to NRS 686B.070. If the commissioner finds that a proposed
39 increase will result in a rate which is not in compliance with NRS
40 686B.050, he shall disapprove the proposal. The commissioner shall
41 approve or disapprove each proposal ~~not~~ *not* later than 60 days after it is
42 determined by him to be complete pursuant to subsection 4. If the
43 commissioner fails to approve or disapprove the proposal within that
44 period, the proposal shall be deemed approved.

45 2. Whenever an insurer has no legally effective rates as a result of the
46 commissioner's disapproval of rates or other act, the commissioner shall on
47 request specify interim rates for the insurer that are high enough to protect
48 the interests of all parties and may order that a specified portion of the
49 premiums be placed in an escrow account approved by him. When new



1 rates become legally effective, the commissioner shall order the escrowed
2 ~~{funds}~~ money or any overcharge in the interim rates to be distributed
3 appropriately, except that refunds to policyholders that are de minimis
4 must not be required.

5 3. If the commissioner disapproves a proposed rate and an insurer
6 requests a hearing to determine the validity of his action, the insurer has the
7 burden of showing compliance with the applicable standards for rates
8 established in NRS 686B.010 to 686B.1799, inclusive. Any such hearing
9 must be held:

10 (a) Within 30 days after the request for a hearing has been submitted to
11 the commissioner; or

12 (b) Within a period agreed upon by the insurer and the
13 commissioner.

14 If the hearing is not held within the period specified in paragraph (a) or (b),
15 or if the commissioner fails to issue an order concerning the proposed rate
16 for which the hearing is held within 45 days after the hearing, the proposed
17 rate shall be deemed approved.

18 4. The commissioner shall by regulation specify the documents or any
19 other information which must be included in a proposal to increase or
20 decrease a rate submitted to him pursuant to ~~{subsection 1-}~~ NRS
21 686B.070. Each such proposal shall be deemed complete upon its filing
22 with the commissioner, unless the commissioner, within 15 business days
23 after the proposal is filed with him, determines that the proposal is
24 incomplete because the proposal does not comply with the regulations
25 adopted by him pursuant to this subsection.

26 5. *If the commissioner finds that a rate no longer meets the*
27 *requirements of this chapter, the commissioner may order the*
28 *discontinuance of the rate. An order for the discontinuance of a rate may*
29 *be issued only after a hearing with at least 10 days' notice for all insurers*
30 *and rate organizations that would be affected by such an order. The*
31 *order must be in writing and include, without limitation:*

32 (a) *The grounds pursuant to which the order was issued;*

33 (b) *The date on which the order to discontinue the rate becomes*
34 *effective; and*

35 (c) *The date, within a reasonable time after the date on which the*
36 *order becomes effective, on which the order will expire.*

37 *An order for the discontinuance of a rate does not affect any contract or*
38 *policy made or issued before the date on which the order becomes*
39 *effective.*

