
ASSEMBLY BILL NO. 135—COMMITTEE ON COMMERCE AND LABOR

(ON BEHALF OF THE DEPARTMENT OF ADMINISTRATION)

FEBRUARY 24, 2005

Referred to Committee on Commerce and Labor

SUMMARY—Increases maximum annual amounts that may be assessed against certain insurers for purposes relating to investigation of insurance fraud. (BDR 57-1071)

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; increasing the maximum annual amounts that may be assessed against certain insurers for purposes relating to investigation of insurance fraud; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Existing law requires insurers and reinsurers who transact insurance in Nevada
2 to pay an assessment which is based on the amount of insurance premiums that an
3 insurer or reinsurer charges its policyholders. The assessments are deposited in the
4 Special Investigative Account in the State General Fund and used to support the
5 Fraud Control Unit for Insurance in the Office of the Attorney General. The Unit
6 investigates and prosecutes persons who commit insurance fraud. (NRS 679B.700)
7 This bill increases the maximum amounts that may be assessed against insurers
8 and reinsurers under NRS 679B.700.
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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 **Section 1.** NRS 679B.700 is hereby amended to read as
2 follows:
3 679B.700 1. The Special Investigative Account is hereby
4 established in the State General Fund for use by the Commissioner.
5 The Commissioner shall deposit all money received pursuant to this



1 section with the State Treasurer for credit to the Account. Money
2 remaining in the Account at the end of a fiscal year does not lapse to
3 the State General Fund and may be used by the Commissioner in
4 any subsequent fiscal year for the purposes of this section.

5 2. The Commissioner shall:

6 (a) In cooperation with the Attorney General, biennially prepare
7 and submit to the Governor, for inclusion in the executive budget, a
8 proposed budget for the program established pursuant to NRS
9 679B.630; and

10 (b) Authorize expenditures from the Special Investigative
11 Account to pay the expenses of the program established pursuant to
12 NRS 679B.630 and of any unit established in the Office of the
13 Attorney General that investigates and prosecutes insurance fraud.

14 3. The money authorized for expenditure pursuant to paragraph
15 (b) of subsection 2 must be distributed in the following manner:

16 (a) Fifteen percent of the money authorized for expenditure must
17 be paid to the Commissioner to oversee and enforce the program
18 established pursuant to NRS 679B.630; and

19 (b) Eighty-five percent of the money authorized for expenditure
20 must be paid to the Attorney General to pay the expenses of the unit
21 established in the Office of the Attorney General that investigates
22 and prosecutes insurance fraud.

23 4. Except as otherwise provided in subsections 5 and 6, costs
24 of the program established pursuant to NRS 679B.630 must be paid
25 by the insurers authorized to transact insurance in this State. The
26 Commissioner shall annually determine the total cost of the program
27 and divide that amount among the insurers pro rata based upon the
28 total amount of premiums charged to the insureds in this State by
29 the insurer.

30 5. The annual amount so assessed on each reinsurer that has the
31 authority to assume only reinsurance must not exceed \$500. For all
32 other insurers subject to the annual assessment, the annual amount
33 so assessed to each insurer:

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

36 (b) Must not exceed ~~[\$750,]~~ **\$1,000**, if the total amount of the
37 premiums charged to insureds in this State by the insurer is
38 \$100,000 or more, but less than \$1,000,000;

39 (c) Must not exceed ~~[\$1,000,]~~ **\$1,500**, if the total amount of the
40 premiums charged to insureds in this State by the insurer is
41 \$1,000,000 or more, but less than \$10,000,000;

42 (d) Must not exceed ~~[\$1,500,]~~ **\$2,625**, if the total amount of the
43 premiums charged to insureds in this State by the insurer is
44 \$10,000,000 or more, but less than \$50,000,000; and



1 (e) Must not exceed ~~[\$2,000,]~~ \$4,000, if the total amount of the
2 premiums charged to insureds in this State by the insurer is
3 \$50,000,000 or more.

4 6. The provisions of this section do not apply to an insurer who
5 provides only workers' compensation insurance and pays the
6 assessment provided in NRS 232.680.

7 7. The Commissioner shall adopt regulations to carry out the
8 provisions of this section, including, without limitation, the
9 calculation and collection of the assessment.

10 8. As used in this section, "reinsurer" has the meaning ascribed
11 to it in NRS 681A.370.

12 **Sec. 2.** This act becomes effective on July 1, 2005.



