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SENATE BILL NO. 24—COMMITTEE ON COMMERCE AND LABOR

(ON BEHALF OF THE ATTORNEY GENERAL)

PREFILED JANUARY 26, 2007

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Referred to Committee on Commerce and Labor

SUMMARY—Increases the maximum annual amounts that may be assessed on certain insurers for purposes relating to the investigation of insurance fraud. (BDR 57-504)

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.

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AN ACT relating to insurance; increasing the maximum annual amounts that may be assessed on certain insurers for purposes relating to the 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 that 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 are 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 **Section 1** of this bill increases the maximum annual amounts that may be assessed  
8 against certain insurers 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.



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

6 2. The Commissioner shall:

7 (a) In cooperation with the Attorney General, biennially prepare  
8 and submit to the Governor, for inclusion in the executive budget, a  
9 proposed budget for the program established pursuant to NRS  
10 679B.630; and

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

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

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

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

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

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

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

37 (b) Must not exceed ~~[\$750,]~~ **\$1,000**, if the total amount of the  
38 premiums charged to insureds in this State by the insurer is  
39 \$100,000 or more, but less than \$1,000,000;

40 (c) Must not exceed ~~[\$1000,]~~ **\$1,500**, if the total amount of the  
41 premiums charged to insureds in this State by the insurer is  
42 \$1,000,000 or more, but less than \$10,000,000;

43 (d) Must not exceed ~~[\$1,500,]~~ **\$2,625**, if the total amount of the  
44 premiums charged to insureds in this State by the insurer is  
45 \$10,000,000 or more, but less than \$50,000,000; and



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

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

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

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

**Sec. 2.** This act becomes effective on July 1, 2007.

