

SENATE BILL NO. 403—SENATOR WASHINGTON

MARCH 19, 2007

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Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to group health insurance. (BDR 57-778)

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; providing requirements relating to coverage for group health insurance to certain associations; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

- 1 Existing law provides requirements concerning group health insurance.  
2 (Chapter 689B of NRS) This bill provides requirements for the provision of  
3 coverage for group health insurance to members, employees of members and  
4 employees of a guaranteed association.
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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 **Section 1.** Chapter 689B of NRS is hereby amended by adding  
2 thereto a new section to read as follows:  
3 *1. An insurer may offer a policy of group health insurance to*  
4 *a guaranteed association if the policy provides coverage for 200 or*  
5 *more members, employees of members or employees of the*  
6 *guaranteed association or their dependents.*  
7 *2. When an insurer offers coverage to a guaranteed*  
8 *association pursuant to subsection 1, the insurer shall offer*  
9 *coverage to all members, employees of members and employees of*  
10 *the guaranteed association and all dependents thereof without*  
11 *regard to the actual or expected health status of any such member*  
12 *or employee or dependent thereof. The provisions of this*



subsections apply only for the purpose of requiring coverage to be offered to all such members, employees and dependents.

3. An insurer offering coverage to a guaranteed association pursuant to subsection 1 shall establish rates for premiums as follows:

(a) For the initial 12-month period of coverage, the insurer shall submit to the Commissioner the opinion of a qualified actuary that the rates charged by the guaranteed association for premiums are actuarially sound. The opinion must certify the accuracy of the rating methodology as established by the American Academy of Actuaries or a successor organization approved by the Commissioner. The Commissioner by regulation may further define or enlarge the scope of this opinion.

(b) For any subsequent 12-month period of coverage, according to a rating methodology as established by the American Academy of Actuaries or a successor organization approved by the Commissioner.

4. Except as otherwise provided in subsection 5, a member, employee of a member or employee of a guaranteed association may apply for coverage offered pursuant to subsection 1 only:

(a) If, as applicable, the person has been an active member of the association or employed by a member or the guaranteed association for not less than 30 days;

(b) During an annual open enrollment period offered by the guaranteed association; and

(c) After meeting any additional eligibility requirements agreed upon by the guaranteed association and the insurer.

5. If a member, employee of a member or employee of a guaranteed association or a dependent thereof terminates coverage offered pursuant to subsection 1, the member, employee or dependent must be excluded from such coverage until the beginning of the next annual enrollment period. During the next annual enrollment period or any annual enrollment period thereafter, such a member or employee may enroll for coverage of the member or employee or dependent thereof pursuant to subsection 4.

6. The provisions of this section do not apply to or affect the status of a person, including, without limitation, whether the person is an employee, self-employed or an independent contractor, for the purposes of industrial insurance or any other law relating to labor or employment.

7. As used in this section:

(a) "Guaranteed association" means an association which:

(1) Has a constitution and bylaws;



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1       (2) *Is determined by the Commissioner to be a bona fide*  
2 *association which was organized and is maintained in good faith*  
3 *for purposes other than that of obtaining insurance; and*

4       (3) *Has been in existence for at least 5 years.*

5       (b) *“Qualified actuary” means a member in good standing of*  
6 *the American Academy of Actuaries, or a successor organization*  
7 *approved by the Commissioner.*

8       **Sec. 2.** The provisions of subparagraph 3 of paragraph (a) of  
9 subsection 7 of section 1 of this act do not apply to an association  
10 which was in existence on January 1, 2007.

