

ASSEMBLY BILL NO. 521—COMMITTEE ON WAYS AND MEANS

(ON BEHALF OF THE DIVISION OF BUDGET AND PLANNING)

MARCH 28, 2011

Referred to Committee on Ways and Means

**SUMMARY**—Consolidates certain funds and accounts of the Division of Insurance of the Department of Business and Industry into the Fund for Insurance Administration and Enforcement. (BDR 57-1189)

**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; consolidating certain funds and accounts of the Division of Insurance of the Department of Business and Industry into the Fund for Insurance Administration and Enforcement; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

1 Under existing law, the Division of Insurance of the Department of Business  
2 and Industry and the Commissioner of Insurance control various accounts and  
3 funds relating to the administration and enforcement of title 57 of NRS. (NRS  
4 679B.300, 679B.305, 679B.700, 680B.070, 694C.460) **Sections 1-5 and 7** of this  
5 bill make each of these existing accounts and funds an account within the Fund for  
6 Insurance Administration and Enforcement. **Section 6** of this bill prohibits the  
7 money in each of these accounts from being used for any purpose other than that  
8 authorized by law.

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

1 **Section 1.** NRS 679B.300 is hereby amended to read as  
2 follows:  
3 679B.300 1. The Insurance Examination ~~Fund~~ *Account* is  
4 hereby created as ~~a special revenue fund.~~ *an account in the Fund*



1 *for Insurance Administration and Enforcement created by NRS*  
2 *680C.100.* All money received by the Commissioner pursuant to  
3 NRS 679B.290 must be deposited in the State Treasury for credit to  
4 the ~~[Fund]~~ *Account.*

5 2. Money for travel, per diem, compensation and other  
6 necessary and authorized expenses incurred by an examiner or other  
7 representative of the Division in the examination of any person  
8 required to pay, and making payment of, the expense of examination  
9 pursuant to NRS 679B.290 must be paid out of the Insurance  
10 Examination ~~[Fund]~~ *Account* as other claims against the State are  
11 paid.

12 3. Money in the Insurance Examination ~~[Fund]~~ *Account* may  
13 be expended for any other purpose authorized by the Legislature.

14 **Sec. 2.** NRS 679B.305 is hereby amended to read as follows:

15 679B.305 1. There is hereby created the Insurance Recovery  
16 Account in the ~~[State—General]~~ Fund ~~[ ]~~ *for Insurance*  
17 *Administration and Enforcement created by NRS 680C.100.* The  
18 Commissioner shall promptly deposit with the State Treasurer for  
19 credit to the Account all recovery fees received from licensees  
20 pursuant to the provisions of this title.

21 2. A balance of not more than \$40,000 must be maintained in  
22 the Account to be used for satisfying claims against persons licensed  
23 pursuant to chapters 683A, 684A, 685A and 692A of NRS. Any  
24 balance over \$40,000 in the Account at the end of any fiscal year  
25 must be set aside and used by the Commissioner for insurance  
26 education and research or for any other purpose authorized by the  
27 Legislature.

28 3. The Commissioner shall adopt reasonable regulations for the  
29 administration of the Account, including the manner, time,  
30 procedure and grounds for recovery against the Account.

31 4. The limit of liability of the insurance recovery account is  
32 \$5,000 per fiscal year for any one licensee.

33 **Sec. 3.** NRS 679B.450 is hereby amended to read as follows:

34 679B.450 1. Insurers required to file reports pursuant to NRS  
35 679B.430 shall pay to the Division a reasonable fee established by  
36 the Commissioner of not more than \$500 to cover the costs to the  
37 Division of the administration and enforcement of NRS 679B.400 to  
38 679B.460, inclusive, including any expenses incident or associated  
39 with the requirements of those sections.

40 2. The cost of furnishing a report, unless furnished to a  
41 Legislator, must be paid by the party requesting the report.

42 3. The Commissioner may establish a schedule of fees for the  
43 purposes of this section.

44 *4. The Stabilization of Insurance Costs Account is hereby*  
45 *created as an account in the Fund for Insurance Administration*



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*and Enforcement created by NRS 680C.100. All money received by the Commissioner pursuant to this section must be deposited in the State Treasury for credit to the Account and used to pay the costs of administration and enforcement of NRS 679B.400 to 679B.460, inclusive.*

**Sec. 4.** NRS 679B.700 is hereby amended to read as follows:

679B.700 1. The Special Investigative Account is hereby established in the ~~{State—General}~~ Fund *for Insurance Administration and Enforcement created by NRS 680C.100* for use by the Commissioner. The Commissioner shall deposit all money received pursuant to this section with the State Treasurer for credit to the Account. Money remaining in the Account at the end of a fiscal year does not lapse to the State General Fund and may be used by the Commissioner in any subsequent fiscal year for the purposes of this section.

2. The Commissioner shall:

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

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

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

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

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

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

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



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

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

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

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

(e) Must not exceed \$2,000, 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. 5.** NRS 680B.070 is hereby amended to read as follows:

680B.070 1. Each authorized insurer, fraternal benefit society, health maintenance organization, organization for dental care, prepaid limited health service organization and motor club shall on or before March 1 of each year pay to the Commissioner a reasonable uniform amount, not to exceed \$30, as the Commissioner requires, to cover the assessment levied upon this state in the same calendar year by the National Association of Insurance Commissioners to defray:

(a) The general expenses of the Association; and

(b) Reasonable and necessary travel and related expenses incurred by the Commissioner and members of his or her staff, without limitation as to number, in attending meetings of the Association and its committees, subcommittees, hearings and other official activities.

➤ The Commissioner shall give written notice of the required amount.

2. Expenses incurred for the purposes described in paragraphs (a) and (b) of subsection 1 must be paid in full and are not subject to the limitations expressed in NRS 281.160 or in the regulations of any state agency.

3. All money received by the Commissioner pursuant to subsection 1 must be deposited in the State Treasury for credit to the



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1 National Association ~~[Account of the Division of Insurance.]~~ of  
2 *Insurance Commissioners Account*, which is hereby created in the  
3 ~~[State-General]~~ Fund ~~[.]~~ *for Insurance Administration and*  
4 *Enforcement created by NRS 680C.100.* Except as otherwise  
5 provided in subsection 2, all claims against the Account must be  
6 paid as other claims against the State are paid.

7 **Sec. 6.** NRS 680C.100 is hereby amended to read as follows:

8 680C.100 1. The Fund for Insurance Administration and  
9 Enforcement is hereby created in the State Treasury as an enterprise  
10 fund.

11 2. The Fund must be used solely for the administration and  
12 enforcement of the Code and other laws and regulations enforced by  
13 the Division.

14 3. The State Treasurer shall invest the money in the Fund in the  
15 same manner and in the same securities in which he or she is  
16 authorized to invest state general funds that are in his or her custody.  
17 Income realized from the investment of the assets of the Fund must  
18 be credited to the Fund.

19 *4. The money in each account within the Fund may not be*  
20 *used for any purpose other than that provided by law for that*  
21 *account.*

22 **Sec. 7.** NRS 694C.460 is hereby amended to read as follows:

23 694C.460 1. There is hereby created in the ~~[State-General]~~  
24 Fund *for Insurance Administration and Enforcement created by*  
25 *NRS 680C.100* an Account for the Regulation and Supervision of  
26 Captive Insurers. Money in the Account must be used only to carry  
27 out the provisions of this chapter or for any other purpose authorized  
28 by the Legislature. Except as otherwise provided in NRS 680C.110  
29 and 694C.450, all fees and assessments received by the  
30 Commissioner or Division pursuant to this chapter must be credited  
31 to the Account. Not more than 2 percent of the tax collected and  
32 deposited in the Account pursuant to NRS 694C.450, may, upon  
33 application by the Division or an agency for economic development  
34 to, and with the approval of, the Interim Finance Committee, be  
35 transferred to an agency for economic development to be used by  
36 that agency to promote the industry of captive insurance in this  
37 State.

38 2. Except as otherwise provided in this section, all payments  
39 from the Account for the maintenance of staff and associated  
40 expenses, including contractual services, as necessary, must be  
41 disbursed from the State Treasury only upon warrants issued by the  
42 State Controller, after receipt of proper documentation of the  
43 services rendered and expenses incurred.



1       3. At the end of each fiscal year, that portion of the balance in  
2 the Account which exceeds \$500,000 must be transferred to the  
3 State General Fund.

4       4. The State Controller may anticipate receipts to the Account  
5 and issue warrants based thereon.

6       **Sec. 8.** When the next reprint of Nevada Revised Statutes is  
7 prepared by the Legislative Counsel, the Legislative Counsel shall  
8 revise any provision of any bill enacted during the 76th Session of  
9 the Nevada Legislature which creates a fund or account under the  
10 control of the Division of Insurance of the Department of Business  
11 and Industry or the Commissioner of Insurance to cause such a fund  
12 or account to be created as an account within the Fund for Insurance  
13 Administration and Enforcement created by NRS 680C.100.

14       **Sec. 9.** This act becomes effective on July 1, 2011.

