

Amendment No. 706

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| Senate Amendment to Assembly Bill No. 45 First Reprint | (BDR 57-316) |
| Proposed by: Senate Committee on Commerce and Labor | |
| Amendment Box: Replaces Amendment No. 557. | |
| Amends: Summary: No Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes | |

| ASSEMBLY ACTION | | | Initial and Date | SENATE ACTION | | | Initial and Date | | |
|-----------------|--------------------------|------|--------------------------|---------------|--------------|--------------------------|------------------|--------------------------|-------|
| Adopted | <input type="checkbox"/> | Lost | <input type="checkbox"/> | _____ | Adopted | <input type="checkbox"/> | Lost | <input type="checkbox"/> | _____ |
| Concurred In | <input type="checkbox"/> | Not | <input type="checkbox"/> | _____ | Concurred In | <input type="checkbox"/> | Not | <input type="checkbox"/> | _____ |
| Receded | <input type="checkbox"/> | Not | <input type="checkbox"/> | _____ | Receded | <input type="checkbox"/> | Not | <input type="checkbox"/> | _____ |

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of green bold underlining is newly added language; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) ~~fuchsia double strikethrough~~ is new language in the bill proposed to be deleted in this amendment; (6) orange double underlining is deleted language in the original bill that is proposed to be retained in this amendment.

SHORT FORM AMENDMENT

Sections 85.5 and 87 of this act are the only sections affected by this amendment.

WLK/BJF



Date: 5/19/2021

A.B. No. 45—Revises provisions relating to insurance. (BDR 57-316)



The Title of Assembly Bill No. 45 First Reprint is hereby amended as follows:

AN ACT relating to insurance; revising provisions relating to bonds filed by various persons regulated by the Commissioner of Insurance; revising provisions governing service of process on certain entities; revising provisions governing reinsurance; revising provisions governing the issuance, renewal and expiration of various licenses, permits, certificates of registration and other authorizations to engage in an activity relating to insurance; revising provisions relating to fees paid by various persons regulated by the Commissioner; revising requirements for holding companies; setting forth requirements relating to certain policies of stop-loss insurance; revising provisions governing coverage for maternity care and pediatric care; revising provisions governing misleading advertisements by certain persons regulated by the Commissioner; revising provisions governing annual disclosures and submission of form letters by certain persons regulated by the Commissioner; revising requirements relating to captive insurers and risk retention groups; revising requirements relating to investments by various persons regulated by the Commissioner; revising requirements relating to examinations and investigations of various persons regulated by the Commissioner; revising provisions governing the applicability of laws to various persons regulated by the Commissioner; providing temporary requirements applicable to associations of self-insured private employers; and providing other matters properly relating thereto.

If this amendment is adopted, the Legislative Counsel's Digest will be changed as follows:

Legislative Counsel's Digest:

Existing law authorizes the Commissioner of Insurance to regulate insurance in this State. (NRS 679B.120, 679B.130) This bill adds to, revises and repeals various provisions of existing law relating to the regulation of insurance, primarily in title 57 of NRS.

Existing law requires a bond to be filed under certain circumstances by various persons regulated by the Commissioner. (NRS 692A.1041) **Section 3** of this bill sets forth requirements for, and procedures relating to, such bonds. **Section 49** of this bill indicates the placement of **section 3** within chapter 679B of NRS.

Existing law requires a health carrier to submit to the Commissioner copies of certain form letters used by the health carrier. (NRS 679B.124) **Section 3.2** of this bill revises the requirements concerning submission of the letters.

Existing law provides for service of process on certain insurers by serving the Commissioner. (NRS 680A.260) **Sections 3.5, 4, 13.5, 20.5, 60.5 and 78.5** of this bill revise the procedure for such service of process.

Existing law sets forth various fees applicable to persons and entities regulated by the Commissioner. (NRS 680B.010) **Section 5** of this bill adds fees relating to agents who perform utilization reviews, motor clubs, motor club agents, title plant companies and service contract providers. **Sections 14, 51, 56, 72 and 73** of this bill delete the same fees from the

sections of the individual chapters which govern those specific persons and entities but the fees all remain unchanged.

Existing law sets forth requirements for reinsurers and reinsurance. (NRS 681A.110-681A.580) **Sections 6.05 to 6.96** of this bill revise those requirements and add new requirements in accordance with new and revised guidance from the National Association of Insurance Commissioners.

Existing law requires a bond to be filed by a manager for reinsurance. (NRS 681A.420) **Section 7** of this bill provides that the bond must meet the requirements set forth in **section 3**.

Existing law defines the term "equity interest" for the purposes of regulating investments by insurers. (NRS 682A.069) **Section 8** of this bill revises the definition to limit the instruments which qualify as equity interests.

Existing law provides that a certificate of registration as an administrator is valid for 3 years. (NRS 683A.08526) **Section 9** of this bill specifies the day on which the certificate expires after it is originally issued and after it is renewed. Existing law requires a bond to be filed by an administrator, a fraternal benefit society, an organization for dental care or its officers, a bail agent, a bail solicitor and a general agent. (NRS 683A.0857, 695A.060, 695D.180, 697.190) **Sections 10, 60, 64 and 74** of this bill revise the requirements relating to the bond and provide that the bond must meet the requirements set forth in **section 3**.

Existing law provides for the licensure of managing general agents. (NRS 683A.140, 683A.160) **Section 11** of this bill revises requirements for licensure as a managing general agent. **Section 12** of this bill adds requirements relating to: (1) the renewal of a license as a managing general agent; (2) the information included on the license; and (3) a change in a licensee's business, residence or electronic mail address.

Existing law provides for the licensure of producers of insurance. (NRS 683A.261) **Section 13** of this bill revises the requirements relating to the renewal and reinstatement of a license as a producer of insurance.

Existing law provides for the renewal of a license as an insurance consultant. (NRS 683C.040) **Section 15** of this bill revises the requirements and adds requirements relating to: (1) the reinstatement of an expired license; (2) the information included on the license; and (3) a change in a licensee's business, residence or electronic mail address.

Existing law provides for the renewal of a license as an adjuster, a motor vehicle physical damage appraiser, a surplus lines broker, a bail agent, a bail enforcement agent, a bail solicitor and a general agent. (NRS 684A.130, 684B.080, 685A.120, 697.230) **Sections 16, 19, 20 and 75** of this bill specify the day on which the license expires after it is originally issued and after it is renewed.

Existing law provides for the licensure of motor vehicle physical damage appraisers and requires a bond to be filed by a motor vehicle physical damage appraiser. (NRS 684B.020, 684B.030) **Section 17** of this bill revises the requirements relating to the bond and provides that the bond must meet the requirements set forth in **section 3**. Existing law provides that the fees paid by an applicant for a license as a motor vehicle physical damage appraiser must be refunded to the applicant if the application is refused. (NRS 684B.060) **Section 18** of this bill makes these fees nonrefundable.

Existing law requires a bond to be filed by a company which finances certain insurance premiums. (NRS 686A.330, 686A.360) **Section 21** of this bill revises the requirements relating to the bond and provides that the bond must meet the requirements set forth in **section 3**.

Existing law sets forth specific requirements for various types of insurance policies and contracts and the insurers who issue them. (Chapter 687B of NRS) **Sections 22-35** of this bill set forth new provisions to govern certain policies of stop-loss insurance. **Section 32** of this bill requires insurers who issue the policies of stop-loss insurance to report to the Commissioner the premiums written in this State for such policies. **Section 33** of this bill requires an insurer who issues a policy of stop-loss insurance relating to a group health plan to exercise reasonable diligence with regard to the legitimacy of and authority for the group

health plan before issuing the policy. **Sections 34 and 35** of this bill: (1) require advance filing with the Commissioner of the policy forms for certain policies of stop-loss insurance, as well as advance approval from the Commissioner for the policy forms; and (2) set forth specific requirements for the contents of the policy forms.

Existing law requires a bond or other security to be provided by a viatical settlement investment agent, a broker of viatical settlements, a provider of viatical settlements or a person who obtains a seller's certificate of authority to sell prepaid contracts for funeral services. (NRS 688C.200, 689.125, 689.150, 689.185) **Sections 36 and 37** of this bill revise the requirements relating to the bond and provide that the bond must meet the requirements set forth in **section 3**.

Existing law provides for the renewal of an agent's license to solicit the sale of prepaid contracts for funeral services. (NRS 689.035, 689.150, 689.255) **Section 38** of this bill specifies the day on which the license expires after it is originally issued and after it is renewed.

Existing law requires a bond or other security to be provided by a person who obtains a seller's permit to sell prepaid contracts for burial services and burial merchandise. (NRS 689.125, 689.455, 689.460, 689.475, 689.495) **Section 39** of this bill revises the requirements relating to the bond and provides that the bond must meet the requirements set forth in **section 3**.

Existing law provides for the renewal of a seller's permit to sell prepaid contracts for burial services and burial merchandise. (NRS 689.125, 689.455, 689.460, 689.475, 689.505) **Section 40** of this bill specifies the day on which the permit expires after it is originally issued and after it is renewed.

Existing law provides for the renewal of an agent's license to solicit the sale of prepaid contracts for burial services and burial merchandise. (NRS 689.035, 689.455, 689.460, 689.475, 689.530) **Section 41** of this bill specifies the day on which the license expires after it is originally issued and after it is renewed.

Existing law sets forth certain requirements concerning insurance coverage for maternity care and pediatric care in the context of individual health insurance, group and blanket health insurance and health insurance for small employers. (NRS 689A.717, 689B.520, 689C.194) **Sections 42-44** of this bill revise the language in these existing provisions to be inclusive of different maternity circumstances.

Existing law requires a bond or other security to be provided by a group of persons who obtains a certificate of registration as a voluntary purchasing group. (NRS 689C.560) **Section 45** of this bill revises the requirements relating to the bond and provides that the bond must meet the requirements set forth in **section 3**.

Existing law provides for the renewal of a license as an escrow officer. (NRS 692A.103) **Section 54** of this bill revises these requirements and adds requirements relating to: (1) the information included on the license; and (2) a change in a licensee's business, residence or electronic mail address.

Existing law requires a bond or other security to be provided by a title agent and a title insurer as a condition of doing business. (NRS 692A.1041) **Section 55** of this bill revises the requirements relating to the bond and provides that the bond must meet the requirements set forth in **section 3**.

Existing law sets forth requirements governing holding companies. (Chapter 692C of NRS) **Sections 56.10 to 56.55** and **section 57.5** of this bill revise those requirements as with regard to capital requirements and calculations, liquidity stress tests and confidentiality of information.

Existing law requires each insurer or group of insurers each year to submit to the Commissioner a corporate governance annual disclosure containing certain information required by the Commissioner. (NRS 692C.3504) **Section 57** of this bill requires each insurer or insurance group, after the first such submission, to submit an amended version of the previous year's disclosure which shows the changes made for the current year.

Existing law governs captive insurers. (Chapter 694C of NRS) Under existing law, a licensed captive insurer may apply for and be issued a certificate of dormancy. (NRS 694C.259) **Section 58** of this bill revises provisions governing: (1) qualifications needed for a certificate of dormancy; (2) the applicability of certain requirements to a dormant captive insurer; (3) renewal and expiration of a certificate of dormancy; and (4) requirements applicable to a captive insurer whose certificate of dormancy expires. Existing law also sets forth requirements for a captive insurer to transact business. (NRS 694C.310) **Section 59** of this bill revises those requirements, including, without limitation, by providing for periodic reviews of persons who manage the affairs of a captive insurer.

Existing law governs nonprofit hospital and medical or dental service corporations. (Chapter 695B of NRS) **Section 61** of this bill expands the list of the provisions of law to which nonprofit hospital and medical or dental service corporations are expressly made subject.

Existing law governs health maintenance organizations. (Chapter 695C of NRS) **Section 62** of this bill expands the list of the provisions of law to which health maintenance organizations are expressly made subject.

Existing law governs organizations for dental care. (Chapter 695D of NRS) **Section 63** of this bill expands the list of the provisions of law to which organizations for dental care are expressly made subject.

Existing law governs risk retention groups. (Chapter 695E of NRS) Under existing law a risk retention group chartered in a state other than this State must comply with certain requirements before seeking to transact insurance as a risk retention group in this State. (NRS 695E.140) **Section 65** of this bill clarifies that such a risk retention group must comply with the existing statutory requirements including, without limitation, that the risk retention group must: (1) submit a statement of registration; and (2) pay any fees associated with the statement of registration. **Section 66** of this bill expands the list of the provisions of law to which risk retention groups and their agents and representatives are expressly made subject.

Existing law governs prepaid limited health service organizations. (Chapter 695F of NRS) **Section 67** of this bill expands the list of the provisions of law to which prepaid limited health service organizations are expressly made subject. **Section 68** of this bill changes which provisions of law govern certain investments by prepaid limited health service organizations. **Section 69** of this bill revises provisions governing examinations and investigations of prepaid limited health service organizations.

Existing law provides for the renewal of a certificate as an exchange enrollment facilitator. (NRS 695J.140) **Section 70** of this bill revises the requirements for renewal.

Existing law requires a bond or other security to be provided by a person who renders or agrees to render motor club services. (NRS 696A.080) **Section 71** of this bill requires that the bond must meet the requirements set forth in **section 3**.

Existing law provides for the licensure of a club agent for a motor club. (NRS 696A.300) **Section 73** of this bill specifies the day on which the license expires after it is originally issued and after it is renewed.

Existing law requires a bond or other security to be provided by a self-insured employer for the purposes of the statutes governing industrial insurance. (NRS 616A.305, 616B.300) **Section 78** of this bill deletes requirements relating to termination of the bond. These existing provisions are subsumed within the new provisions in **section 3** governing bonds.

Existing law requires a bond or other security to be provided by an association of self-insured public or private employers for the purposes of the statutes governing industrial insurance. (NRS 616A.050, 616A.055, 616B.353) **Section 79** of this bill revises requirements relating to termination of the bond.

In addition to complying with certain requirements applicable to associations of self-insured public or private employers, existing law requires an association of self-insured private employers to satisfy certain fiscal requirements. Specifically, existing law requires an association of self-insured private employers to: (1) at the time of initial

177 qualification to be an association of self-insured employers and for the first 3 years of its
178 successful operation, have a combined tangible net worth of all members in the
179 association of at least \$2,500,000; or (2) after 3 years of successful operation as a
180 qualified association of self-insured private employers, have combined net cash flows
181 from operating activities plus net cash flows from financing activities of all members in
182 the association equal to five times the average of claims paid for each of the last 3 years
183 or \$7,500,000, whichever is less. In lieu of satisfying these fiscal requirements, existing
184 law authorizes the association or its members to deposit with the Commissioner of
185 Insurance a solvency bond in an aggregate amount of at least \$2,500,000. (NRS
186 616B.353) Section 85.5 of this bill revises these fiscal requirements until June 30, 2023.
187 Specifically, section 85.5: (1) provides that until June 30, 2023, an association of self-
188 insured private employers is deemed to be in compliance with these fiscal requirements
189 if and only if the association complies with the requirement that the association has a
190 combined tangible net worth of all members in the association of at least \$2,500,000; and
191 (2) retains the ability of an association to obtain a solvency bond in lieu of the tangible
192 net worth requirement and the authority of the Commissioner to adjust the amount of
193 any such bond.

194 Section 86 of this bill repeals existing law governing the cancellation of bonds of title
195 agents and title insurers. These existing provisions are subsumed within the new provisions in
196 section 3 governing bonds. Section 86 also repeals existing law specifically governing
197 investments by prepaid limited health service organizations. These existing provisions are
198 replaced by revisions made in sections 67 and 68, which address such investments.

199 Section 87 of this bill provides various effective dates and expiration dates for different
200 sections of this bill.

NEW section 85.5 of Assembly Bill No. 45 First Reprint is hereby added as follows:

1 Sec. 85.5. 1. Notwithstanding any provision of subsection 2 of NRS
2 616B.353 to the contrary, and except as otherwise provided by subsections 3
3 and 6 of NRS 616B.353, an association of self-insured private employers shall
4 be deemed to be in compliance with the requirements of subsection 2 of NRS
5 616B.353 if and only if the association of self-insured private employers has a
6 combined tangible net worth of all members in the association of at least
7 \$2,500,000, as evidenced by a statement of tangible net worth provided to the
8 Division of Insurance of the Department of Business and Industry by an
9 independent certified public accountant.

10 2. This section applies to every association of self-insured private
11 employers from the effective date of this section through June 30, 2023.

12 3. As used in this section, "association of self-insured private employers"
13 has the meaning ascribed to it in NRS 616A.050.

Section 87 of Assembly Bill No. 45 First Reprint is hereby amended as follows:

14 Sec. 87. 1. This section ~~becomes~~ and section 85.5 of this act become
15 effective upon passage and approval.

16 2. Section 13 of this act becomes effective on July 1, 2021.

17 3. Sections 1, 3 to 5, inclusive, 6.05 to 12, inclusive, 14 to 45, inclusive, 54 to
18 75, inclusive, 78, 78.5, 79 and 86 become effective on October 1, 2021.

1 4. Section 85.5 of this act expires by limitation on June 30, 2023.