Senate Bill No. 86–Committee on Commerce and Labor

CHAPTER.....

AN ACT relating to insurance; revising provisions governing the payment of the expenses for an examination of an insurer; eliminating certain requirements relating to reporting of closed claims for medical liability insurance; eliminating the requirement that certain expired, suspended or terminated certificates be surrendered; requiring certain insurers to file quarterly statements; eliminating certain countersignature requirements; revising certain requirements for an application for a certificate of registration as an administrator; revising provisions governing annual reports filed by an administrator; revising provisions requiring an adjuster to maintain in this State a place of business; authorizing the Commissioner of Insurance to designate certain insurers as domestic surplus lines insurers; revising provisions governing the appointment of the directors of a nonprofit organization of surplus lines brokers; revising provisions governing fees which may be charged by certain brokers; authorizing the Commissioner to assess against an insurer the actual cost for the external actuarial review of a rate filing of a health plan; revising requirements relating to certificates of registration as a provider of service contracts; authorizing the Commissioner to issue a certificate of dormancy to certain captive insurers; revising provisions governing state-chartered risk retention groups for consistency with the accreditation standards of the National Association of Insurance Commissioners; revising provisions governing the suspension or revocation of a license of a captive insurer; revising certain requirements relating to certain financial transactions by a captive insurer; establishing or revising minimum capital requirements for certain insurers; making certain provisions governing rates and service organizations and portability and accountability of certain health benefit plans applicable to health maintenance organizations; revising provisions governing insurers in receivership; providing a penalty; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires the Commissioner of Insurance to examine insurers and certain other persons to ensure compliance with the provisions of the Nevada Insurance Code (Title 57 of NRS). (NRS 679B.230, 679B.240) Existing law provides that the person examined shall, upon presentation of a bill by the Commissioner, pay to the Commissioner the expenses of the examiner and assistants of the Commissioner, including reasonable and proper hotel and travel expenses, expert assistance, reasonable compensation of the examiners and assistants and necessary incidental expenses. (NRS 679B.290) **Sections 1, 57 and 62** of this bill revise the types of expenses which may be collected from examinees and their method of collection and eliminate assistants of the Commissioner as persons whose expenses may be paid by examinees.

Existing law requires insurers providing medical liability insurance to physicians and osteopathic physicians to report to the Division of Insurance certain information regarding closed claims. (NRS 630.130, 630.3069, 630.318, 633.286, 633.528, 633.529, 679B.144, 679B.440, 679B.460, 690B.260, 690B.360) **Sections 2, 3, 33 and 71-77** of this bill eliminate those reporting requirements.

Section 3.5 of this bill increases the annual assessment that the Commissioner is required to collect from each insurer authorized to transact insurance in this State.

Existing law requires certain certificates of licensure, authority or registration which are issued by the Commissioner to be surrendered or delivered to the Commissioner upon expiration, suspension or termination thereof. (NRS 680A.160, 683A.08526, 683A.480, 684A.210, 684A.220, 684B.110, 684B.120, 685A.220, 686A.520, 689.160, 689.595, 695J.260, 696A.330, 697.360) **Sections 4, 13, 17-20, 27, 28, 30, 31, 64, 70 and 78** of this bill eliminate the requirement that such certificates be surrendered or delivered.

Existing law requires certain insurers to file certain annual reports and financial statements with the Commissioner of Insurance. (NRS 680A.270, 680A.280, 690B.150, 695B.160, 695C.210, 695D.260, 695F.320) **Sections 5, 6, 32, 53, 56, 59 and 63** of this bill require certain insurers to also file quarterly statements with the Commissioner and the National Association of Insurance Commissioners.

In 2009, the Legislature eliminated certain countersignature provisions which the 9th Circuit Court of Appeals had found to be unconstitutional in discriminating against Nevada nonresident producers of insurance by denying them the same rights and privileges as resident producers. (*Council of Ins. Agents & Brokers v. Molasky-Arman*, 522 F.3d 925 (9th Cir. 2008); NRS 680A.300, 680A.310) **Sections 7 and 78** of this bill eliminate certain remaining countersignature requirements and references thereto.

Section 10 of this bill revises the applicability of specified limitations on an insurer's investment in certain types of real estate.

Existing law requires an application for a certificate of registration as an administrator to be accompanied by a financial statement which includes an income statement and balance sheet. (NRS 683A.08522) **Section 11** of this bill requires the financial statement, income statement and balance sheet to have been reviewed by an independent certified public accountant.

Existing law requires the Commissioner to submit certain information supplied by an applicant for a certificate of registration as an administrator to the Division of Industrial Relations of the Department of Business and Industry for final approval. (NRS 683A.08524) **Section 12** of this bill requires the Commissioner to submit the information to the Division only if the applicant seeks final approval by the Division in accordance with regulations governing industrial insurance as adopted by the Administrator of the Division.

Existing law requires an administrator who files an annual report which contains certain financial statements and other information to pay a filing fee in an amount determined by the Commissioner. Existing law also requires the Commissioner, after reviewing the annual report and accompanying financial statement, to identify any deficiency found in the annual report or submit certain information to an electronic database maintained by the National Association of Insurance Commissioners or its affiliate or subsidiary. (NRS 683A.08528) **Section 14** of this bill eliminates these requirements.

Existing law requires every adjuster to have and maintain in this State a place of business. (NRS 684A.170) **Section 15** of this bill limits this requirement to adjusters who are residents of this State.

Existing law requires an adjuster to retain records of all transactions under his or her license for at least 3 years. (NRS 684A.180) **Section 16** of this bill revises this period of retention to at least 3 years after the closure of the claim to which the records apply.

Sections 21-26 of this bill: (1) authorize the Commissioner to designate an insurer which is domiciled in this State and meets certain requirements as a domestic surplus lines insurer; and (2) establish certain requirements and limitations on the transaction of the business of insurance by and with, a domestic surplus lines insurer.

Existing law provides that the members of the board of directors of a nonprofit organization of surplus lines brokers must be appointed by the Commissioner and serve at the pleasure of the Commissioner. (NRS 685A.075) **Section 26.3** of this bill provides that: (1) the directors must be appointed in accordance with the bylaws of the organization; and (2) any proposed director may be disapproved by the Commissioner and serves at the pleasure of the Commissioner.

Existing law: (1) authorizes a broker who places any insurance coverage which the Commissioner has made available for export to charge a fee for procuring surplus lines coverage; and (2) except under certain circumstances, prohibits that fee from exceeding 20 percent of the premium charged, after deducting any other commissions, fees and charges payable to the broker. (NRS 685A.155) **Section 26.5** of this bill revises these provisions to: (1) provide that the fee is authorized to be charged by the licensed surplus lines broker who is first engaged by or on behalf of an applicant for insurance; and (2) clarify the calculation of the limit on the amount of the fee charged.

Existing law requires the Commissioner to consider each proposed increase or decrease in the rate of a health plan. (NRS 686B.112) **Section 29** of this bill: (1) requires the Commissioner to perform an actuarial review of each rate filing; and (2) authorizes the Commissioner to assess against an insurer the actual cost for the external actuarial review of such a filing.

Existing law establishes the requirements for the application for, and issuance and renewal of, a certificate of registration as a provider of service contracts. (NRS 690C.160) **Section 34** of this bill: (1) increases from $1,000 to $2,000 the fee that must be paid at the time of application; (2) increases the term of a certificate of registration from 1 year to 2 years; (3) increases the fee for the renewal of a certificate from $1,000 to $2,000; and (4) requires a provider to submit his or her application and fee for renewal not later than 60 days before his or her certificate expires.

Sections 36 and 37 of this bill authorize the Commissioner to issue a certificate of dormancy to a captive insurer which elects to cease transacting the business of insurance and complies with certain requirements and conditions.

Sections 39-44, 46 and 49-51 of this bill revise provisions governing captive insurers to distinguish between association captive insurers and state-chartered risk retention groups for consistency with the accreditation standards of the National Association of Insurance Commissioners.

Existing law authorizes the Commissioner to suspend or revoke the license of a captive insurer after an examination and hearing if the Commissioner makes certain determinations. (NRS 694C.270) **Section 45** of this bill eliminates the requirement for an examination and clarifies that failure to pay required taxes on premiums is one of the grounds on which a license may be suspended or revoked.

Existing law prohibits a captive insurer from transacting insurance in this State unless the captive insurer has made adequate arrangements with a bank located in this State. (NRS 694C.310) **Section 47** of this bill revises this provision to include a state-chartered bank, state-chartered credit union or state-licensed thrift company that is located in this State and a federally chartered bank that has a branch that is located in this State.

Existing law prohibits a captive insurer from paying certain dividends or certain other distributions unless the captive insurer has obtained the prior approval of the Commissioner. (NRS 694C.330) **Section 48** of this bill requires the prior approval of the Commissioner for: (1) a captive insurer other than a state-chartered risk retention group to pay only certain extraordinary dividends or certain other extraordinary distributions; and (2) a state-chartered risk retention group to pay any dividends or distributions.

Sections 52, 54, 58 and 61 of this bill: (1) establish minimum capital requirements for nonprofit corporations for hospital, medical and dental services, health maintenance organizations, organizations that provide plans for dental care; and (2) revise such requirements for prepaid limited health service organizations.

Section 55 of this bill provides that provisions governing rates and service organizations apply to health maintenance organizations.

Section 55.5 of this bill provides that provisions governing portability and accountability of individual health benefit plans apply to health maintenance organizations.

Sections 66-69 of this bill: (1) require the receiver of an insurer in receivership and each guaranty association which is affected by the delinquency proceedings to file certain financial reports as established or specified by the National Association of Insurance Commissioners; and (2) revise provisions to include references to the Insurer Receivership Model Act adopted by the National Association of Insurance Commissioners.

EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~[omitted material]~~ is material to be omitted.

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

Section 1. NRS 679B.290 is hereby amended to read as follows:

679B.290 1. Except as otherwise provided in subsection 2:

(a) The expense of examination of an insurer, or of any person referred to in subsection 1, 2, 5 or 6 of NRS 679B.240, must be borne by the person examined. Such expense includes only the reasonable ~~[and proper hotel and travel expenses]~~ ***compensation and per diem allowance*** of the ~~[Commissioner and the]~~ examiners ~~[and assistants]~~ of the Commissioner, including expert assistance, ~~[reasonable compensation as to such examiners and assistants]~~ and incidental expenses as necessarily incurred in the examination. As to expense ~~[and compensation]~~ involved in any such examination, the Commissioner shall give due consideration to scales and limitations recommended by the National Association of Insurance Commissioners and outlined in the examination manual sponsored by that association.

(b) The person examined shall promptly pay ~~[to the Commissioner]~~ the expenses of the examination upon presentation by the Commissioner of a reasonably detailed written statement thereof.

2. The Commissioner may bill an insurer for the examination of any person referred to in subsection 1 of NRS 679B.240 and shall adopt regulations governing such billings.

Sec. 2. NRS 679B.440 is hereby amended to read as follows:

679B.440 1. The Commissioner may require that reports submitted pursuant to NRS 679B.430 include, without limitation, information regarding:

(a) Liability insurance provided to:

(1) Governmental agencies and political subdivisions of this State, reported separately for:

(I) Cities and towns;

(II) School districts; and

(III) Other political subdivisions;

(2) Public officers;

(3) Establishments where alcoholic beverages are sold;

(4) Facilities for the care of children;

(5) Labor, fraternal or religious organizations; and

(6) Officers or directors of organizations formed pursuant to title 7 of NRS, reported separately for nonprofit entities and entities organized for profit;

(b) Liability insurance for:

(1) Defective products;

(2) Medical or dental malpractice of:

(I) A practitioner licensed pursuant to chapter 630, 630A, 631, 632, 633, 634, 634A, 635, 636, 637, 637B, 639 or 640 of NRS;

(II) A hospital or other health care facility; or

(III) Any related corporate entity.

(3) Malpractice of attorneys;

(4) Malpractice of architects and engineers; and

(5) Errors and omissions by other professionally qualified persons;

(c) Vehicle insurance, reported separately for:

(1) Private vehicles;

(2) Commercial vehicles;

(3) Liability insurance; and

(4) Insurance for property damage; ***and***

(d) Workers' compensation insurance **.** ~~[~~; and

~~(e) In addition to any information provided pursuant to subparagraph (2) of paragraph (b) or NRS 690B.260, a policy of insurance for medical malpractice. As used in this paragraph, "policy of insurance for medical malpractice" has the meaning ascribed to it in NRS 679B.144.]~~

2. The Commissioner may require that the report include, without limitation, information specifically pertaining to this State or to an insurer in its entirety, in the aggregate or by type of insurance, and for a previous or current year, regarding:

(a) Premiums directly written;
(b) Premiums directly earned;
(c) Number of policies issued;
(d) Net investment income, using appropriate estimates when necessary;
(e) Losses paid;
(f) Losses incurred;
(g) Loss reserves, including:
(1) Losses unpaid on reported claims; and
(2) Losses unpaid on incurred but not reported claims;
(h) Number of claims, including:
(1) Claims paid; and
(2) Claims that have arisen but are unpaid;
(i) Expenses for adjustment of losses, including allocated and unallocated losses;
(j) Net underwriting gain or loss;
(k) Net operation gain or loss, including net investment income; and
(l) Any other information requested by the Commissioner.

3. The Commissioner may also obtain, based upon an insurer in its entirety, information regarding:
(a) Recoverable federal income tax;
(b) Net unrealized capital gain or loss; and
(c) All other expenses not included in subsection 2.

Sec. 3. NRS 679B.460 is hereby amended to read as follows:

679B.460 1. An insurer who willfully or repeatedly violates or fails to comply with a provision of NRS 679B.400 to 679B.440, inclusive, ~~[or 690B.260]~~ or a regulation adopted pursuant to NRS 679B.430 is subject, after notice and a hearing held pursuant to NRS 679B.310 to 679B.370, inclusive, to payment of an administrative fine of not more than $1,000 for each day of the violation or failure to comply, up to a maximum fine of $50,000.

2. An insurer who fails or refuses to comply with an order issued by the Commissioner pursuant to NRS 679B.430 is subject, after notice and a hearing held pursuant to NRS 679B.310 to 679B.370, inclusive, to suspension or revocation of the insurer's certificate of authority to transact insurance in this state.

3. The imposition of an administrative fine pursuant to this section must not be considered by the Commissioner in any other administrative proceeding unless the fine has been paid or a court order for payment of the fine has become final.

Sec. 3.5. NRS 679B.700 is hereby amended to read as follows:

679B.700 1. The Special Investigative Account is hereby established in the 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 subsection 5, 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 collect an annual assessment from each insurer authorized to transact insurance in this State. The annual amount so assessed to each insurer:

(a) Is ~~[$500,]~~ ***$1,000,*** if the total amount of the premiums charged to insureds in this State by the insurer is less than $100,000 or if the insurer is a reinsurer that has the authority to assume only reinsurance;

(b) Is ~~[$750,]~~ ***$1,500,*** 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) Is ~~[$1,000,]~~ ***$2,000,*** 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) Is ~~[$1,500,]~~ ***$3,000,*** 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) Is ~~[$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.

5. 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.

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

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

Sec. 4. NRS 680A.160 is hereby amended to read as follows:

680A.160 1. If upon completion of its application the Commissioner finds that the insurer has met the requirements therefor under this Code, the Commissioner may issue to the insurer a proper certificate of authority; if the Commissioner does not so find, the Commissioner shall issue an order refusing such certificate.

2. The certificate, if issued, shall state the insurer's name, home office address, state or country of organization, and the kinds of insurance the insurer is authorized to transact throughout Nevada. At the insurer's request, the Commissioner may issue a certificate of authority limited to particular types of insurance or coverages within a kind of insurance as defined in NRS 681A.010 to 681A.080, inclusive (kinds of insurance).

3. Although issued and delivered to the insurer, the certificate of authority at all times shall be the property of the State of Nevada. ~~[Upon any expiration, suspension or termination thereof the insurer shall promptly deliver the certificate to the Commissioner.]~~

Sec. 5. NRS 680A.270 is hereby amended to read as follows:

680A.270 1. Each authorized insurer shall annually on or before March 1, or within any reasonable extension of time therefor which the Commissioner for good cause may have granted on or before that date, file with the Commissioner a full and true statement of its financial condition, transactions and affairs as of December 31 preceding. The statement must be:

(a) In the general form and context of, and require information as called for by, an annual statement as is currently in general and

customary use in the United States for the type of insurer and kinds of insurance to be reported upon, with any useful or necessary modification or adaptation thereof, supplemented by additional information required by the Commissioner;

(b) Prepared in accordance with:

(1) The Annual Statement Instructions for the type of insurer to be reported on as adopted by the National Association of Insurance Commissioners for the year in which the insurer files the statement; and

(2) The Accounting Practices and Procedures Manual adopted by the National Association of Insurance Commissioners and effective on January 1, 2001, and as amended by the National Association of Insurance Commissioners after that date; and

(c) Verified by the oath of the insurer's president or vice president and secretary or actuary, as applicable, or, in the absence of the foregoing, by two other principal officers, or if a reciprocal insurer, by the oath of the attorney-in-fact, or its like officers if a corporation.

2. The statement of an alien insurer must be verified by its United States manager or other officer who is authorized to do so, and may relate only to the insurer's transactions and affairs in the United States unless the Commissioner requires otherwise. If the Commissioner requires a statement as to the insurer's affairs throughout the world, the insurer shall file the statement with the Commissioner as soon as reasonably possible.

3. The Commissioner may refuse to continue, or may suspend or revoke, the certificate of authority of any insurer failing to file its annual statement when due.

4. At the time of filing ~~[,]~~ ***its annual statement with the Commissioner,*** the insurer shall pay the fee for filing its annual statement as prescribed by NRS 680B.010.

5. ***Each domestic insurer shall file with the Commissioner and the National Association of Insurance Commissioners a quarterly statement in the form most recently adopted by the National Association of Insurance Commissioners for that type of insurer. The quarterly statement must be:***

(a) Prepared in accordance with the instructions which are applicable to that form, including, without limitation, the required date of submission for the form; and

(b) Filed by electronic means.

6. The Commissioner may adopt regulations requiring each domestic, foreign and alien insurer which is authorized to transact insurance in this state to file the insurer's annual statement with the

National Association of Insurance Commissioners or its successor organization.

~~[6.]~~ ***7.*** Except as otherwise provided in NRS 239.0115, all work papers, documents and materials prepared pursuant to this section by or on behalf of the Division are confidential and must not be disclosed by the Division.

~~[7.]~~ ***8.*** To the extent that the Annual Statement Instructions referenced in subparagraph (1) of paragraph (b) of subsection 1 ***or the instructions for the preparation of quarterly statements referenced in paragraph (a) of subsection 5*** require the disclosure of compensation paid to or on behalf of an insurer's officers, directors or employees, the information may be filed with the Commissioner ***and the National Association of Insurance Commissioners*** as ~~[an exhibit]~~ ***exhibits*** separate from the ~~[statement]~~ ***annual and quarterly statements*** required by this section. Except as otherwise provided in NRS 239.0115, the compensation information described in this subsection is confidential and must not be disclosed by the Division.

Sec. 6. NRS 680A.280 is hereby amended to read as follows:

680A.280 1. Any insurer failing, without just cause beyond the reasonable control of the insurer, to file ~~[an annual]~~ ***a*** statement as required in NRS 680A.265 and 680A.270 shall be required to pay a penalty of $100 for each day's delay, but not to exceed $3,000 in aggregate amount, to be recovered in the name of the State of Nevada by the Attorney General.

2. Any director, officer, agent or employee of any insurer who subscribes to, makes or concurs in making or publishing, any annual or other statement required by law, knowing the same to contain any material statement which is false, is guilty of a gross misdemeanor.

Sec. 7. NRS 680A.300 is hereby amended to read as follows:

680A.300 1. ~~[Except as provided in NRS 680A.310, no]~~ ***No*** authorized insurer may make, write, place, renew or cause to be made, placed or renewed, any policy or duplicate policy, endorsement or contract of insurance of any kind upon persons, property or risks resident, located or to be performed in this State, except through its duly appointed and licensed agents ***.*** ~~[, any one of whom shall countersign the policy, endorsement or contract.]~~

2. ~~[Where two or more insurers jointly issue a single policy, the policy may be countersigned, on behalf of all insurers appearing thereon, by a duly appointed and licensed agent of any one insurer.~~

~~3.]~~ In any case where it is necessary to execute an emergency bond and a commissioned agent authorized to execute the bond is not present, a manager or other employee of the insurer having

authority under a power of attorney may execute the bond in order to produce a valid contract between the insurer and the obligee. ~~[The bond must subsequently be countersigned by a commissioned agent who is authorized to execute the bond.]~~ The commissioned agent who executes the bond shall make and retain an adequate office record of the transaction.

~~[4. An insurer may use an endorsement to the policy for the sole purpose of countersigning the policy, as required in this section, only if:~~

~~(a) The endorsement is attached to the policy to which it applies; and~~

~~(b) The policy insures persons or property in this State and one or more other states.]~~

Sec. 8. (Deleted by amendment.)

Sec. 9. NRS 680C.110 is hereby amended to read as follows:

680C.110 1. In addition to any other fee or charge, the Commissioner shall collect in advance and receipt for, and persons so served must pay to the Commissioner, the fees required by this section.

2. A fee required by this section must be:

(a) If an initial fee, paid at the time of an initial application or issuance of a license, as applicable;

(b) Except as otherwise provided in NRS 680A.180, 683A.378, 686A.380, ***690C.160,*** 694C.230, 695A.080, 695B.135, 695D.150, 695H.090 and 696A.150, if an annual fee, paid on or before the date established by regulation of the Commissioner;

(c) If a triennial fee, paid on or before the time of continuation, renewal or other similar action in regard to a certificate, license, permit or other type of authorization, as applicable; and

(d) Deposited in the Fund for Insurance Administration and Enforcement created by NRS 680C.100.

3. The fees required pursuant to this section are not refundable.

4. The following fees must be paid by the following persons to the Commissioner:

(a) Associations of self-insured private employers, as defined in NRS 616A.050:

(1) Initial fee $1,300

(2) Annual fee $1,300

(b) Associations of self-insured public employers, as defined in NRS 616A.055:

(1) Initial fee $1,300

(2) Annual fee $1,300

(c) Independent review organizations, as provided for in NRS 616A.469 or 683A.3715, or both:

(1) Initial fee $60
(2) Annual fee $60

(d) Producers of insurance, as defined in NRS 679A.117:

(1) Initial fee $60
(2) Triennial fee $60

(e) Reinsurers, as provided for in NRS 681A.1551 or 681A.160, as applicable:

(1) Initial fee $1,300
(2) Annual fee $1,300

(f) Intermediaries, as defined in NRS 681A.330:

(1) Initial fee $60
(2) Triennial fee $60

(g) Reinsurers, as defined in NRS 681A.370:

(1) Initial fee $1,300
(2) Annual fee $1,300

(h) Administrators, as defined in NRS 683A.025:

(1) Initial fee $60
(2) Triennial fee $60

(i) Managing general agents, as defined in NRS 683A.060:

(1) Initial fee $60
(2) Triennial fee $60

(j) Agents who perform utilization reviews, as defined in NRS 683A.376:

(1) Initial fee $60
(2) Annual fee $60

(k) Insurance consultants, as defined in NRS 683C.010:

(1) Initial fee $60
(2) Triennial fee $60

(l) Independent adjusters, as defined in NRS 684A.030:

(1) Initial fee $60
(2) Triennial fee $60

(m) Public adjusters, as defined in NRS 684A.030:

(1) Initial fee $60
(2) Triennial fee $60

(n) Associate adjusters, as defined in NRS 684A.030:
(1) Initial fee $60
(2) Triennial fee $60
(o) Motor vehicle physical damage appraisers, as defined in NRS 684B.010:
(1) Initial fee $60
(2) Triennial fee $60
(p) Brokers, as defined in NRS 685A.031:
(1) Initial fee $60
(2) Triennial fee $60
(q) Companies, as defined in NRS 686A.330:
(1) Initial fee $1,300
(2) Annual fee $1,300
(r) Rate service organizations, as defined in NRS 686B.020:
(1) Initial fee $1,300
(2) Annual fee $1,300
(s) Brokers of viatical settlements, as defined in NRS 688C.030:
(1) Initial fee $60
(2) Annual fee $60
(t) Providers of viatical settlements, as defined in NRS 688C.080:
(1) Initial fee $60
(2) Annual fee $60
(u) Agents for prepaid burial contracts subject to the provisions of chapter 689 of NRS:
(1) Initial fee $60
(2) Triennial fee $60
(v) Agents for prepaid funeral contracts subject to the provisions of chapter 689 of NRS:
(1) Initial fee $60
(2) Triennial fee $60
(w) Sellers of prepaid burial contracts subject to the provisions of chapter 689 of NRS:
(1) Initial fee $60
(2) Triennial fee $60
(x) Sellers of prepaid funeral contracts subject to the provisions of chapter 689 of NRS:
(1) Initial fee $60
(2) Triennial fee $60

(y) Providers, as defined in NRS 690C.070:
(1) Initial fee $1,300
(2) Annual fee $1,300
(z) Escrow officers, as defined in NRS 692A.028:
(1) Initial fee $60
(2) Triennial fee $60
(aa) Title agents, as defined in NRS 692A.060:
(1) Initial fee $60
(2) Triennial fee $60
(bb) Captive insurers, as defined in NRS 694C.060:
(1) Initial fee $250
(2) Annual fee $250
(cc) Insurance agents for societies, as provided for in NRS 695A.330:
(1) Initial fee $60
(2) Triennial fee $60
(dd) Purchasing groups, as defined in NRS 695E.100:
(1) Initial fee $250
(2) Annual fee $250
(ee) Risk retention groups, as defined in NRS 695E.110:
(1) Initial fee $250
(2) Annual fee $250
(ff) Medical discount plans, as defined in NRS 695H.050:
(1) Initial fee $1,300
(2) Annual fee $1,300
(gg) Club agents, as defined in NRS 696A.040:
(1) Initial fee $60
(2) Triennial fee $60
(hh) Motor clubs, as defined in NRS 696A.050:
(1) Initial fee $1,300
(2) Annual fee $1,300
(ii) Bail agents, as defined in NRS 697.040:
(1) Initial fee $60
(2) Triennial fee $60
(jj) Bail enforcement agents, as defined in NRS 697.055:
(1) Initial fee $60
(2) Triennial fee $60

(kk) Bail solicitors, as defined in NRS 697.060:

(1) Initial fee $60

(2) Triennial fee $60

(ll) General agents, as defined in NRS 697.070:

(1) Initial fee $60

(2) Triennial fee $60

(mm) Exchange enrollment facilitators, as defined in NRS 695J.050:

(1) Initial fee $60

(2) Triennial fee $60

5. An initial fee of $1,000 must be paid to the Commissioner by each:

(a) Insurer who is authorized to transact casualty insurance, as defined in NRS 681A.020;

(b) Insurer who is authorized to transact health insurance, as defined in NRS 681A.030;

(c) Insurer who is authorized to transact life insurance, as defined in NRS 681A.040;

(d) Insurer who is authorized to transact property insurance, as defined in NRS 681A.060;

(e) Title insurer, as defined in NRS 692A.070;

(f) Fraternal benefit society, as defined in NRS 695A.010;

(g) Corporation subject to the provisions of chapter 695B of NRS;

(h) Health maintenance organization, as defined in NRS 695C.030;

(i) Organization for dental care, as defined in NRS 695D.060; and

(j) Prepaid limited health service organization, as defined in NRS 695F.050.

6. An insurer who is required to pay an initial fee of $1,000 pursuant to subsection 5 shall also pay to the Commissioner an annual fee in an amount determined by the Commissioner. When determining the amount of the annual fee, the Commissioner must consider:

(a) The direct written premiums reported to the Commissioner by the insurer during the previous year;

(b) The number of insurers who are required to pay an annual fee pursuant to this subsection;

(c) The direct written premiums reported during the previous year by all insurers paying such fees; and

(d) The budget of the Division.

7. An insurer who is not required to pay an initial or annual fee pursuant to subsection 4 or subsections 5 and 6 shall pay to the Commissioner an initial fee of $1,300 and an annual fee of $1,300.

Sec. 10. NRS 682A.436 is hereby amended to read as follows:

682A.436 1. An insurer shall not acquire an investment in accordance with the provisions of NRS 682A.430 if, as a result of and after giving effect to the investment, the aggregate amount of all investments held by the insurer pursuant to that section would exceed:

(a) One percent of its admitted assets in mortgage loans covering any one secured location;

(b) One-quarter of one percent of its admitted assets in construction loans covering any one secured location; or

(c) Two percent of its admitted assets in construction loans in the aggregate.

2. An insurer shall not acquire an investment under NRS 682A.432 if, as a result of and after giving effect to the investment and any outstanding guarantees made by the insurer in connection with the investment, the aggregate amount of investments held by the insurer under NRS 682A.432 plus the guarantees outstanding would exceed:

(a) One percent of its admitted assets in one parcel or group of contiguous parcels of real estate, except that this limitation does not apply to that portion of real estate used for the direct provision of health care services by an accident and health insurer for its insureds, such as hospitals, medical clinics, medical professional buildings or other health facilities used for the purpose of providing health services; or

(b) Fifteen percent of its admitted assets in the aggregate, but not more than 5 percent of its admitted assets as to properties that are to be improved or developed.

3. An insurer shall not acquire an investment pursuant to NRS 682A.430 or 682A.432 if, as a result of and after giving effect to the investment and any guarantees made by the insurer in connection with the investment, the aggregate amount of all investments held by the insurer in accordance with those sections plus the guarantees outstanding would exceed 45 percent of the insurer's admitted assets. An insurer may exceed this limitation by not more than 30 percent of the insurer's admitted assets if:

(a) This increased amount is invested only in residential mortgage loans;

(b) The insurer has not more than 10 percent of the insurer's admitted assets invested in mortgage loans other than residential mortgage loans;

(c) The loan-to-value ratio of each residential mortgage loan does not exceed 60 percent at the time the mortgage loan is qualified pursuant to this increased authority, and the fair market value is supported by an appraisal that is not more than 2 years old and prepared by an independent appraiser;

(d) A single mortgage loan qualified pursuant to this increased authority does not exceed 0.5 percent of the insurer's admitted assets;

(e) The insurer files with the Commissioner, and receives approval from the Commissioner for, a plan that is designed to result in a portfolio of residential mortgage loans that is sufficiently geographically diversified; and

(f) The insurer agrees to file annually with the Commissioner records which demonstrate that the insurer's portfolio of residential mortgage loans is geographically diversified in accordance with the plan.

4. The limitations of NRS 682A.402, 682A.404 and 682A.406 do not apply to an insurer's acquisition of real estate under NRS ~~[682A.432.]~~ ***682A.434.*** An insurer shall not acquire real estate under NRS ~~[682A.432]~~ ***682A.434*** if, as a result of and after giving effect to the acquisition, the aggregate amount of real estate held by the insurer in accordance with that section would exceed 10 percent of its admitted assets. With the approval of the Commissioner, additional amounts of real estate may be acquired under NRS ~~[682A.432.]~~ ***682A.434.***

Sec. 11. NRS 683A.08522 is hereby amended to read as follows:

683A.08522 Each application for a certificate of registration as an administrator must include or be accompanied by:

1. A financial statement ~~[that is certified by an officer]~~ of the applicant ***that has been reviewed by an independent certified public accountant*** and ~~[must include:]~~ ***which includes:***

(a) ~~[The]~~ ***A statement regarding the*** amount of money that the applicant expects to collect from or disburse to residents of this state during the next calendar year ***.*** ~~[;]~~

(b) Financial information for the 90 days immediately preceding the date the application was filed with the Commissioner ***.*** ~~[; and]~~

(c) An income statement and balance sheet for the 2 years immediately preceding the application that are ~~[prepared]~~ ***:***

(1) Prepared in accordance with generally accepted accounting principles ~~[. The submission by the applicant of his or her consolidated income statement and balance sheet does not constitute compliance with the provisions of this paragraph.]~~ ***; and***

(2) Reviewed by an independent certified public accountant.

(d) A certification of the financial statement by an officer of the applicant.

2. The documents used to create the business association of the administrator, including articles of incorporation, articles of association, a partnership agreement, a trust agreement and a shareholders' agreement.

3. The documents used to regulate the internal affairs of the administrator, including the bylaws, rules or regulations of the administrator.

4. A certificate of registration issued pursuant to NRS 600.350 for a trade name or trademark used by the administrator ~~[.]~~ ***, if applicable.***

5. An organizational chart that identifies each person who directly or indirectly controls the administrator and each affiliate of the administrator.

6. A notarized affidavit from each person who manages or controls the administrator, including each member of the board of directors or board of trustees, each officer, partner and member of the business association of the administrator, and each shareholder of the administrator who holds not less than 10 percent of the voting stock of the administrator. The affidavit must include:

(a) The personal history, business record and insurance experience of the affiant;

(b) Whether the affiant has been investigated by any regulatory authority or has had any license or certificate denied, suspended or revoked in any state; and

(c) Any other information that the Commissioner may require.

7. The complete name and address of each office of the administrator, including offices located outside this state.

8. A statement that sets forth whether the administrator has:

(a) Held a license or certificate to transact any kind of insurance in this state or any other state and whether that license or certificate has been refused, suspended or revoked;

(b) Been indebted to any person and, if so, the circumstances of that debt; and

(c) Had an administrative agreement cancelled and, if so, the circumstances of that cancellation.

9. A statement that describes the business plan of the administrator. The statement must include information:

(a) Concerning the number of persons on the staff of the administrator and the activities proposed in this state or in any other state.

(b) That demonstrates the capability of the administrator to provide a sufficient number of experienced and qualified persons for the processing of claims, the keeping of records and, if applicable, underwriting.

10. If the applicant intends to solicit new or renewal business, proof that the applicant employs or has contracted with a producer of insurance licensed in this state to solicit and take applications. An applicant who intends to solicit insurance contracts directly or to act as a producer must provide proof that the applicant is licensed as a producer in this state.

Sec. 12. NRS 683A.08524 is hereby amended to read as follows:

683A.08524 1. Except as otherwise provided in subsection 2 or 3, the Commissioner shall issue a certificate of registration as an administrator to an applicant who:

(a) Submits an application on a form prescribed by the Commissioner;

(b) Has complied with the provisions of NRS 683A.08522; and

(c) Pays the fee for the issuance of a certificate of registration prescribed in NRS 680B.010 and, in addition to any other fee or charge, all applicable fees required pursuant to NRS 680C.110.

2. The Commissioner may refuse to issue a certificate of registration as an administrator to an applicant if the Commissioner determines that the applicant or any person who has completed an affidavit pursuant to subsection 6 of NRS 683A.08522:

(a) Is not competent to act as an administrator;

(b) Is not trustworthy or financially responsible;

(c) Does not have a good personal or business reputation;

(d) Has had a license or certificate to transact insurance denied for cause, suspended or revoked in this state or any other state;

(e) Has failed to comply with any provision of this chapter; or

(f) Is financially unsound.

3. ~~[The Commissioner shall submit the information supplied by an applicant pursuant to subsection 1 to]~~ ***If an applicant seeks final approval by*** the Division of Industrial Relations of the Department of Business and Industry ~~[for final approval]~~ in accordance with ~~[the]~~ regulations adopted pursuant to subsection 8 of NRS 616A.400 ~~[.]~~ ***, the Commissioner shall submit to the Division the information***

supplied by the applicant pursuant to subsection 1. Unless the Division provides final approval for the applicant to the Commissioner, the Commissioner shall not issue a certificate of registration as an administrator to the applicant.

Sec. 13. NRS 683A.08526 is hereby amended to read as follows:

683A.08526 1. A certificate of registration as an administrator is valid for 3 years after the date the Commissioner issues the certificate to the administrator.

2. An administrator may renew a certificate of registration if the administrator submits to the Commissioner:

(a) An application on a form prescribed by the Commissioner; and

(b) The fee for the renewal of the certificate of registration prescribed in NRS 680B.010 and, in addition to any other fee or charge, all applicable fees required pursuant to NRS 680C.110.

~~[3. A certificate of registration that is suspended or revoked must be surrendered immediately to the Commissioner.]~~

Sec. 14. NRS 683A.08528 is hereby amended to read as follows:

683A.08528 1. Not later than 90 days after the expiration of the fiscal year of the administrator, or within such other period as the Commissioner may allow, each holder of a certificate of registration as an administrator shall file with the Commissioner an annual report for that fiscal year. Each annual report must be verified by at least two officers of the administrator.

2. Each annual report filed pursuant to this section must include all the following:

(a) A financial statement of the administrator that has been reviewed by an independent certified public accountant.

(b) The complete name and address of each person, if any, for whom the administrator agreed to act as an administrator during the fiscal year.

(c) A statement regarding the total money handled by the administrator on behalf of contracted entities in connection with his or her activities as an administrator. The statement must be on a form prescribed or approved by the Commissioner for the purpose of calculating the amount of the bond required by NRS 683A.0857.

(d) Any other information required by the Commissioner.

3. Except as otherwise provided in subsection 4, in addition to the information required pursuant to subsection 2, if an annual report is prepared on a consolidated basis, the annual report must include supplemental exhibits that:

(a) Have been reviewed by an independent certified public accountant; and

(b) Include a balance sheet and income statement for each holder of a certificate of registration as an administrator in this State.

4. In lieu of complying with the requirements set forth in paragraphs (a) and (b) of subsection 3, an administrator who is a wholly owned subsidiary of a parent company may submit to the Commissioner:

(a) The financial statement of the parent company that has been audited by an independent certified public accountant; and

(b) A parental guaranty that is signed by an officer of the parent company and which guarantees the financial solvency of the administrator.

5. ~~[Each administrator who files an annual report pursuant to this section shall, at the time of filing the annual report, pay a filing fee in an amount determined by the Commissioner.~~

~~6.]~~ The Commissioner shall, for each administrator, review the annual report that is most recently filed by the administrator. As soon as practicable after reviewing the report, the Commissioner shall ~~[~~:

~~(a) Issue]~~ ***issue*** a certificate to the administrator ~~[~~:

~~(1) Indicating]~~ ***indicating*** that, based on the annual report and accompanying financial statement, the administrator ~~[has a positive net worth and]~~ is currently licensed and in good standing in this State **.** ~~[~~**;** ~~or~~

~~(2) Setting forth any deficiency found by the Commissioner in the annual report and accompanying financial statement; or~~

~~(b) Submit a statement to any electronic database maintained by the National Association of Insurance Commissioners or any affiliate or subsidiary of the Association:~~

~~(1) Indicating that, based on the annual report and accompanying financial statement, the administrator has a positive net worth and is in compliance with existing law; or~~

~~(2) Setting forth any deficiency found by the Commissioner in the annual report and accompanying financial statement.]~~

Sec. 15. NRS 684A.170 is hereby amended to read as follows:

684A.170 1. Every adjuster ***who is a resident of this State*** shall have and maintain in this state a place of business accessible to the public and from which the licensee principally conducts transactions under his or her license. The address of such place shall appear upon the application for a license and upon the license, when issued, and the licensee shall promptly notify the Commissioner in

writing of any change thereof. Nothing in this section shall prohibit the maintenance of such place in the licensee's residence in this state.

2. The license of the licensee and those of associate adjusters employed by the licensee shall be conspicuously displayed in such place of business in a part thereof customarily open to the public.

Sec. 16. NRS 684A.180 is hereby amended to read as follows:

684A.180 1. Each adjuster shall keep at his or her business address shown on the adjuster's license a record of all transactions under the license.

2. The record shall include:

(a) A copy of each contract between an independent adjuster and an insurer or self-insurer.

(b) A copy of all investigations or adjustments undertaken.

(c) A statement of any fee, commission or other compensation received or to be received by the adjuster on account of such investigation or adjustment.

3. The adjuster shall make such records available for examination by the Commissioner at all times, and shall retain the records for at least 3 years ~~[.]~~ ***after the closure of the claim to which the records apply.***

4. An independent adjuster shall comply with any record retention policy agreed to in a contract between the independent adjuster and an insurer or self-insurer to the extent that such a policy imposes a requirement to retain records for a longer period than the period required by this section.

Sec. 17. NRS 684A.210 is hereby amended to read as follows:

684A.210 1. The Commissioner may suspend, revoke, limit or refuse to continue any adjuster's license or associate adjuster's license:

(a) For any cause specified in any other provision of this chapter;

(b) For any applicable cause for revocation of the license of a producer of insurance under NRS 683A.451; or

(c) If the licensee has for compensation represented or attempted to represent both the insurer and the insured in the same transaction.

2. The license of a business entity may be suspended, revoked, limited or continuation refused for any cause which relates to any individual designated with respect to the license to exercise its powers.

~~[3. The holder of any license which has been suspended or revoked shall forthwith surrender the license to the Commissioner.]~~

Sec. 18. NRS 684A.220 is hereby amended to read as follows:

684A.220 NRS 683A.451 ~~[,]~~ ***and*** 683A.461 ~~[and 683A.480]~~ also apply to suspension, revocation, limitation or refusal to continue adjusters' licenses and associate adjusters' licenses, except where in conflict with the express provisions of this chapter.

Sec. 19. NRS 684B.110 is hereby amended to read as follows:

684B.110 1. The Commissioner may suspend, revoke, limit or refuse to continue any motor vehicle physical damage appraiser's license:

(a) For any cause specified in any other provision of this chapter;

(b) For any such applicable cause as for revocation of the license of a producer of insurance under NRS 683A.451; or

(c) If the licensee has for compensation represented or attempted to represent both the insurer and the insured in the same transaction.

2. The license of a business organization may be suspended, revoked, limited or continuation refused for any cause which relates to any individual designated in or with respect to the license to exercise its powers.

~~[3. The holder of any license which has been suspended or revoked shall forthwith surrender the license to the Commissioner.]~~

Sec. 20. NRS 684B.120 is hereby amended to read as follows:

684B.120 NRS 683A.451 ~~[,]~~ ***and*** 683A.461 ~~[and 683A.480]~~ also apply to suspension, revocation, limitation or refusal to continue motor vehicle physical damage appraiser's licenses, except where in conflict with the express provisions of this chapter.

Sec. 21. Chapter 685A of NRS is hereby amended by adding thereto the provisions set forth as sections 22 and 23 of this act.

Sec. 22. ***"Domestic surplus lines insurer" means an insurer which is authorized by the Commissioner to accept surplus lines insurance pursuant to section 23 of this act.***

Sec. 23. ***1. An insurer which is domiciled in this State may be designated as a domestic surplus lines insurer by the Commissioner if:***

(a) The insurer possesses capital and surplus of not less than $15,000,000; or

(b) The Commissioner makes an affirmative finding of acceptability pursuant to subsection 3 of NRS 685A.070.

2. A designation by the Commissioner of an insurer as a domestic surplus lines insurer must be in writing.

3. A domestic surplus lines insurer may accept surplus lines insurance in any jurisdiction in which it is eligible.

4. A broker who places surplus lines insurance with a domestic surplus lines insurer shall comply with:

(a) The provisions of NRS 685A.175 and 685A.180; and

(b) All other provisions of this chapter which apply to the export of nonadmitted insurance for an insured for which this State is the home state.

5. Except as otherwise provided by specific statute, the provisions of this Code regarding financial and solvency requirements apply to a domestic surplus lines insurer.

6. The provisions of chapter 686C and 687A of NRS do not apply to a domestic surplus lines insurer.

Sec. 24. NRS 685A.030 is hereby amended to read as follows:

685A.030 As used in this chapter, unless the context otherwise requires, the words and terms defined in NRS 685A.031 to 685A.039, inclusive, ***and section 22 of this act*** have the meanings ascribed to them in those sections.

Sec. 25. NRS 685A.0375 is hereby amended to read as follows:

685A.0375 ***1.*** "Nonadmitted insurer" means an insurer not authorized to engage in the business of insurance in this State.

2. The term includes a domestic surplus lines insurer.

3. The term does not include a risk retention group as that term is defined in 15 U.S.C. § 3901(a)(4).

Sec. 26. NRS 685A.070 is hereby amended to read as follows:

685A.070 1. A broker shall not knowingly place surplus lines insurance with an insurer which is unsound financially or ineligible pursuant to this section.

2. With respect to nonadmitted insurance for insureds for which this State is the home state, except as otherwise provided in this section, an insurer is not eligible to accept surplus lines or independently procured risks pursuant to this chapter unless it has capital and surplus or its equivalent in an amount of not less than $15,000,000 or the minimum capital and surplus requirements pursuant to NRS 680A.120, whichever is greater.

3. The requirements of ~~[subsection]~~ ***subsections*** 2 ***and 4 and of subsection 1 of section 23 of this act*** may be satisfied by an insurer possessing less than the minimum capital and surplus upon an affirmative finding of acceptability by the Commissioner. The finding must be based upon such factors as quality of management, capital and surplus of any parent company, company underwriting profit and investment income trends, market availability and company record and reputation within the industry. The Commissioner shall not make an affirmative finding of acceptability

when the ~~[nonadmitted]~~ insurer's capital and surplus is less than $4,500,000.

4. ***A broker shall not place surplus lines insurance with a domestic surplus lines insurer, and a domestic surplus lines insurer is not eligible to accept surplus lines, unless:***

(a) The domestic surplus lines insurer possesses capital and surplus of not less than $15,000,000; or

(b) The Commissioner has made an affirmative finding of acceptability pursuant to subsection 3.

5. A broker shall not place surplus lines insurance with an alien insurer, unless the alien insurer is listed on the Quarterly Listing of Alien Insurers maintained by the International Insurers Department of the National Association of Insurance Commissioners or, if the alien insurer is not listed on the Quarterly Listing of Alien Insurers, it has and maintains in a bank or trust company which is a member of the United States Federal Reserve System a trust fund established pursuant to terms that are reasonably adequate to protect all of its policyholders in the United States. Such a trust fund must not have an expiration date which is at any time less than 5 years in the future, on a continuing basis. In the case of:

(a) A single alien insurer, such a trust fund must not be less than the greater of $5,400,000 or 30 percent of the gross liabilities of the alien insurer for surplus lines in the United States, excluding any liabilities for aviation, wet marine and transportation insurance, not to exceed $60,000,000, to be determined annually on the basis of accounting practices and procedures that are substantially equivalent to the accounting practices and procedures applicable in this State as of December 31 of the year immediately preceding the date of the determination where:

(1) The liabilities are maintained in an irrevocable trust account in a qualified financial institution in the United States, on behalf of policyholders in the United States, consisting of cash, securities, letters of credit or any other investments of substantially the same character and quality as investments that are eligible investments pursuant to chapter 682A of NRS for the capital and statutory reserves of admitted insurers to write like kinds of insurance in this State. The trust fund, which must be included in any calculation of capital and surplus or its equivalent, must comply with the requirements set forth in the Standard Trust Agreement required for listing with the International Insurers Department of the National Association of Insurance Commissioners;

(2) The alien insurer may request approval by the Commissioner to use the trust fund to pay any valid claim against a

surplus line if the balance of the trust fund is not, during any period, less than $5,400,000 or 30 percent of the alien insurer's current gross liabilities for surplus lines in the United States, excluding any liabilities for aviation, wet marine and transportation insurance; and

(3) In calculating the amount of the trust fund required by this subsection, credit must be given for any deposits for any surplus lines that are separately required and maintained within a state or territory of the United States, not to exceed the amount of the alien insurer's loss and loss adjustment reserves maintained in that state or territory.

(b) A group of insurers which includes individual unincorporated insurers, such a trust fund must not be less than $100,000,000.

(c) A group of incorporated insurers under common administration, such a trust fund must not be less than $100,000,000. Each insurer within the group must individually maintain capital and surplus of not less than $25,000,000. The group of incorporated insurers must:

(1) Operate under the supervision of the Department of Trade and Industry of the United Kingdom ~~[,]~~ ***or its successor agency;***

(2) Possess aggregate policyholders surplus of $10,000,000,000, which must consist of money in trust in an amount not less than the assuming insurers' liabilities attributable to insurance written in the United States; and

(3) Maintain a joint trusteed surplus of which $100,000,000 must be held jointly for the benefit of United States ceding insurers of any member of the group.

~~[5.]~~ ***6.*** A foreign insurer must be ~~[authorized]~~ ***:***

(a) Authorized in the state of its domicile to write the kinds of insurance which it intends to write in Nevada and for which this State is the home state of the insured ~~[.]~~ ***; or***

(b) A domestic surplus lines insurer in the state of its domicile.

Sec. 26.3. NRS 685A.075 is hereby amended to read as follows:

685A.075 1. A nonprofit organization of surplus lines brokers may be formed to:

(a) Facilitate and encourage compliance by its members with the laws of this State and the rules and regulations of the Commissioner concerning surplus lines insurance;

(b) Provide a means for the review of all surplus lines coverage written in this State;

(c) Communicate with organizations of admitted insurers with respect to the proper use of the surplus lines market;

(d) Receive and disseminate to brokers information relative to surplus lines coverages; and

(e) Charge members a filing fee, approved by the Commissioner, for the review of surplus lines coverages.

2. Every such organization shall exercise its powers through a board of directors and shall file with the Commissioner:

(a) A copy of its constitution, articles of agreement or association or certificate of incorporation;

(b) A copy of its bylaws, rules and regulations governing its activities;

(c) A copy of its plan of operations established and approved by the Commissioner;

(d) A current list of its members;

(e) The name and address of a resident of this State upon whom notices or orders of the Commissioner or processes issued at the direction of the Commissioner may be served; and

(f) An agreement that the Commissioner may examine the organization in accordance with the provisions of this section.

3. The Commissioner shall make an examination of the affairs, transactions, accounts, records and assets of such an organization and any of its members as often as the Commissioner deems necessary for the protection of the interests of the people of this State, but no less frequently than once every 3 years. The officers, managers, agents and employees of such an organization may be examined at any time, under oath, and shall provide to the Commissioner all books, records, accounts, documents or agreements governing its method of operation. The Commissioner shall furnish two copies of the examination report to the organization examined and shall notify the organization that it may, within 20 days thereof, request a hearing on the report or on any facts or recommendations set forth therein. If the Commissioner finds such an organization or any member thereof to be in violation of this chapter, the Commissioner may, in addition to any administrative fine or penalty imposed pursuant to this Code, issue an order requiring the discontinuance of such violations. In lieu of an examination conducted pursuant to this subsection, the Commissioner may accept the report of an independent audit of such an organization if the Commissioner deems that an independent audit is in the best interest of the residents of this State.

4. The board of directors of such an organization must consist of not fewer than five persons. ~~[The members of the board]~~ ***Directors*** must be appointed ***in accordance with the bylaws of the organization. Any proposed director may be disapproved*** by the

Commissioner and ~~[serve]~~ ***serves*** at the pleasure of the Commissioner.

5. A broker must be a member of such an organization as a condition of continued licensure under this chapter.

Sec. 26.5. NRS 685A.155 is hereby amended to read as follows:

685A.155 ~~[A]~~ ***The licensed surplus lines*** broker who ~~[places any]~~ ***is first engaged by or on behalf of an applicant for*** insurance ~~[coverage with an authorized insurer pursuant to subsection 3 of NRS 685A.060]~~ may charge a fee for procuring surplus lines coverage. Except as otherwise provided by agreement between the insurer and ***that*** broker, ***the sum of*** the fee ***and any other commissions, fees and charges payable to that broker*** must not exceed 20 percent of the premium ~~[charged, after deduction of any other commissions, fees and charges payable to the broker.]~~ ***paid by the insured.***

Sec. 27. NRS 685A.220 is hereby amended to read as follows:

685A.220 In addition to those referred to in other provisions of this chapter, the following provisions of chapter 683A of NRS, to the extent applicable and not inconsistent with the express provisions of this chapter, also apply to surplus lines brokers:

1. NRS 683A.341;
2. NRS 683A.361;
3. NRS 683A.400;
4. NRS 683A.451;
5. NRS 683A.461;
6. ~~[NRS 683A.480;~~

~~7.]~~ NRS 683A.490; and

~~[8.]~~ ***7.*** NRS 683A.520.

Sec. 28. NRS 686A.520 is hereby amended to read as follows:

686A.520 1. The provisions of NRS 683A.341, 683A.451, 683A.461 ~~[, 683A.480]~~ and 686A.010 to 686A.310, inclusive, apply to companies.

2. For the purposes of subsection 1, unless the context requires that a section apply only to insurers, any reference in those sections to "insurer" must be replaced by a reference to "company."

Sec. 29. NRS 686B.112 is hereby amended to read as follows:

686B.112 1. The Commissioner shall ***perform an actuarial review of and*** consider each ~~[proposed increase or decrease in the]~~ rate ***filing*** of a health plan issued pursuant to the provisions of chapter 689A, 689B, 689C, 695B, 695C, 695D or 695F of NRS, including, without limitation, long-term care and Medicare supplement plans, filed with the Commissioner pursuant to

subsection 1 of NRS 686B.070. If the Commissioner finds that a proposed ~~[increase]~~ ***rate which is contained in a rate filing*** will result in a rate which is not in compliance with NRS 686B.050 or subsection 3 of NRS 686B.070, the Commissioner shall disapprove the ~~[proposal.]~~ ***rate filing.*** The Commissioner shall approve or disapprove each ~~[proposal]~~ ***rate filing*** not later than 60 days after the ~~[proposal]~~ ***rate filing*** is determined by the Commissioner to be complete pursuant to subsection 4. If the Commissioner fails to approve or disapprove the ~~[proposal]~~ ***rate filing*** within that period, the ~~[proposal]~~ ***rate filing*** shall be deemed approved.

2. Whenever an insurer has no legally effective rates as a result of the Commissioner's disapproval of rates or other act, the Commissioner shall on request specify interim rates for the insurer that are high enough to protect the interests of all parties and may order that a specified portion of the premiums be placed in an escrow account approved by the Commissioner. When new rates become legally effective, the Commissioner shall order the escrowed funds or any overcharge in the interim rates to be distributed appropriately, except that refunds to policyholders that are de minimis must not be required.

3. If the Commissioner disapproves a ~~[proposed]~~ rate ***filing*** pursuant to subsection 1, and an insurer requests a hearing to determine the validity of the action of the Commissioner, the insurer has the burden of showing compliance with the applicable standards for rates established in NRS 686B.010 to 686B.1799, inclusive. Any such hearing must be held:

(a) Within 30 days after the request for a hearing has been submitted to the Commissioner; or

(b) Within a period agreed upon by the insurer and the Commissioner.

➥ If the hearing is not held within the period specified in paragraph (a) or (b), or if the Commissioner fails to issue an order concerning the ~~[proposed]~~ rate ***filing*** for which the hearing is held within 45 days after the hearing, the ~~[proposed]~~ rate ***filing*** shall be deemed approved.

4. The Commissioner shall by regulation specify the documents or any other information which must be included in ~~[a proposal to increase or decrease]~~ a rate ***filing*** submitted to the Commissioner pursuant to subsection 1. Each such ~~[proposal]~~ ***rate filing*** shall be deemed complete upon its filing with the Commissioner, unless the Commissioner, within 15 business days after the ~~[proposal]~~ ***rate filing*** is filed with the Commissioner, determines that the ~~[proposal]~~ ***rate filing*** is incomplete because the

~~[proposal]~~ ***rate filing*** does not comply with the regulations adopted by the Commissioner pursuant to this subsection.

5. The Commissioner may assess against an insurer the actual cost for the external actuarial review of a rate filing submitted pursuant to subsection 1.

Sec. 30. NRS 689.160 is hereby amended to read as follows:

689.160 1. The provisions of NRS 683A.341, 683A.451, 683A.461 ~~[, 683A.480]~~ and 686A.010 to 686A.310, inclusive, apply to agents and sellers.

2. For the purposes of subsection 1, unless the context requires that a section apply only to insurers, any reference in those sections to "insurer" must be replaced by a reference to "agent" and "seller."

3. The provisions of NRS 679B.230 to 679B.300, inclusive, apply to sellers. Unless the context requires that a provision apply only to insurers, any reference in those sections to "insurer" must be replaced by a reference to "seller."

Sec. 31. NRS 689.595 is hereby amended to read as follows:

689.595 1. The provisions of NRS 683A.341, 683A.451, 683A.461 ~~[, 683A.480]~~ and 686A.010 to 686A.310, inclusive, apply to agents and sellers.

2. For the purposes of subsection 1, unless the context requires that a section apply only to insurers, any reference in those sections to "insurer" must be replaced by a reference to "agent" and "seller."

3. The provisions of NRS 679B.230 to 679B.300, inclusive, apply to sellers. Unless the context requires that a provision apply only to insurers, any reference in those sections to "insurer" must be replaced by a reference to "seller."

Sec. 32. NRS 690B.150 is hereby amended to read as follows:

690B.150 An insurer who issues policies of insurance for home protection, other than casualty insurance, shall file ~~[the]~~ ***:***

1. The annual statement required by NRS 680A.270 in the form prescribed by the Commissioner on or before March 1 of each year to cover the preceding calendar year ~~[.]~~ ***; and***

2. The quarterly statements required by NRS 680A.270 in accordance with the provisions of subsection 5 of that section.

Sec. 33. NRS 690B.360 is hereby amended to read as follows:

690B.360 1. The Commissioner may collect all information which is pertinent to monitoring whether an insurer that issues professional liability insurance for a practitioner licensed pursuant to chapter 630, 631, 632 or 633 of NRS is complying with the applicable standards for rates established in NRS 686B.010 to 686B.1799, inclusive. Such information may include, without limitation:

(a) The amount of gross premiums collected with regard to each medical specialty;

(b) Information relating to loss ratios; ***and***

(c) ~~[Information reported pursuant to NRS 690B.260; and~~

~~(d)]~~ Information reported pursuant to NRS 679B.430 and 679B.440.

2. In addition to the information collected pursuant to subsection 1, the Commissioner may request any additional information from an insurer:

(a) Whose rates and credit utilization are materially different from other insurers in the market for professional liability insurance for a practitioner licensed pursuant to chapter 630, 631, 632 or 633 of NRS in this State;

(b) Whose credit utilization shows a substantial change from the previous year; or

(c) Whose information collected pursuant to subsection 1 indicates a potentially adverse trend.

3. If the Commissioner requests additional information from an insurer pursuant to subsection 2, the Commissioner may:

(a) Determine whether the additional information offers a reasonable explanation for the results described in paragraph (a), (b) or (c) of subsection 2; and

(b) Take any steps permitted by law that are necessary and appropriate to assure the ongoing stability of the market for professional liability insurance for a practitioner licensed pursuant to chapter 630, 631, 632 or 633 of NRS in this State.

4. On an ongoing basis, the Commissioner may analyze and evaluate the information collected pursuant to this section to determine trends in and measure the health of the market for professional liability insurance for a practitioner licensed pursuant to chapter 630, 631, 632 or 633 of NRS in this State.

5. If the Commissioner convenes a hearing pursuant to subsection 1 of NRS 690B.350 and determines that the market for professional liability insurance issued to any class, type or specialty of practitioner licensed pursuant to chapter 630, 631 or 633 of NRS is not competitive and that such insurance is unavailable or unaffordable for a substantial number of such practitioners, the Commissioner shall prepare and submit a report of the Commissioner's findings and recommendations to the Director of the Legislative Counsel Bureau for transmittal to members of the Legislature.

Sec. 34. NRS 690C.160 is hereby amended to read as follows:

690C.160 1. A provider who wishes to issue, sell or offer for sale service contracts in this state must submit to the Commissioner:

(a) A registration application on a form prescribed by the Commissioner;

(b) Proof that the provider has complied with the requirements for financial security set forth in NRS 690C.170;

(c) A copy of each type of service contract the provider proposes to issue, sell or offer for sale;

(d) The name, address and telephone number of each administrator with whom the provider intends to contract;

(e) A fee of ~~[$1,000]~~ ***$2,000*** and ~~[, in addition to any other fee or charge,]~~ all applicable fees required pursuant to NRS 680C.110 ~~[;]~~ ***to be paid at the time of application;*** and

(f) The following information for each controlling person:

(1) Whether the person, in the last 10 years, has been:

(I) Convicted of a felony or misdemeanor of which an essential element is fraud;

(II) Insolvent or adjudged bankrupt;

(III) Refused a license or registration as a service contract provider or had an existing license or registration as a service contract provider suspended or revoked by any state or governmental agency or authority; or

(IV) Fined by any state or governmental agency or authority in any matter regarding service contracts; and

(2) Whether there are any pending criminal actions against the person other than moving traffic violations.

2. In addition to the fee required by subsection 1, a provider must pay a fee of $25 for each type of service contract the provider files with the Commissioner.

3. ***Each year, not later than the anniversary date of his or her certificate of registration, a provider must pay the annual fee required pursuant to NRS 680C.110 in addition to any other fee required pursuant to this section.***

4. A certificate of registration is valid for ~~[1 year]~~ ***2 years*** after the date the Commissioner issues the certificate to the provider. A provider may renew his or her certificate of registration if, ***not later than 60 days*** before the certificate expires, the provider submits to the Commissioner:

(a) An application on a form prescribed by the Commissioner;

(b) A fee of ~~[$1,000]~~ ***$2,000*** and, in addition to any other fee or charge, all applicable fees required pursuant to ~~[NRS 680C.110;]~~ ***subsection 3;*** and

(c) The information required by paragraph (f) of subsection 1:

(1) If an existing controlling person has had a change in any of the information previously submitted to the Commissioner; or

(2) For a controlling person who has not previously submitted the information required by paragraph (f) of subsection 1 to the Commissioner.

~~[4.]~~ ***5.*** All fees paid pursuant to this section are nonrefundable.

~~[5.]~~ ***6.*** Each application submitted pursuant to this section, including, without limitation, an application for renewal, must:

(a) Be signed by an executive officer, if any, of the provider or, if the provider does not have an executive officer, by a controlling person of the provider; and

(b) Have attached to it an affidavit signed by the person described in paragraph (a) which meets the requirements of subsection ~~[6.~~ ~~6.]~~ ***7.***

7. Before signing the application described in subsection ~~[5,]~~ ***6,*** the person who signs the application shall verify that the information provided is accurate to the best of his or her knowledge.

Sec. 35. Chapter 694C of NRS is hereby amended by adding thereto the provisions set forth as sections 36 and 37 of this act.

Sec. 36. ***"Dormant captive insurer" means any captive insurer that has been issued a certificate of dormancy by the Commissioner pursuant to section 37 of this act.***

Sec. 37. ***1. A captive insurer which ceases to transact the business of insurance, including, without limitation, the issuance of insurance policies and the assumption of reinsurance, may apply to the Commissioner for a certificate of dormancy.***

2. Upon application by a captive insurer pursuant to subsection 1, the Commissioner may issue a certificate of dormancy to the captive insurer. The Commissioner may issue a certificate of dormancy to a captive insurer even if the captive insurer retains liabilities that are associated with policies that were written or assumed by the captive insurer provided that the captive insurer has otherwise ceased to transact the business of insurance.

3. A dormant captive insurer shall:

(a) Possess and thereafter maintain unimpaired paid-in capital and surplus of not less than $25,000.

(b) Pursuant to NRS 694C.230, pay an annual fee and, in addition to any other fee or charge, all applicable fees required pursuant to NRS 680C.110 for the renewal of a license.

(c) Be subject to examination for any year for which the dormant captive insurer is not in compliance with the provisions of this section.

4. A dormant captive insurer may:

(a) At the discretion of the Commissioner, be subject to examination for any year for which the dormant captive insurer is in compliance with the provisions of this section.

(b) Continue to adjudicate and settle insurance claims under any contract of insurance or reinsurance that the captive insurer issued during any period in which the captive insurer was not a dormant captive insurer. The effective date of such a contract of insurance or reinsurance must be before the date on which the Commissioner issued a certificate of dormancy to the captive insurer.

5. A dormant captive insurer is not:

(a) Subject to or liable for the payment of any tax pursuant to NRS 694C.450.

(b) Required to:

(1) Prepare audited financial statements;

(2) Obtain actuarial certifications or opinions; or

(3) File annual reports with the Commissioner pursuant to NRS 694C.400.

6. A certificate of dormancy is subject to renewal after 5 years and is forfeited if not renewed within that period.

7. Except as otherwise provided by this section, before issuing any insurance policy or otherwise transacting the business of insurance, a dormant captive insurer must apply to the Commissioner for approval to surrender its certificate of dormancy and resume transacting the business of insurance.

8. The Commissioner shall revoke the certificate of dormancy of a dormant captive insurer that is not in compliance with the provisions of this section.

9. The Commissioner may adopt regulations necessary to carry out the provisions of this section.

Sec. 38. NRS 694C.010 is hereby amended to read as follows:

694C.010 As used in this chapter, unless the context otherwise requires, the words and terms defined in NRS 694C.020 to 694C.150, inclusive, ***and section 36 of this act*** have the meanings ascribed to them in those sections.

Sec. 39. NRS 694C.050 is hereby amended to read as follows:

694C.050 "Association captive insurer" means a captive insurer that only insures risks of the member organizations of an association and the affiliated companies of those members ~~[~~,

~~including groups formed pursuant to the Product Liability Risk Retention Act of 1981, as amended, 15 U.S.C. §§ 3901 et seq.,]~~ if:

1. The association or the member organizations of the association:

(a) ~~[Own,]~~ ***Have complete*** control ~~[or hold with]~~ ***over*** the power to vote all the outstanding voting securities of the association captive insurer, if the association captive insurer is incorporated as a stock insurer; or

(b) Have complete voting control over the captive insurer, if the captive insurer is formed as a mutual insurer; and

2. The member organizations of the association collectively constitute all the subscribers of the captive insurer, if the captive insurer is formed as a reciprocal insurer.

Sec. 40. NRS 694C.060 is hereby amended to read as follows:

694C.060 "Captive insurer" means ~~[any]~~ ***:***

1. Any pure captive insurer, association captive insurer, agency captive insurer, rental captive insurer and sponsored captive insurer licensed pursuant to this chapter. The term includes a pure captive insurer who, unless otherwise provided by the Commissioner, is a branch captive insurer with respect to operations in this State.

2. Any state-chartered risk retention group.

Sec. 41. NRS 694C.149 is hereby amended to read as follows:

694C.149 "State-chartered risk retention group" means any risk retention group that is formed in accordance with the laws of this State ***.*** ~~[as an association captive insurer.]~~

Sec. 42. NRS 694C.160 is hereby amended to read as follows:

694C.160 1. The terms and conditions set forth in chapter 696B of NRS pertaining to insurance reorganization, receiverships and injunctions apply to captive insurers incorporated pursuant to this chapter.

2. An agency captive insurer, a rental captive insurer and an association captive insurer are subject to those provisions of chapter 686A of NRS which are applicable to insurers.

3. A state-chartered risk retention group is subject to the following:

(a) The provisions of NRS 681A.250 to 681A.580, inclusive, regarding intermediaries;

(b) The provisions of NRS 681B.550 regarding risk-based capital;

(c) The provisions of chapter 683A of NRS regarding managing general agents; ~~[and]~~

(d) ***The provisions of chapter 686A of NRS which are applicable to insurers; and***

(e) The provisions of NRS 693A.110 and any regulations adopted pursuant thereto regarding management and agency contracts of insurers.

Sec. 43. NRS 694C.180 is hereby amended to read as follows:

694C.180 1. Unless otherwise approved by the Commissioner, a pure captive insurer, an agency captive insurer, a rental captive insurer or a sponsored captive insurer must be incorporated as a stock insurer.

2. An association captive insurer ***or a state-chartered risk retention group*** must be formed as a:

(a) Stock insurer;

(b) Mutual insurer; or

(c) Reciprocal insurer, except that its attorney-in-fact must be a corporation incorporated in this State.

3. A captive insurer shall have not less than three incorporators or organizers, at least one of whom must be a resident of this State.

4. Before the articles of incorporation of a captive insurer may be filed with the Secretary of State, the Commissioner must approve the articles of incorporation. In determining whether to grant that approval, the Commissioner shall consider:

(a) The character, reputation, financial standing and purposes of the incorporators or organizers;

(b) The character, reputation, financial responsibility, experience relating to insurance and business qualifications of the officers and directors of the captive insurer;

(c) The competence of any person who, pursuant to a contract with the captive insurer, will manage the affairs of the captive insurer;

(d) The competence, reputation and experience of the legal counsel of the captive insurer relating to the regulation of insurance;

(e) If the captive insurer is a rental captive insurer, the competence, reputation and experience of the underwriter of the captive insurer;

(f) The business plan of the captive insurer; and

(g) Such other aspects of the captive insurer as the Commissioner deems advisable.

5. The capital stock of a captive insurer incorporated as a stock insurer must be issued at not less than par value.

6. At least one member of the board of directors of a captive insurer formed as a corporation, or one member of the subscribers advisory committee or the attorney-in-fact of a captive insurer formed as a reciprocal insurer, must be a resident of this State.

7. A captive insurer formed pursuant to the provisions of this chapter has the privileges of, and is subject to, the provisions of general corporation law set forth in chapter 78 of NRS and, if formed as a nonprofit corporation, the provisions set forth in chapter 82 of NRS, as well as the applicable provisions contained in this chapter. If the provisions of this chapter conflict with the general provisions in chapter 78 or 82 of NRS governing corporations, the provisions of this chapter control. The provisions of chapter 693A of NRS relating to mergers, consolidations, conversions, mutualizations and transfers of domicile to this State apply to determine the procedures to be followed by captive insurers in carrying out any of those transactions in accordance with this chapter.

8. The articles of association, articles of incorporation, charter or bylaws of a captive insurer formed as a corporation must require that a quorum of the board of directors consists of not less than one-third of the number of directors prescribed by the articles of association, articles of incorporation, charter or bylaws.

9. The agreement of the subscribers or other organizing document of a captive insurer formed as a reciprocal insurer must require that a quorum of its subscribers advisory committee consists of not less than one-third of the number of its members.

Sec. 44. NRS 694C.250 is hereby amended to read as follows:

694C.250 1. A captive insurer must not be issued a license, and shall not hold a license, unless the captive insurer has and maintains, in addition to any other capital or surplus required to be maintained pursuant to subsection 3, unimpaired paid-in capital and unencumbered surplus of:

(a) For a pure captive insurer, not less than $200,000;

(b) For an association captive insurer, not less than $500,000;

(c) For an agency captive insurer, not less than $600,000;

(d) For a rental captive insurer, not less than $800,000; ~~[and]~~

(e) For a sponsored captive insurer, not less than $500,000 ~~[.]~~ ***; and***

(f) For a state-chartered risk retention group, not less than $500,000.

2. Except as otherwise provided by the Commissioner pursuant to subsection 3, the capital and surplus required to be maintained pursuant to this section must be in the form of cash or an irrevocable letter of credit.

3. The Commissioner may prescribe additional requirements relating to capital or surplus based on the type, volume and nature of the insurance business that is transacted by the captive insurer and

requirements regarding which capital and surplus, if any, may be in the form of an irrevocable letter of credit.

4. A letter of credit used by a captive insurer as evidence of capital and surplus required pursuant to this section must:

(a) Be issued by a bank chartered by this State or a bank that is a member of the United States Federal Reserve System and has been approved by the Commissioner; and

(b) Include a provision pursuant to which the letter of credit is automatically renewable each year, unless the issuer gives written notice to the Commissioner and the captive insurer at least 90 days before the expiration date.

5. A surplus note used by a captive insurer as evidence of capital and surplus required pursuant to this section must:

(a) Be subject to strict control by the Commissioner and have been approved by the Commissioner as to form and content.

(b) Be subordinate to:

(1) Policyholders;

(2) Claims by claimants and beneficiaries under policies; and

(3) All other classes of creditors pursuant to paragraph (k) of subsection 1 of NRS 696B.420.

(c) Require prior approval of the Commissioner for any:

(1) Payment of interest; and

(2) Repayment of principal.

(d) Be accompanied by proceeds which are received by the captive insurer in the form of:

(1) Cash; or

(2) Other assets that:

(I) Are acceptable to the Commissioner;

(II) Have values that are readily determined; and

(III) Have liquidity that is satisfactory to the Commissioner.

(e) Be accounted for in such a manner that interest shall not be recorded as a liability or an expense until approval for payment of such interest has been granted by the Commissioner.

Sec. 45. NRS 694C.270 is hereby amended to read as follows:

694C.270 1. The Commissioner may suspend or revoke the license of a captive insurer if, after ~~[an examination and]~~ ***a*** hearing, the Commissioner determines that:

(a) The captive insurer:

(1) Is insolvent or has impaired its required capital or surplus;

(2) Has failed to meet a requirement of NRS 694C.250, 694C.320 or 694C.330;

(3) Has refused or failed to submit an annual report, as required by NRS 694C.400, or any other report or statement required by law or by order of the Commissioner;

(4) Has failed to comply with the provisions of its charter or bylaws;

(5) Has failed to submit to an examination required pursuant to NRS 694C.410;

(6) Has refused or failed to pay the cost of an examination required pursuant to NRS 694C.410;

(7) Has used any method in transacting insurance pursuant to this chapter which is detrimental to the operation of the captive insurer or would make its condition unsound with respect to its policyholders or the general public; or

(8) Has failed ***to pay taxes on premiums as required by NRS 694C.450 or*** otherwise to comply with the laws of this State; and

(b) The suspension or revocation of the license of the captive insurer is in the best interest of its policyholders or the general public.

2. The provisions of NRS 679B.310 to 679B.370, inclusive, apply to hearings conducted pursuant to this section.

Sec. 46. NRS 694C.300 is hereby amended to read as follows:

694C.300 1. Except as otherwise provided in this section, a captive insurer licensed pursuant to this chapter may transact any form of insurance described in NRS 681A.020 to 681A.080, inclusive.

2. A captive insurer licensed pursuant to this chapter:

(a) Shall not directly provide personal motor vehicle or homeowners' insurance coverage, or any component thereof.

(b) Shall not accept or cede reinsurance, except as otherwise provided in NRS 694C.350.

(c) May provide excess workers' compensation insurance to its parent and affiliated companies, unless otherwise prohibited by the laws of the state in which the insurance is transacted.

(d) May reinsure workers' compensation insurance provided pursuant to a program of self-funded insurance of its parent and affiliated companies if:

(1) The parent or affiliated company which is providing the self-funded insurance is certified as a self-insured employer by the Commissioner, if the insurance is being transacted in this State; or

(2) The program of self-funded insurance is otherwise qualified pursuant to, or in compliance with, the laws of the state in which the insurance is transacted.

3. A pure captive insurer shall not insure any risks other than those of its parent and affiliated companies or controlled unaffiliated businesses.

4. An association captive insurer shall not insure any risks other than those of the member organizations of its association and the affiliated companies of the member organizations.

5. ***A state-chartered risk retention group shall not insure any risks other than those of the members of its association.***

6. An agency captive insurer shall not insure any risks other than those of the policies that are placed by or through the insurance agency or brokerage that owns the captive insurer.

~~[6.]~~ ***7.*** A rental captive insurer shall not insure any risks other than those of the policyholders or associations that have entered into agreements with the rental captive insurer for the insurance of those risks. Such agreements must be in a form which has been approved by the Commissioner.

~~[7.]~~ ***8.*** A sponsored captive insurer shall not insure any risks other than those of its participants.

~~[8.]~~ ***9.*** As used in this section, "excess workers' compensation insurance" means insurance in excess of the specified per-incident or aggregate limit, if any, established by:

(a) The Commissioner, if the insurance is being transacted in this State; or

(b) The chief regulatory officer for insurance in the state in which the insurance is being transacted.

Sec. 47. NRS 694C.310 is hereby amended to read as follows:

694C.310 1. The board of directors of a captive insurer shall meet at least once each year in this State. The captive insurer shall:

(a) Maintain its principal place of business in this State; and

(b) Appoint a resident of this State as a registered agent to accept service of process and otherwise act on behalf of the captive insurer in this State. If the registered agent cannot be located with reasonable diligence for the purpose of serving a notice or demand on the captive insurer, the notice or demand may be served on the Secretary of State who shall be deemed to be the agent for the captive insurer.

2. A captive insurer shall not transact insurance in this State unless:

(a) The captive insurer has made adequate arrangements with ~~[a]~~ ***:***

(1) A state-chartered bank, a state-chartered credit union or a thrift company licensed pursuant to chapter 677 of NRS that is located in this State; or

(2) A federally chartered bank ***that has a branch which is*** located in this State ***,***

➥ that is authorized pursuant to state or federal law to transfer money ***.*** ~~[,]~~

(b) If the captive insurer employs or has entered into a contract with a natural person or business organization to manage the affairs of the captive insurer, the natural person or business organization meets the standards of competence and experience satisfactory to the Commissioner ***.*** ~~[,]~~

(c) The captive insurer employs or has entered into a contract with a qualified and experienced certified public accountant who is approved by the Commissioner or a firm of certified public accountants that is nationally recognized ***.*** ~~[;]~~

(d) The captive insurer employs or has entered into a contract with qualified, experienced actuaries who are approved by the Commissioner to perform reviews and evaluations of the operations of the captive insurer ***.*** ~~[; and]~~

(e) The captive insurer employs or has entered into a contract with an attorney who is licensed to practice law in this State and who meets the standards of competence and experience in matters concerning the regulation of insurance in this State established by the Commissioner by regulation.

Sec. 48. NRS 694C.330 is hereby amended to read as follows:

694C.330 ***1.*** Except as otherwise provided in this section, a captive insurer shall pay dividends out of, or make any other distributions from, its capital or surplus, or both, in accordance with the provisions set forth in NRS 692C.370, 693A.140, 693A.150 and 693A.160.

2. A captive insurer ***other than a state-chartered risk retention group*** shall not pay ***extraordinary*** dividends out of, or make any other ***extraordinary*** distribution with respect to, its capital or surplus, or both, in violation of this section unless the captive insurer has obtained the prior approval of the Commissioner to make such a payment or distribution. ***As used in this subsection, "extraordinary dividend" and "extraordinary distribution" mean any dividend or distribution of cash or other property, the fair market value of which, together with that of other dividends or distributions within the preceding 12 months, exceeds the greater of:***

(a) Ten percent of the surplus of the captive insurer as of December 31 next preceding the date of the dividend or distribution; or

(b) The net income of the captive insurer for the 12-month period ending December 31 next preceding the date of the dividend or distribution.

3. A state-chartered risk retention group shall not pay any dividend or distribution without prior approval of the Commissioner.

Sec. 49. NRS 694C.340 is hereby amended to read as follows:

694C.340 1. Except as otherwise provided in this section and NRS 694C.382, an association captive insurer, an agency captive insurer, a rental captive insurer ***,*** ~~[or]~~ a sponsored captive insurer ***or a state-chartered risk retention group*** shall comply with the requirements relating to investments set forth in chapter 682A of NRS. Upon the request of the association captive insurer, agency captive insurer, rental captive insurer ***,*** ~~[or]~~ sponsored captive insurer ~~[,]~~ ***or state-chartered risk retention group,*** the Commissioner may approve the use of reliable, alternative methods of valuation and rating.

2. A pure captive insurer is not subject to any restrictions on allowable investments, except that the Commissioner may prohibit or limit any investment that threatens the solvency or liquidity of the pure captive insurer.

3. A pure captive insurer may make a loan to its parent or affiliated company if the loan:

(a) Is first approved in writing by the Commissioner;

(b) Is evidenced by a note that is in a form that is approved by the Commissioner; and

(c) Does not include any money that has been set aside as capital or surplus as required by subsection 1 of NRS 694C.250.

Sec. 50. NRS 694C.390 is hereby amended to read as follows:

694C.390 1. In addition to the information required pursuant to NRS 694C.210, a state-chartered risk retention group ~~[being formed as an association captive insurer]~~ must submit to the Commissioner in summary form:

(a) The identities of:

(1) All members of the group;

(2) All organizers of the group;

(3) Those persons who will provide administrative services to the group; and

(4) Any person who will influence or control the activities of the group;

(b) The amount and nature of initial capitalization of the group;

(c) The coverages to be offered by the group; and

(d) Each state in which the group intends to operate.

2. Before it may transact insurance in any state, the state-chartered risk retention group must submit to the Commissioner, for approval by the Commissioner, a plan of operation. The risk retention group shall submit an appropriate revision in the event of any subsequent material change in any item of the plan of operation within 10 days after the change. The group shall not offer any additional kinds of liability insurance, in this State or in any other state, until a revision of the plan is approved by the Commissioner.

3. A state-chartered risk retention group chartered in this State must file with the Commissioner on or before March 1 of each year a statement containing information concerning the immediately preceding year which must:

(a) Be submitted in a form prescribed by the National Association of Insurance Commissioners;

(b) Be prepared in accordance with the Annual Statement Instructions for the type of insurer to be reported on as adopted by the National Association of Insurance Commissioners for the year in which the insurer files the statement;

(c) Utilize accounting principles in a manner that remains consistent among financial statements submitted each year and that are substantively identical to:

(1) Generally accepted accounting principles, including any useful or necessary modifications or adaptations thereof that have been approved or accepted by the Commissioner for the type of insurance and kinds of insurers to be reported upon, and as supplemented by additional information required by the Commissioner; or

(2) Statutory accounting principles, as described in the Accounting Practices and Procedures Manual adopted by the National Association of Insurance Commissioners effective on January 1, 2001, and as amended by the National Association of Insurance Commissioners after that date; and

(d) Be submitted electronically, if required by the Commissioner.

4. The Commissioner shall transmit to the National Association of Insurance Commissioners a copy of:

(a) All information submitted by a state-chartered risk retention group to the Commissioner pursuant to subsections 1 and 3; and

(b) Any revisions to a plan of operation submitted to the Commissioner pursuant to subsection 2.

Sec. 51. NRS 694C.400 is hereby amended to read as follows:

694C.400 1. On or before March 1 of each year, a captive insurer shall submit to the Commissioner a report of its financial condition. A captive insurer shall use generally accepted accounting principles and include any useful or necessary modifications or adaptations thereof that have been approved or accepted by the Commissioner for the type of insurance and kinds of insurers to be reported upon, and as supplemented by additional information required by the Commissioner. Except as otherwise provided in this section, each association captive insurer, agency captive insurer, rental captive insurer or sponsored captive insurer shall file its report in the form required by ***the Commissioner. Each state-chartered risk retention group shall file its report in the form required by*** NRS 680A.270. The Commissioner shall adopt regulations designating the form in which pure captive insurers must report.

2. Each captive insurer other than a state-chartered risk retention group shall submit to the Commissioner, on or before June 30 of each year, an annual audit as of December 31 of the preceding calendar year that is certified by a certified public accountant who is not an employee of the insurer. An annual audit submitted pursuant to this subsection must comply with the requirements set forth in regulations adopted by the Commissioner which govern such an annual audit ~~[.]~~ ***, including, without limitation, criteria for extensions and exemptions.***

3. Each state-chartered risk retention group shall file a financial statement pursuant to NRS 680A.265.

4. A pure captive insurer may apply, in writing, for authorization to file its annual report based on a fiscal year that is consistent with the fiscal year of the parent company of the pure captive insurer. If an alternative date is granted, the annual report is due not later than 60 days after the end of each such fiscal year.

5. A pure captive insurer shall file on or before March 1 of each year such forms as required by the Commissioner by regulation to provide sufficient detail to support its premium tax return filed pursuant to NRS 694C.450.

6. Any captive insurer failing, without just cause beyond the reasonable control of the captive insurer, to file its annual report of financial condition as required by subsection 1, its annual audit as required by subsection 2 or its financial statement as required by subsection 3 shall pay a penalty of $100 for each day the captive insurer fails to file the report of financial condition, the annual audit or the financial statement, but not to exceed an aggregate amount of

$3,000, to be recovered in the name of the State of Nevada by the Attorney General.

7. Any director, officer, agent or employee of a captive insurer who subscribes to, makes or concurs in making or publishing, any annual or other statement required by law, knowing the same to contain any material statement which is false, is guilty of a gross misdemeanor.

Sec. 52. Chapter 695B of NRS is hereby amended by adding thereto a new section to read as follows:

A corporation which has been issued a certificate of authority pursuant to this chapter shall maintain and report on its statement filed with the Commissioner pursuant to NRS 695B.160 a net worth in an amount which is not less than the greater of:

1. One million five hundred thousand dollars;

2. Two percent of the first $150,000,000 earned as revenue from premiums collected in the preceding 12-month period, plus 1 percent of the amount in excess of $150,000,000 earned as revenue from premiums collected in that same period; or

3. The amount of risk-based capital required by regulations adopted by the Commissioner pursuant to NRS 681B.550.

Sec. 53. NRS 695B.160 is hereby amended to read as follows:

695B.160 1. Every corporation subject to the provisions of this chapter shall annually:

(a) On or before March 1, file in the Office of the Commissioner a statement verified by at least two of the principal officers of the corporation, showing its condition and affairs as of December 31 of the preceding calendar year. The statement must be in the form required by the Commissioner and must contain statements relative to the matters required to be established as a condition precedent to maintaining or operating a nonprofit hospital, medical or dental service plan and to other matters which the Commissioner may prescribe.

(b) Pay all applicable fees for the renewal of a certificate of authority and the fee for the filing of an annual statement.

2. ***Every corporation subject to the provisions of this chapter shall file a financial statement pursuant to NRS 680A.265, as required pursuant to paragraph (c) of subsection 1 of NRS 680A.265.***

3. Every corporation subject to the provisions of this chapter shall file with the Commissioner and the National Association of Insurance Commissioners a quarterly statement in the form most recently adopted by the National Association of Insurance

Commissioners for that type of insurer. The quarterly statement must be:

(a) Prepared in accordance with the instructions which are applicable to that form, including, without limitation, the required date of submission for the form; and

(b) Filed by electronic means.

4. The Commissioner may examine, as often as the Commissioner deems it desirable, the affairs of every corporation subject to the provisions of this chapter. The Commissioner shall, if practicable, examine each such corporation at least once in every 3 years, and in any event, at least once in every 5 years, as to its condition, fulfillment of its contractual obligations and compliance with applicable laws. ~~[For examining the financial condition of every such corporation the Commissioner shall collect the]~~ ***The*** actual expenses of the examination ~~[. Such expenses]~~ must be paid by the corporation ~~[.]~~ ***in accordance with the provisions of NRS 679B.290.*** The Commissioner shall refuse to issue a certificate of authority or shall revoke a certificate of authority issued to any corporation which neglects or refuses to pay such expenses.

Sec. 54. Chapter 695C of NRS is hereby amended by adding thereto a new section to read as follows:

A health maintenance organization which has been issued a certificate of authority pursuant to this chapter shall maintain and report on each financial statement filed with the Commissioner pursuant to NRS 695C.210 a net worth in an amount which is not less than the greatest of:

1. One million five hundred thousand dollars;

2. Two percent of the first $150,000,000 earned as revenue from premiums collected in the preceding 12-month period, plus 1 percent of the amount in excess of $150,000,000 earned as revenue from premiums collected in that same period; or

3. The amount of risk-based capital required by regulations adopted by the Commissioner pursuant to NRS 681B.550.

Sec. 55. NRS 695C.055 is hereby amended to read as follows:

695C.055 1. The provisions of NRS 449.465, 679A.200, 679B.700, subsections ~~[6 and]~~ 7 ***and 8*** of NRS 680A.270, subsections 2, 4, 18, 19 and 32 of NRS 680B.010, NRS 680B.020 to 680B.060, inclusive, chapter 686A of NRS, NRS ***686B.010 to 686B.1799, inclusive, and*** 687B.500 and chapters 692C and 695G of NRS apply to a health maintenance organization.

2. For the purposes of subsection 1, unless the context requires that a provision apply only to insurers, any reference in those

sections to "insurer" must be replaced by "health maintenance organization."

Sec. 55.5. NRS 695C.057 is hereby amended to read as follows:

695C.057 1. A health maintenance organization is subject to the provisions of NRS ***689A.470 to 689A.740, inclusive,*** 689B.340 to 689B.580, inclusive, and chapter 689C of NRS relating to the portability and availability of health insurance offered by such organizations. If there is a conflict between the provisions of this chapter and the provisions of NRS ***689A.470 to 689A.740, inclusive,*** 689B.340 to 689B.580, inclusive, and chapter 689C of NRS, the provisions of NRS ***689A.470 to 689A.740, inclusive,*** 689B.340 to 689B.580, inclusive, and chapter 689C of NRS control.

2. For the purposes of subsection 1, unless the context requires that a provision apply only to a group health plan or a carrier that provides coverage under a group health plan, any reference in those sections to "group health plan" or "carrier" must be replaced by "health maintenance organization."

Sec. 56. NRS 695C.210 is hereby amended to read as follows:

695C.210 1. Every health maintenance organization shall file with the Commissioner on or before March 1 of each year a report showing its financial condition on the last day of the preceding calendar year. The report must be verified by at least two principal officers of the organization.

2. The report must be on forms prescribed by the Commissioner and must include:

(a) A financial statement of the organization, including its balance sheet and receipts and disbursements for the preceding calendar year;

(b) Any material changes in the information submitted pursuant to NRS 695C.070;

(c) The number of persons enrolled during the year, the number of enrollees as of the end of the year, the number of enrollments terminated during the year and, if requested by the Commissioner, a compilation of the reasons for such terminations;

(d) The number and amount of malpractice claims initiated against the health maintenance organization and any of the providers used by it during the year broken down into claims with and without form of legal process, and the disposition, if any, of each such claim, if requested by the Commissioner;

(e) A summary of information compiled pursuant to paragraph (c) of subsection 1 of NRS 695C.080 in such form as required by the Commissioner; and

(f) Such other information relating to the performance of the health maintenance organization as is necessary to enable the Commissioner to carry out his or her duties pursuant to this chapter.

3. Every health maintenance organization shall file with the Commissioner annually an audited financial statement of the organization ~~[prepared by an independent certified public accountant. The statement must cover the preceding 12-month period and must be filed with the Commissioner within 120 days after the end of the organization's fiscal year.]~~ ***in accordance with the provisions of subsection 1 of NRS 680A.265.*** Upon written request, the Commissioner may grant a 30-day extension.

4. ***Every health maintenance organization shall file with the Commissioner and the National Association of Insurance Commissioners a quarterly statement in the form most recently adopted by the National Association of Insurance Commissioners for that type of insurer. The quarterly statement must be:***

(a) Prepared in accordance with the instructions which are applicable to that form, including, without limitation, the required date of submission for the form; and

(b) Filed by electronic means.

5. If an organization fails to file timely ~~[the]~~ ***a*** report or financial statement required by this section, it shall pay an administrative penalty of $100 per day until the report or statement is filed, except that the total penalty must not exceed $3,000. The Attorney General shall recover the penalty in the name of the State of Nevada.

~~[5.]~~ ***6.*** The Commissioner may grant a reasonable extension of time for filing ~~[the]~~ ***any*** report or ~~[financial]~~ statement required by this section, if the request for an extension is submitted in writing and shows good cause.

Sec. 57. NRS 695C.310 is hereby amended to read as follows:

695C.310 1. The Commissioner shall make an examination of the affairs of any health maintenance organization and providers with whom such organization has contracts, agreements or other arrangements pursuant to its health care plan as often as the Commissioner deems it necessary for the protection of the interests of the people of this State, but not less frequently than once every 3 years.

2. The Commissioner shall make an examination concerning any compliance program used by a health maintenance organization and any report, as determined to be appropriate by the Commissioner, regarding the health maintenance organization produced by an organization which examines best practices in the

insurance industry. The Commissioner shall make such an examination as often as the Commissioner deems it necessary for the protection of the interests of the people of this State, but not less frequently than once every 3 years.

3. In making an examination pursuant to subsection 1 or 2, the Commissioner:

(a) Shall determine whether the health maintenance organization is in compliance with this Code, including, without limitation, whether any relationship or transaction between the health maintenance organization and any other health maintenance organization is in compliance with this Code; and

(b) May examine any account, record, document or transaction of any health maintenance organization or any provider which relates to:

(1) Compliance with this Code by the health maintenance organization which is the subject of the examination;

(2) Any relationship or transaction between the health maintenance organization which is the subject of the examination and any other health maintenance organization; or

(3) Any relationship or transaction between the health maintenance organization which is the subject of the examination and any provider.

4. Except as otherwise provided in this subsection, for the purposes of an examination pursuant to subsection 1 or 2, each health maintenance organization and provider shall, upon the request of the Commissioner or an examiner designated by the Commissioner, submit its books and records relating to any applicable health care plan to the Commissioner or the examiner, as applicable. Medical records of natural persons and records of physicians providing service pursuant to a contract with a health maintenance organization are not subject to such examination, although the records, except privileged medical information, are subject to subpoena upon a showing of good cause. For the purpose of examinations, the Commissioner may administer oaths to and examine the officers and agents of a health maintenance organization and the principals of providers concerning their business.

5. The expenses of examinations pursuant to this section must be assessed ~~[against the health maintenance organization being examined and remitted to the Commissioner.]~~ ***, billed and paid in accordance with the provisions of NRS 679B.290.***

6. In lieu of an examination pursuant to this section, the Commissioner may accept the report of an examination made by the

insurance commissioner of another state or an applicable regulatory agency of another state.

Sec. 58. Chapter 695D of NRS is hereby amended by adding thereto a new section to read as follows:

An organization for dental care which has been issued a certificate of authority pursuant to this chapter shall maintain a capital account with a net worth in an amount which is not less than the greater of:

1. The amount of risk-based capital required by regulations adopted by the Commissioner pursuant to NRS 681B.550; or

2. The following applicable amount, according to the number of members in the organization:

Number of members	
Less than 2,500	***$50,000***
At least 2,500 but not more than 5,000	***75,000***
More than 5,000	***125,000***

Sec. 59. NRS 695D.260 is hereby amended to read as follows:

695D.260 1. Every organization for dental care shall file with the Commissioner on or before March 1 of each year a report covering its activities for the preceding calendar year. The report must be verified by at least two officers of the organization.

2. The report must be on a form prescribed by the Commissioner and must include:

(a) A financial statement of the organization, including its balance sheet and receipts and disbursements for the preceding calendar year.

(b) Any material changes in the information given in the previous report.

(c) The number of members enrolled in that year, the number of members whose coverage has been terminated in that year and the total number of members at the end of the year.

(d) The costs of all goods, services and dental care provided that year.

(e) Any other information relating to the plan for dental care requested by the Commissioner.

3. Every organization for dental care shall file with the Commissioner annually an audited financial statement ~~[prepared by an independent certified public accountant. The statement must cover the most recent fiscal year of the organization and must be filed with the Commissioner within 120 days after the end of that fiscal year.]~~ ***in accordance with the provisions of subsection 1 of NRS 680A.265.***

4. ***Every organization for dental care shall file with the Commissioner and the National Association of Insurance Commissioners a quarterly statement in the form most recently adopted by the National Association of Insurance Commissioners for that type of insurer. The quarterly statement must be:***

(a) Prepared in accordance with the instructions which are applicable to that form, including, without limitation, the required date of submission for the form; and

(b) Filed by electronic means.

5. If an organization fails to file timely ~~[the]~~ ***a*** report or financial statement required by this section, it shall pay an administrative penalty of $100 per day until the report or statement is filed, except that the total penalty must not exceed $3,000. The Attorney General shall recover the penalty in the name of the State of Nevada.

~~[5.]~~ ***6.*** The Commissioner may grant a reasonable extension of time for filing ~~[the]~~ ***any*** report or ~~[financial]~~ statement required by this section, if the request for an extension is submitted in writing and shows good cause.

~~[6.]~~ ***7.*** The organization shall pay the Department of Taxation the annual tax, any penalty for nonpayment or delinquent payment of the tax imposed in chapter 680B of NRS, and a filing fee of $25 to the Commissioner, at the time the annual report is filed.

Sec. 60. NRS 695E.210 is hereby amended to read as follows:

695E.210 1. ~~[Any]~~ ***The provisions of chapters 683A and 685A of NRS apply to any*** person acting, or offering to act, as an agent or broker for ~~[a]~~ ***:***

(a) A purchasing group ~~[, a]~~ ***;***

(b) A member of a purchasing group under the group policy ~~[, or a]~~ ***; or***

(c) A risk retention group transacting insurance in this ~~[state is subject to the provisions of chapters 683A and 685A of NRS.]~~ ***State.***

2. Except as otherwise provided in this chapter, the provisions of chapter 679B of NRS apply to purchasing groups and risk retention groups, and to the provisions of this chapter, to the extent that the provisions of chapter 679B of NRS are not specifically preempted by the Product Liability Risk Retention Act of 1981, as amended by the Risk Retention Amendments of 1986.

3. A risk retention group that violates any provision of this chapter is subject to the fines and penalties, including revocation of its right to do business in this state, applicable to licensed insurers under this title.

Sec. 61. NRS 695F.200 is hereby amended to read as follows:

695F.200 1. Except as otherwise provided in this section, each prepaid limited health service organization which receives a certificate of authority shall maintain ~~[a:]~~ ***all of the following:***

(a) ~~[Capital]~~ ***A capital*** account with a net worth of not less than $500,000 unless a lesser amount is permitted in writing by the Commissioner. The account must not be obligated for any accrued liabilities and must consist of cash, securities or a combination thereof which is acceptable to the Commissioner.

(b) ~~[Surety]~~ ***A surety*** bond or deposit of cash or securities for the protection of enrollees of not less than $500,000.

(c) The amount of risk-based capital required by regulations adopted by the Commissioner pursuant to NRS 681B.550.

2. The Commissioner may increase the required amount of the organization's capital account ***,*** ~~[and the]~~ surety bond or deposit ***and capital maintained pursuant to paragraph (c) of subsection 1*** to any ~~[amounts]~~ ***amount*** the Commissioner determines to be appropriate pursuant to subsection 3 if the Commissioner determines that such an increase is necessary to:

(a) Assist the Commissioner in the performance of his or her regulatory duties;

(b) Ensure that the organization complies with the requirements of this Code; or

(c) Ensure the solvency of the organization.

3. When determining the appropriate amount of an increase pursuant to subsection 2, the Commissioner must base his or her determination on the type, volume and nature of premiums written and premiums assumed by the organization.

4. The amount of the organization's capital account ***,*** ~~[and]~~ surety bond or deposit ***and capital maintained pursuant to paragraph (c) of subsection 1, as*** required pursuant to ~~[this section:]~~ ***subsections 1 and 2:***

(a) Is in addition to any reserve required by this chapter and any reserve established by the organization according to good business and accounting practices for incurred but unreported claims and other similar claims; and

(b) May increase the amount of risk-based capital required pursuant to NRS 681B.550.

5. The amount of the organization's surety bond or deposit ***and capital maintained pursuant to paragraph (c) of subsection 1, as*** required pursuant to ~~[this section]~~ ***subsections 1 and 2*** may increase the amount of net worth required pursuant to ~~[this section.]~~ ***subsections 1 and 2.***

Sec. 62. NRS 695F.310 is hereby amended to read as follows:

695F.310 1. The Commissioner may examine the affairs of any prepaid limited health service organization as often as is reasonably necessary to protect the interests of the residents of this State, but not less frequently than once every 3 years.

2. A prepaid limited health service organization shall make its books and records available for examination and cooperate with the Commissioner to facilitate the examination.

3. In lieu of such an examination, the Commissioner may accept the report of an examination conducted by the commissioner of insurance of another state.

4. The reasonable expenses of an examination conducted pursuant to this section must be ~~[charged to the organization being examined and remitted to the Commissioner.]~~ ***assessed, billed and paid in accordance with the provisions of NRS 679B.290.***

Sec. 63. NRS 695F.320 is hereby amended to read as follows:

695F.320 1. Each prepaid limited health service organization shall file with the Commissioner annually, on or before March 1, a report showing its financial condition on the last day of the preceding calendar year. The report must be verified by at least two principal officers of the organization.

2. The report must be on a form prescribed by the Commissioner and include:

(a) A financial statement of the organization, including its balance sheet and receipts and disbursements for the preceding calendar year;

(b) The number of subscribers at the beginning and the end of the year and the number of enrollments terminated during the year; and

(c) Such other information as the Commissioner may prescribe.

3. Each prepaid limited health service organization shall file with the Commissioner annually an audited financial statement prepared ~~[by an independent certified public accountant. The statement must cover the most recent fiscal year of the organization and must be filed with the Commissioner within 120 days after the end of that fiscal year.]~~ ***in accordance with the provisions of subsection 1 of NRS 680A.265.***

4. ***Each prepaid limited health service organization shall file with the Commissioner and the National Association of Insurance Commissioners a quarterly statement in the form most recently adopted by the National Association of Insurance Commissioners for that type of insurer. The quarterly statement must be:***

(a) Prepared in accordance with the instructions which are applicable to that form, including, without limitation, the required date of submission for the form; and

(b) Filed by electronic means.

5. The Commissioner may require more frequent reports containing such information as is necessary to enable the Commissioner to carry out his or her duties pursuant to this chapter.

~~[5.]~~ ***6.*** The Commissioner may:

(a) Assess a fine of not more than $100 per day for each day ~~[the]~~ ***a*** report or ~~[financial]~~ statement required pursuant to this section is not filed after the report or ~~[financial]~~ statement is due, but the fine must not exceed $3,000; and

(b) Suspend the organization's certificate of authority until the organization files the report ~~[.]~~ ***or statement, as applicable.***

Sec. 64. NRS 695J.260 is hereby amended to read as follows:

695J.260 1. If an exchange enrollment facilitator fails to obtain an appointment by the Exchange within 30 days after the date on which the certificate was issued, the exchange enrollment facilitator's certificate expires ***.*** ~~[and the exchange enrollment facilitator shall promptly deliver his or her certificate to the Commissioner.]~~

2. If the Exchange terminates an exchange enrollment facilitator's appointment, the exchange enrollment facilitator is prohibited from engaging in the business of an exchange enrollment facilitator under his or her certificate until such time as the exchange enrollment facilitator receives a new appointment by the Exchange. If the exchange enrollment facilitator does not obtain a new appointment by the Exchange within 30 days after the date the appointment was terminated, the exchange enrollment facilitator's certificate expires ***.*** ~~[and the exchange enrollment facilitator shall promptly deliver his or her certificate to the Commissioner.]~~

3. Except as otherwise provided in subsection 4, if the Exchange terminates the appointment of an entity other than a natural person:

(a) The appointments of exchange enrollment facilitators named on the entity's appointment also terminate; and

(b) The exchange enrollment facilitator is prohibited from engaging in the business of an exchange enrollment facilitator under his or her certificate until such time as the exchange enrollment facilitator receives a new appointment by the Exchange. If the exchange enrollment facilitator does not obtain a new appointment by the Exchange within 30 days after the date on which the appointment was terminated, the exchange enrollment facilitator's

certificate expires . ~~[and the exchange enrollment facilitator shall promptly deliver his or her certificate to the Commissioner.]~~

4. The provisions of subsection 3 do not apply to any appointments the exchange enrollment facilitator may have individually or through an entity other than the terminated entity.

5. Upon the termination of an appointment for an entity or certificate holder, the Executive Director of the Exchange shall notify the Commissioner of the effective date of the termination and the grounds for termination.

Sec. 65. Chapter 696B of NRS is hereby amended by adding thereto the provisions set forth as sections 66 and 67 of this act.

Sec. 66. ***1. Not later than 1 year after the date of entry of an order appointing a receiver in delinquency proceedings for an insurer pursuant to this chapter, and not less frequently than annually thereafter, the receiver shall comply with all requirements for financial reporting for a receivership as specified by the National Association of Insurance Commissioners. The reports required pursuant to this subsection include, without limitation, a statement of:***

(a) The assets and liabilities of the insurer;

(b) Changes in those assets and liabilities; and

(c) All funds received and disbursed by the receiver during the period since the last such report.

2. The receiver may:

(a) Qualify any report and provide notes to any statement for further explanation; and

(b) Provide any additional information required pursuant to an order of the court or as the receiver deems appropriate.

3. In addition to satisfying any filing requirements established by the National Association of Insurance Commissioners, the receiver shall file the reports, statements and other documents required by this section with the court that has jurisdiction over the receivership.

4. For good cause shown, the court may grant an extension or modification of time to comply with subsection 1 or such other relief as may be appropriate.

Sec. 67. ***1. Not later than 1 year after the date of entry of an order appointing a receiver in delinquency proceedings for an insurer pursuant to this chapter, and at such intervals as may be agreed to between the receiver and a guaranty association but in no event less frequently than annually, each guaranty association which is affected by the delinquency proceedings shall comply with all applicable requirements for financial reporting as***

specified by the National Association of Insurance Commissioners.

2. In addition to satisfying any filing requirements established by the National Association of Insurance Commissioners, each guaranty association which is affected by the delinquency proceedings shall file the reports and other documents required by this section with:

(a) The court that has jurisdiction over the receivership;

(b) The Commissioner; and

(c) The receiver.

3. For good cause shown, the court may grant an extension or modification of time to comply with subsection 1 or such other relief as may be appropriate.

4. As used in this section, "guaranty association" means the Nevada Insurance Guaranty Association, the Nevada Life and Health Insurance Guaranty Association or a similar organization in another jurisdiction, as applicable.

Sec. 68. NRS 696B.150 is hereby amended to read as follows:

696B.150 "Reciprocal state" means any state other than this state in which in substance and effect the provisions of the Uniform Insurers Liquidation Act ~~[,]~~ ***or the Insurer Receivership Model Act*** are in force, including provisions requiring that the commissioner of insurance or the equivalent insurance supervisory officer be the receiver of a delinquent insurer, and in which effective provisions exist for avoidance of fraudulent conveyances and unlawful preferential transfers.

Sec. 69. NRS 696B.280 is hereby amended to read as follows:

696B.280 1. This section, NRS 696B.030 to 696B.180, inclusive, (definitions) and NRS 696B.290 to 696B.340, inclusive, ***and sections 66 and 67 of this act*** comprise ~~[and may be cited as the Uniform Insurers Liquidation Act.]~~ ***the Uniform Insurers Liquidation Act and the Insurer Receivership Model Act.***

2. If any provision of the ~~[Uniform Insurers Liquidation Act]~~ ***NAIC Acts*** or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ~~[act]~~ ***NAIC Acts*** which can be given effect without the invalid provision or application, and to this end the provisions of the ~~[act]~~ ***NAIC Acts*** are declared to be severable.

3. The ~~[Uniform Insurers Liquidation Act]~~ ***NAIC Acts*** shall be so interpreted as to effectuate ~~[its]~~ ***the*** general purpose to make uniform the laws of those states which enact ~~[it.]~~ ***the Uniform Insurers Liquidation Act or the Insurer Receivership Model Act.*** To the extent that ~~[its]~~ ***the*** provisions ~~[,]~~ ***of the NAIC Acts,*** when

applicable, conflict with other provisions of this Code, the provisions of the ~~[Uniform Insurers Liquidation Act]~~ ***NAIC Acts*** shall control.

4. As used in this section, "NAIC Acts" means this section, NRS 696B.030 to 696B.180, inclusive, and NRS 696B.290 to 696B.340, inclusive, and sections 66 and 67 of this act.

Sec. 70. NRS 697.360 is hereby amended to read as follows:

697.360 Licensed bail agents, bail solicitors and bail enforcement agents, and general agents are also subject to the following provisions of this Code, to the extent reasonably applicable:

1. Chapter 679A of NRS.
2. Chapter 679B of NRS.
3. NRS 683A.261.
4. NRS 683A.301.
5. NRS 683A.311.
6. NRS 683A.331.
7. NRS 683A.341.
8. NRS 683A.361.
9. NRS 683A.400.
10. NRS 683A.451.
11. NRS 683A.461.
12. ~~[NRS 683A.480.~~
~~13.]~~ NRS 683A.500.

~~[14.]~~ ***13.*** NRS 683A.520.

~~[15.]~~ ***14.*** NRS 686A.010 to 686A.310, inclusive.

Sec. 71. NRS 630.130 is hereby amended to read as follows:

630.130 1. In addition to the other powers and duties provided in this chapter, the Board shall, in the interest of the public, judiciously:

(a) Enforce the provisions of this chapter;

(b) Establish by regulation standards for licensure under this chapter;

(c) Conduct examinations for licensure and establish a system of scoring for those examinations;

(d) Investigate the character of each applicant for a license and issue licenses to those applicants who meet the qualifications set by this chapter and the Board; and

(e) Institute a proceeding in any court to enforce its orders or the provisions of this chapter.

2. On or before February 15 of each odd-numbered year, the Board shall submit to the Governor and to the Director of the

Legislative Counsel Bureau for transmittal to the next regular session of the Legislature a written report compiling:

(a) Disciplinary action taken by the Board during the previous biennium against any licensee for malpractice or negligence;

(b) Information reported to the Board during the previous biennium pursuant to NRS 630.3067, 630.3068, subsections 3 and 6 of NRS 630.307 and NRS 690B.250 ***;*** ~~[and 690B.260;]~~ and

(c) Information reported to the Board during the previous biennium pursuant to NRS 630.30665, including, without limitation, the number and types of surgeries performed by each holder of a license to practice medicine and the occurrence of sentinel events arising from such surgeries, if any.

➥ The report must include only aggregate information for statistical purposes and exclude any identifying information related to a particular person.

3. The Board may adopt such regulations as are necessary or desirable to enable it to carry out the provisions of this chapter.

Sec. 72. NRS 630.3069 is hereby amended to read as follows:

630.3069 If the Board receives a report pursuant to the provisions of NRS 630.3067, 630.3068 ~~[,]~~ ***or*** 690B.250 ~~[or 690B.260]~~ indicating that a judgment has been rendered or an award has been made against a physician regarding an action or claim for malpractice or that such an action or claim against the physician has been resolved by settlement, the Board shall conduct an investigation to determine whether to impose disciplinary action against the physician regarding the action or claim, unless the Board has already commenced or completed such an investigation regarding the action or claim before it receives the report.

Sec. 73. NRS 630.318 is hereby amended to read as follows:

630.318 1. If the Board or any investigative committee of the Board has reason to believe that the conduct of any physician has raised a reasonable question as to his or her competence to practice medicine with reasonable skill and safety to patients, or if the Board has received a report pursuant to the provisions of NRS 630.3067, 630.3068 ~~[,]~~ ***or*** 690B.250 ~~[or 690B.260]~~ indicating that a judgment has been rendered or an award has been made against a physician regarding an action or claim for malpractice or that such an action or claim against the physician has been resolved by settlement, the Board or committee may order that the physician undergo a mental or physical examination, an examination testing his or her competence to practice medicine or any other examination designated by the Board to assist the Board or committee in determining the fitness of the physician to practice medicine.

2. For the purposes of this section:

(a) Every physician who applies for a license or who is licensed under this chapter shall be deemed to have given consent to submit to a mental or physical examination or an examination testing his or her competence to practice medicine when ordered to do so in writing by the Board or an investigative committee of the Board.

(b) The testimony or reports of a person who conducts an examination of a physician on behalf of the Board or an investigative committee of the Board pursuant to this section are not privileged communications.

3. Except in extraordinary circumstances, as determined by the Board, the failure of a physician licensed under this chapter to submit to an examination when directed as provided in this section constitutes an admission of the charges against the physician.

Sec. 74. NRS 633.286 is hereby amended to read as follows:

633.286 1. On or before February 15 of each odd-numbered year, the Board shall submit to the Governor and to the Director of the Legislative Counsel Bureau for transmittal to the next regular session of the Legislature a written report compiling:

(a) Disciplinary action taken by the Board during the previous biennium against osteopathic physicians and physician assistants for malpractice or negligence;

(b) Information reported to the Board during the previous biennium pursuant to NRS 633.526, 633.527, subsections 3 and 6 of NRS 633.533 and NRS 690B.250 ***;*** ~~[and 690B.260;]~~ and

(c) Information reported to the Board during the previous biennium pursuant to NRS 633.524, including, without limitation, the number and types of surgeries performed by each holder of a license to practice osteopathic medicine and the occurrence of sentinel events arising from such surgeries, if any.

2. The report must include only aggregate information for statistical purposes and exclude any identifying information related to a particular person.

Sec. 75. NRS 633.528 is hereby amended to read as follows:

633.528 If the Board receives a report pursuant to the provisions of NRS 633.526, 633.527 ~~[,]~~ ***or*** 690B.250 ~~[or 690B.260]~~ indicating that a judgment has been rendered or an award has been made against an osteopathic physician or physician assistant regarding an action or claim for malpractice or that such an action or claim against the osteopathic physician or physician assistant has been resolved by settlement, the Board shall conduct an investigation to determine whether to discipline the osteopathic physician or physician assistant regarding the action or claim, unless

the Board has already commenced or completed such an investigation regarding the action or claim before it receives the report.

Sec. 76. NRS 633.529 is hereby amended to read as follows:

633.529 1. Notwithstanding the provisions of chapter 622A of NRS, if the Board or an investigative committee of the Board receives a report pursuant to the provisions of NRS 633.526, 633.527 ~~[,]~~ ***or*** 690B.250 ~~[or 690B.260]~~ indicating that a judgment has been rendered or an award has been made against an osteopathic physician or physician assistant regarding an action or claim for malpractice, or that such an action or claim against the osteopathic physician or physician assistant has been resolved by settlement, the Board or committee may order the osteopathic physician or physician assistant to undergo a mental or physical examination or any other examination designated by the Board to test his or her competence to practice osteopathic medicine or to practice as a physician assistant, as applicable. An examination conducted pursuant to this subsection must be conducted by a person designated by the Board.

2. For the purposes of this section:

(a) An osteopathic physician or physician assistant who applies for a license or who holds a license under this chapter is deemed to have given consent to submit to a mental or physical examination or an examination testing his or her competence to practice osteopathic medicine or to practice as a physician assistant, as applicable, pursuant to a written order by the Board.

(b) The testimony or reports of a person who conducts an examination of an osteopathic physician or physician assistant on behalf of the Board pursuant to this section are not privileged communications.

Sec. 77. NRS 679B.144, 690B.260 and 690B.340 are hereby repealed.

Sec. 78. NRS 680A.310, 683A.480 and 696A.330 are hereby repealed.

Sec. 79. 1. This section and sections 2, 3, 29, 33 and 71 to 77, inclusive, of this act become effective upon passage and approval.

2. Sections 1, 3.5 to 28, inclusive, 30, 31, 32, 35 to 70, inclusive, and 78 of this act become effective on October 1, 2019.

3. Section 34 of this act becomes effective on January 1, 2020.