

SENATE BILL NO. 152—SENATOR SCHNEIDER

FEBRUARY 16, 2011

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions governing insurance adjusters. (BDR 57-939)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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

AN ACT relating to insurance; revising provisions governing insurance adjusters; exempting certain persons from provisions of the Nevada Insurance Adjusters Law governing the licensing and regulation of adjusters; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 The Nevada Insurance Adjusters Law governs the licensing of adjusters and the
2 regulation of their conduct. (NRS 684A.010-684A.260) The Nevada Insurance
3 Adjusters Law defines “adjuster,” “independent adjuster,” “public adjuster” and
4 “associate adjuster” for purposes of the Nevada Insurance Code. (NRS 684A.020,
5 684A.030) The Nevada Insurance Adjusters Law is applicable only to persons who
6 satisfy the statutory definition of adjuster, but not to persons who adjust or settle
7 claims relating to life insurance, health insurance or annuities. (NRS 684A.010)

8 **Section 2** of this bill exempts certain persons from the provisions governing the
9 licensing and regulation of adjusters by specifically providing that such persons are
10 not considered adjusters for purposes of the Code. **Section 2** provides that the
11 following persons are not considered adjusters: (1) certain employees of an
12 independent adjuster or an affiliate of an independent adjuster who collect
13 information relating to a claim and conduct data entry; (2) licensed agents who
14 supervise certain employees of an independent adjuster or an affiliate of an
15 independent adjuster; (3) persons employed only to collect factual information
16 concerning a claim for coverage arising under an insurance contract; (4) persons
17 employed only to provide technical assistance to an independent adjuster; (5)
18 persons employed to investigate suspected fraudulent claims for coverage arising
19 under an insurance contract but who do not adjust losses or determine the payment
20 of claims; (6) persons who perform only executive, administrative, managerial or
21 clerical duties, or any combination thereof, but do not investigate or settle claims
22 for coverage arising under an insurance contract; (7) licensed health care providers
23 or any employees thereof who provide managed care services if those services do
24 not include the determination of compensability; (8) managed care organizations or



25 any employees thereof or organizations that provide managed care services or any
26 employees thereof if the services provided do not include the determination of
27 compensability; (9) persons who settle only reinsurance or subrogation claims; (10)
28 brokers, agents or representatives of risk retention groups; (11) attorneys-in-fact of
29 reciprocal insurers; and (12) managers of branch offices of alien insurers that are
30 located in the United States.

31 **Section 6** of this bill revises provisions concerning applications for licensure
32 submitted by an applicant that is a firm or corporation rather than a natural person.

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

1 **Section 1.** Chapter 684A of NRS is hereby amended by
2 adding thereto a new section to read as follows:

3 *As used in this Code, "automated claims adjudication system"*
4 *means a preprogrammed computer system which:*

5 1. *Is designed for the collection, data entry, calculation and*
6 *final resolution of claims arising under an insurance contract for*
7 *portable electronic insurance coverage;*

8 2. *Is used by a licensed adjuster, licensed agent or person*
9 *supervised by a licensed adjuster or licensed agent; and*

10 3. *Complies with the requirements of this Code concerning*
11 *the payment of claims.*

12 **Sec. 2.** NRS 684A.020 is hereby amended to read as follows:

13 684A.020 1. ~~As~~ *Except as otherwise provided in*
14 *subsection 2, as* used in this Code, "adjuster" means any person
15 who, for compensation as an independent contractor or for a fee or
16 commission, investigates and settles, and reports to his or her
17 principal relative to, claims:

18 (a) Arising under insurance contracts for property, casualty or
19 surety coverage, on behalf solely of the insurer or the insured; or

20 (b) Against a self-insurer who is providing similar coverage,
21 unless the coverage provided relates to a claim for industrial
22 insurance.

23 2. For the purposes of this chapter:

24 (a) An associate adjuster, as defined in NRS 684A.030;

25 (b) An attorney at law who adjusts insurance losses from time to
26 time incidental to the practice of his or her profession;

27 (c) An adjuster of ocean marine losses;

28 (d) A salaried employee of an insurer; ~~or~~

29 (e) A salaried employee of a managing general agent
30 maintaining an underwriting office in this state ~~;~~;

31 (f) *An employee of an independent adjuster or an employee of*
32 *an affiliate of an independent adjuster who is one of not more*
33 *than 25 such employees under the supervision of an independent*
34 *adjuster or licensed agent and who:*



1 (1) *Collects information relating to a claim for coverage*
2 *arising under an insurance contract from or furnishes such*
3 *information to an insured or a claimant; and*

4 (2) *Conducts data entry, including, without limitation,*
5 *entering data into an automated claims adjudication system;*

6 (g) *A licensed agent who supervises not more than 25*
7 *employees described in paragraph (f);*

8 (h) *A person who is employed only to collect factual*
9 *information concerning a claim for coverage arising under an*
10 *insurance contract;*

11 (i) *A person who is employed only to provide technical*
12 *assistance to an independent adjuster;*

13 (j) *A person who is employed to investigate suspected*
14 *fraudulent claims for coverage arising under an insurance*
15 *contract but who does not adjust losses or determine the payment*
16 *of claims;*

17 (k) *A person who performs only executive, administrative,*
18 *managerial or clerical duties, or any combination thereof, but*
19 *does not investigate or settle claims for coverage arising under an*
20 *insurance contract;*

21 (l) *A licensed health care provider or any employee thereof*
22 *who provides managed care services if those services do not*
23 *include the determination of compensability;*

24 (m) *A managed care organization or any employee thereof or*
25 *an organization that provides managed care services or any*
26 *employee thereof if the services provided do not include the*
27 *determination of compensability;*

28 (n) *A person who settles only reinsurance or subrogation*
29 *claims;*

30 (o) *A broker, agent or representative of a risk retention group;*

31 (p) *An attorney-in-fact of a reciprocal insurer; or*

32 (q) *A manager of a branch office of an alien insurer that is*
33 *located in the United States,*

34 ↪ *is not considered an adjuster.*

35 **Sec. 3.** (Deleted by amendment.)

36 **Sec. 4.** (Deleted by amendment.)

37 **Sec. 5.** (Deleted by amendment.)

38 **Sec. 6.** NRS 684A.090 is hereby amended to read as follows:

39 684A.090 1. The applicant for a license as an adjuster shall
40 file a written application therefor with the Commissioner on forms
41 prescribed and furnished by the Commissioner. As part of, or in
42 connection with, the application, the applicant shall furnish
43 information as to his or her identity, personal history, experience,
44 financial responsibility, business record and other pertinent matters



1 as reasonably required by the Commissioner to determine the
2 applicant's eligibility and qualifications for the license.

3 2. If the applicant is a natural person, the application must
4 include the social security number of the applicant.

5 3. If the applicant is a firm or corporation, the application must
6 ~~{also include the names of all firm members, all corporate officers~~
7 ~~and directors, and shall}~~ designate each individual who is to exercise
8 the license powers ~~{}~~ and must include:

9 (a) *The name of each member of the firm or each officer and*
10 *director of the corporation;*

11 (b) *The name of each executive officer and director who owns*
12 *more than 10 percent of the outstanding voting securities of the*
13 *applicant; and*

14 (c) *The name of any other individual who owns more than 10*
15 *percent of the outstanding voting securities of the applicant.*

16 ↪ Each such member, officer, director and individual shall furnish
17 information to the Commissioner as though applying for an
18 individual license.

19 4. If the applicant is a nonresident of this state, the application
20 must be accompanied by an appointment of the Commissioner as
21 process agent and agreement to appear pursuant to NRS 684A.200.

22 5. The application must be accompanied by the applicable
23 license fee as specified in NRS 680B.010 and, in addition to any
24 other fee or charge, all applicable fees required pursuant to
25 NRS 680C.110.

26 6. No applicant for such a license may willfully misrepresent
27 or withhold any fact or information called for in the application
28 form or in connection therewith. A violation of this subsection is a
29 gross misdemeanor.

30 **Sec. 7.** (Deleted by amendment.)

