

**STATE OF NEVADA  
DEPARTMENT OF BUSINESS & INDUSTRY  
DIVISION OF INSURANCE**

**Determination of Necessity of Small Business Impact Statement**

R001-16

A regulation relating to insurance; revising the annual fee for certain insurers pursuant to NRS 680C.110  
Effective upon adoption

**1. BACKGROUND**

During the 2015 legislative session, the Legislature passed AB 486 which revised the amount of the annual fee to be paid by certain insurers from a statutory fee schedule to an amount to be determined annually by the Commissioner and repealed certain statutory fees charged for specific activities related to the administration and enforcement of the insurance code and other laws and regulations within the purview of the Division.

Nevada Revised Statutes 680C.110 was amended to require (1) certain annual fees to be paid on or before the date established by regulation of the Commissioner; (2) each insurer authorized to transact casualty insurance, health insurance, life insurance or property insurance and each title insurer, fraternal benefit society, corporation that operates a hospital, medical or dental service plan, health maintenance organization, organization for dental care and prepaid limited health service organization to pay to the Commissioner an initial fee of \$1,000 and an annual fee determined by the Commissioner; and (3) certain other insurers to pay to the Commissioner an initial fee of \$250 and an annual fee of \$250. The latter fee of \$250 was not changed in AB 486.

This proposed regulation contains two sections. The first section establishes a process by which those insurers pursuant to section 4 of AB 486 will be notified of the Division's intent to review its budget as approved by the Legislature and make a determination of the amount of the annual fee that will be required to be paid by each insurer for the next fiscal year. The second section of the proposed regulation sets forth a process by which the Division will present for public input its preliminary biennial budget request and the projected impact that such a request would have on the annual fee for the coming biennium.

**2. DOES THE PROPOSED REGULATION IMPOSE A DIRECT AND SIGNIFICANT ECONOMIC BURDEN UPON A SMALL BUSINESS OR DIRECTLY RESTRICT THE FORMATION, OPERATION OR EXPANSION OF A SMALL BUSINESS? (NRS 233B.0608.1)(circle one)**

☒ NO

YES

**3. HOW WAS THAT CONCLUSION REACHED? (NRS 233B.0608.3)**

In 2009, the Fund for Insurance Administration and Enforcement (Fund) was established as an enterprise fund to support the general duties of the Division of Insurance and the Legislature established the annual fee in statute at \$1,300.00. Current law requires that all insurers with a certificate of authority granted by the Division pay an initial and annual fee which is deposited into this Fund. In revising the law, the Legislature determined that the fee should be set annually by the Commissioner and by regulation, set forth the process for determination of the annual fee to be assessed and provided that

certain factors such as direct premium written in the preceding calendar year as reported to the National Association of Insurance Commissioners must be considered when making the determination.

I, Amy L. Parks, Acting Commissioner of Insurance for the State of Nevada, certify that, to the best of my knowledge or belief, a concerted effort was made to determine the impact of the proposed regulation on small businesses and that the information contained in the statement above is accurate. (NRS 233B.0608.3)

2/29/16  
(DATE)

  
AMY L. PARKS  
Acting Commissioner of Insurance

**Small Business Impact Statement**

R001-16

**4. DESCRIPTION OF SOLICITATION**

The Division did not conduct a solicitation because the statutory requirements for the annual fee are based on premium written in the State for the prior year and on the budget for the Division's operations as authorized and approved by the Legislature. Pursuant to licensing requirements, if an insurer maintains a certificate of authority in this State, payment of the annual fee is required regardless of whether or not the insurer writes any premium in the State. Prior to the change in the law, insurers that did not write premium were required to pay the statutorily set fee of \$1,300.

**5. SUMMARY OF COMMENTS RECEIVED FROM SMALL BUSINESSES (NRS 233B.0609.1.a)**

There are no comments to report.

**6. ESTIMATED ECONOMIC EFFECT ON SMALL BUSINESSES THE REGULATION IS TO REGULATE (NRS 233B.0609.1.c)**

An estimated effect of small business is impossible to ascertain at this time. The Legislature has determined that the amount of the annual fee to be assessed shall be based on the amount of premium written by the insurer in the State of Nevada for the preceding year. Prior to enactment of AB 486, the law required that these same insurers pay a single statutory fee regardless of premium written in the State. By establishing a regulatory process that sets the annual assessment for the biennium by the creation of an assessment tier which is based on annual premium written in concert with the legislatively approved budget of the Division, the annual fee will no longer be one-size fits all.

**7. METHODS CONSIDERED TO REDUCE IMPACT ON SMALL BUSINESSES (NRS 233B.0609.1.d)**

No method to reduce the impact of the proposed regulation upon small business is currently considered. The law requires that all insurers pay an annual fee. The Legislature has not statutorily exempted any insurer from paying the annual fee for any reason, including on the basis of size as it relates to the number of employees.

**8. ESTIMATED COST OF ENFORCEMENT (NRS 233B.0609.1.e)**

The proposed regulation is not expected to carry any additional cost to enforce; it will be enforced through current procedures and practices.

9. FEE CHANGES (NRS 233B.0609.1.f)

The proposed regulation does not create a new fee; it only specifies the procedure that will be used in determining the amount of the annual fee to be assessed for the next fiscal year.

10. DUPLICATIVE PROVISIONS (NRS 233B.0609.1.g)

The proposed regulation is not duplicative.

11. HOW WAS THE ANALYSIS CONDUCTED? (NRS 233B.0609.1.b)


The Division is familiar with the industry it regulates and believes that insurers impacted by this regulation would not be considered small businesses pursuant to the definition for the purposes of this small business impact statement. Further, the Division believes it cannot correlate the amount of premium written in the State by an insurer to the number of employees of that insurer; therefore it would be impossible for the Division to construct a survey that would provide sufficient data to perform an adequate analysis.

12. REASONS FOR CONCLUSIONS (NRS 233B.0609.1.h)

Given the statutory requirements for determining the annual fee based on premium, the Division does not believe it can correlate the amount of premium written in the State by an insurer to the number of employees of that insurer; therefore, it would not have sufficient data arrive at a conclusive analysis.

I, Amy L. Parks, Acting Commissioner of Insurance for the State of Nevada, certify that, to the best of my knowledge or belief, the information contained in the statement above was prepared properly and is accurate. (NRS 233B.0609.2)

2/29/14  
(DATE)

  
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AMY L. PARKS  
Commissioner of Insurance



STATE OF NEVADA  
DEPARTMENT OF BUSINESS & INDUSTRY  
DIVISION OF INSURANCE

**Addendum to Small Business Impact Statement**  
**Pursuant to NRS 233B.0608.4**

LCB File No. R001-16

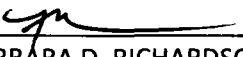
EXPLANATION OF THE REVISION TO THE REGULATION AND THE EFFECT OF THE CHANGE ON SMALL BUSINESSES:

The Division did not revise the regulation; LCB made revisions to sections 11 and 12.2(a) & 12.2(b) for clarification. The revisions are not considered substantive.

There is no change to the Small Business Impact Statement previously filed with R001-16.

I, Barbara D. Richardson, Commissioner of Insurance for the State of Nevada, certify that, to the best of my knowledge or belief, a concerted effort was made to determine the impact of the proposed regulation on small businesses, and that the information contained in the statement above is accurate. (NRS 233B.0608.3)

4/28/16  
(DATE)

  
BARBARA D. RICHARDSON  
Commissioner of Insurance

