

STATE OF NEVADA
DEPARTMENT OF BUSINESS & INDUSTRY
DIVISION OF INSURANCE

Determination of Necessity of Small Business Impact Statement
LCB File No. R093-14

A regulation amending provisions relating to the use of certain mortality tables adopted by the National Association of Insurance Commissioners to establish minimum reserve liabilities for certain policies of life insurance; and providing other matters properly related thereto.

Effective Date of Regulation: Upon filing with the Nevada Secretary of State

1. BACKGROUND

Existing law authorizes the Commissioner of Insurance to adopt by regulation certain mortality tables adopted by the National Association of Insurance Commissioners to establish minimum reserve liabilities for certain policies of life insurance. (NRS 679B.130, 681B.120, 688A.325) Under existing regulations, the Commissioner has adopted by reference the Recognition of the 2001 CSO Mortality Table for Use in Determining Minimum Reserve Liabilities and Nonforfeiture Benefits Model Regulation adopted by the National Association of Insurance Commissioners and thereby authorized its use by insurers as the minimum standard of valuation for certain policies of insurance. (NAC 688A.350) Existing regulations define the 2001 CSO Mortality Table as "the mortality table, consisting of separate rates of mortality for male and female lives, . . ." (NAC 688A.325) Existing regulations also define the 2001 CSO Preferred Class Structure Mortality Table as "the mortality table with separate rates of mortality for super preferred nonsmokers, preferred nonsmokers, residual standard nonsmokers, preferred smokers and residual standard smokers which are splits of the 2001 CSO nonsmoker and smoker mortality tables . . ." (NAC 688A.327) Under existing regulations, an insurer who satisfies certain requirements, including providing proof satisfactory to the Commissioner of Insurance that 20 percent or more of the business to be valued under a policy of insurance is in one or more of the preferred classes described in the 2001 CSO Preferred Class Structure Mortality Table, may elect to use that mortality table in lieu of the 2001 CSO Mortality Table to determine minimum reserves. (NAC 688A.353); Section 1 of this regulation prohibits the use of the 2001 CSO Preferred Class Structure Mortality Table in certain circumstances; Sections 3-5 of this regulation amend provisions relating to obtaining copies of the 2001 CSO Mortality Table, the 2001 CSO Preferred Class Structure Mortality Table and the Recognition of the 2001 CSO Mortality Table for Use in Determining Minimum Reserve Liabilities and Nonforfeiture Benefits Model Regulation; Section 6 of this regulation provides for the use of the 2001 CSO Preferred Class Structure Mortality Table in lieu of the 2001 CSO Mortality Table in certain circumstances.

2. DESCRIPTION OF SOLICITATION

The Division determined that the proposed regulation does not and is not likely to impose a direct or significant economic burden upon small businesses. The Division also concluded that the proposed regulation does not directly restrict the formation, operation or expansion of a small business. Based on that determination, the Division concluded that an analysis of the impact of the proposed regulation on small businesses, and the solicitation of input from owners and officers of small businesses likely to be affected by the proposed regulation, were not necessary. Accordingly, a small business impact statement was not prepared (NRS 233B.0608.2).

3. 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 (answer #4)

☐ YES (skip to #5)

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

The proposed regulation affects the calculation of the reserves held by life insurance companies. The actual impact of the proposed regulation may result in a decrease or increase in the level of reserves required to be held by a life insurance company, depending on the mortality characteristics of the company's insureds and on the mix of products offered by the insurer. Since the proposed regulation applies to all life insurers, the Division determined that it does not impose a direct or significant economic burden upon small businesses as defined by NRS chapter 233B, nor does it directly restrict the formation, operation or expansion of a small business.

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)

2/10/16
(DATE)


AMY L. PARKS
Acting Commissioner of Insurance

Small Business Impact Statement

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

N/A

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

N/A

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

N/A

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

N/A

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

N/A

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

N/A

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

N/A

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

N/A

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)

2/10/16
(DATE)


AMY L. PARKS
Acting Commissioner of Insurance

