

STATE OF NEVADA
DEPARTMENT OF BUSINESS & INDUSTRY
DIVISION OF INSURANCE

Determination of Necessity - Small Business Impact Statement
NRS 233B.0608(1)

SERVICE CONTRACT FILINGS:

This proposed regulation amends NAC 690C.100, which specifies the method a registered service contract provider must use when filing service contract forms for approval by the Nevada Division of Insurance ("Division").

EFFECTIVE DATE OF REGULATION:

Upon filing with the Nevada Secretary of State

1. **BACKGROUND.**

In 2010 the Division mandated that insurers filing rates and forms pursuant to chapter 686B of NRS must use the System for Electronic Rate and Form Filing ("SERFF") to file rates and forms and must use Electronic Funds Transfer ("EFT") to pay the filing fees. NAC 690C.100 specifies the method service contract providers must use when submitting form filings. This proposed regulation mandates that service contract providers must also use SERFF and EFT.

The National Association of Insurance Commissioners ("NAIC") oversees the operation of SERFF. SERFF expedites the filing review and approval process. With SERFF, filings and communications between the filer and reviewer are instantaneous. SERFF allows both the Division and industry to conveniently maintain and retrieve documents electronically, thus providing additional efficiencies and reducing the need for storage of paper filings. Currently, all 50 states, the District of Columbia, Puerto Rico and over 3,000 insurance companies participate in SERFF. Thirty-five states have already mandated that filings be submitted using SERFF in at least one business area with twenty-two states mandating EFT payments for SERFF filings.

2. **DESCRIPTION OF SOLICITATION SHOWING A CONCERTED EFFORT. NRS 233B.0608(1).**

The Division sent a survey to the 192 service contract providers registered in Nevada to determine how many are small businesses according to Nevada law and to examine the cost differences between submitting a paper filing through the mail and submitting a filing electronically through SERFF.

The Division also sent a survey to 13 Chambers of Commerce across Nevada to ask if they or their members perceived any adverse economic impact as a result of the proposed regulation.

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).**

☒ NO

☐ YES

4. HOW WAS THAT CONCLUSION REACHED? NRS 233B.0608(3).

The Division received 57 responses to the survey, 23 of which indicated they did not meet the definition of small business under Nevada law. Of the 34 remaining responses, only 1 indicated it did not already use SERFF. The amount that company estimated for the cost of submitting a paper filing was less than the cost of a SERFF filing.

Of the 15 companies who use SERFF and provided information regarding the cost of submitting a paper filing, it would be cheaper for 8 to use SERFF exclusively. For the remaining 7, the increased cost for using SERFF over paper filings in Nevada amounts to less than \$50 per year.

The Division received no responses from Nevada Chambers of Commerce or their members expressing concern with the proposed regulation.

I, BARBARA D. RICHARDSON, Commissioner of Insurance for the State of Nevada, hereby certify 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 this statement was prepared properly and the information contained herein is accurate. (NRS 233B.0608(3))

9/6/17
(DATE)

BARBARA D. RICHARDSON
Commissioner of Insurance

Small Business Impact Statement
NRS 233B.0608(2)-(4) and 233B.0609

SERVICE CONTRACT FILINGS

1. SUMMARY OF COMMENTS RECEIVED FROM SMALL BUSINESSES. NRS 233B.0609(1)(a).

The Division received 34 responses from service contract providers who meet the definition of a small business under Nevada law. All but one responded that they already use SERFF to submit filings. For the remaining company, the cost of submitting a SERFF filing is less than the company's cost of submitting a paper filing through the mail.

Of the companies who already use SERFF, 15 provided information on the cost of submitting a paper filing, suggesting that they may not use SERFF exclusively. Of those companies, 8 would save money by using SERFF exclusively. For the remaining 7, the increased cost for using SERFF over paper filings amounts to less than \$50 per year. Three companies responded that they did not feel comfortable using SERFF.

Other interested parties may receive a copy of this summary by contacting Susan Bell, Legal Secretary, Nevada Division of Insurance, at (775) 687-0704 or suebell@doi.nv.gov.

2. HOW WAS THE ANALYSIS CONDUCTED? NRS 233B.0609(1)(b).

The Division sent a small-business impact survey to the 192 service contract providers registered in Nevada to determine how many are small businesses and to examine the cost differences between submitting a paper filing through the mail and submitting a filing electronically through the System for Electronic Rate and Form Filing (SERFF).

The Division also sent a small-business impact survey to 13 Chambers of Commerce across Nevada to ask if they perceived any impact to their membership due to the proposed regulation.

3. ESTIMATED ECONOMIC EFFECT ON SMALL BUSINESSES THE REGULATION IS TO REGULATE. NRS 233B.0609(1)(c).

There is a small upfront cost to get set up with SERFF and get staff trained to use SERFF, but over time this regulation should be beneficial to service contract providers. Submitting a SERFF filing is generally cheaper than submitting a paper filing through the mail. In addition, filing review through SERFF is more efficient so providers may have their products approved more quickly.

4. METHODS CONSIDERED TO REDUCE IMPACT ON SMALL BUSINESSES. NRS 233B.0609(1)(d).

Not applicable.

5. ESTIMATED COST OF ENFORCEMENT. NRS 233B.0609(1)(e).

None.

6. FEE CHANGES. NRS 233B.0609(1)(f).

This regulation does not add any new fees or increase existing fees.

7. DUPLICATIVE PROVISIONS. NRS 233B.0609(1)(g).

The regulation does not duplicate any existing federal, state or local standards, and is not more stringent than any existing federal, state or local standards.

8. REASONS FOR CONCLUSIONS. NRS 233B.0609(1)(h).

The Division received 57 responses to the survey, 23 of which indicated they did not meet the definition of small business under Nevada law. Of the 34 remaining responses, only 1 indicated it did not already use SERFF. The amount that company estimated for the cost of submitting a paper filing was less than the cost of a SERFF filing.

Of the 15 companies who use SERFF and provided information regarding the cost of submitting a paper filing, it would be cheaper for 8 to use SERFF exclusively. For the remaining 7, the increased cost for using SERFF over paper filings in Nevada amounts to less than \$50 per year.

The Division received no responses from Nevada Chambers of Commerce or their members expressing concern with the proposed regulation.

I, BARBARA D. RICHARDSON, Commissioner of Insurance for the State of Nevada, hereby certify 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 this statement was prepared properly and the information contained herein is accurate. (NRS 233B.0609(2))

(DATE)

9/6/17


BARBARA D. RICHARDSON
Commissioner of Insurance