

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

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

Material Change in Captive Business Plan
LCB File No. R156-24

EFFECTIVE DATE OF REGULATION:
Upon filing with the Nevada Secretary of State

1. **BACKGROUND.**

NAC 694C.270 currently requires prior approval of material changes in a captive insurer's business plan. The current definition of "material change" defines most business plan changes as material, while the vast majority of changes proposed by Nevada domiciled captives have an immaterial impact on their financial position.

Most Nevada captives make changes to their coverages, deductibles and pooling arrangements each year. The majority of Nevada captives have December 31st year ends, which causes the Division of Insurance ("DOI") ("Division") to often receive over 50 business plan change requests during the last two weeks of December, seeking January 1st effective dates.

This proposed regulation will allow carriers to move forward with business plan changes that minimally impact their policy premiums, while still requiring captive insurers to submit their proposed changes to the DOI within 60 days of the effective date of the change. This regulation allows the Division to still review and determine the appropriateness of all business plan changes, while providing a more user-friendly timeline for Nevada's domiciled captives.

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

The Division's Captive Insurance section staff discussed the regulation and the possible impacts it could have on Nevada small businesses. The Division also sent out the proposed regulation and discussed the proposed regulation with the board of directors of the Nevada Captive Insurance Council ("NCIC") during a meeting held on May 24, 2024. The board is made up of captive managers, actuaries, CPAs, third-party administrators and captive owners. The Division's captive staff and the board members of the NCIC could not determine any impact this regulation would have on Nevada small business owners.

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 proposed regulation only impacts captive insurance companies that are domiciled in Nevada, by creating a standard of materiality where business plan changes can be made without first obtaining pre-approval from the Commissioner of Insurance. Captive insurers strictly cover the risks of their parent and affiliated companies and they do not sell insurance to the public. This proposed regulation would not impact Nevada insurance consumers or small businesses.

I, SCOTT J. KIPPER, Commissioner of Insurance for the State of Nevada, hereby 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 this statement is accurate. (NRS 233B.0608(3))

SCOTT J. KIPPER
Commissioner of Insurance

12/26/24

(DATE)

By:



NICK STOSIC
Deputy Commissioner

STATE OF NEVADA

JOE LOMBARDO
Governor



DR. KRISTOPHER SANCHEZ
Director

SCOTT J. KIPPER
Commissioner

DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

MEMORANDUM

DATE: December 23, 2024

TO: Nick Stosic – Deputy Commissioner

FROM: Scott J. Kipper – Insurance Commissioner

SUBJECT: Delegation of Authority in the Commissioner's Absence

I hereby issue a Delegation of Authority for you to act on my behalf while I am out of the office from December 23rd to December 27th. You are empowered to exercise all authority necessary to handle matters coming before the Division of Insurance, unless otherwise delegated. This delegation can be superseded by an appointment of a new Commissioner or appointment of an acting Commissioner by Director of the Department of Business and Industry, Dr. Kristopher Sanchez.

A handwritten signature in blue ink, appearing to read "Scott J. Kipper", is written over a horizontal line.

SCOTT J. KIPPER
Commissioner of Insurance