

**ADOPTED REGULATION OF THE  
COMMISSIONER OF INSURANCE**

**LCB File No. R128-06**

Effective September 18, 2006

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

AUTHORITY: §§1 and 2, NRS 679B.130 and 680A.265.

A REGULATION relating to insurance; authorizing qualified independent certified public accountants to enter into agreements with insurers to resolve disputes concerning annual audited financial reports by mediation or arbitration; and providing other matters properly relating thereto.

**Section 1.** Chapter 680A of NAC is hereby amended by adding thereto a new section to read as follows:

*1. Except as otherwise provided in subsection 2, a qualified independent certified public accountant may enter into an agreement with an insurer to have any dispute relating to an annual audited financial report certified by the accountant resolved by mediation or arbitration.*

*2. If a delinquency proceeding pursuant to chapter 696B of NRS has commenced against an insurer, any such mediation or arbitration provision is enforceable at the option of the successor in interest to the insurer.*

**Sec. 2.** NAC 680A.174 is hereby amended to read as follows:

680A.174 1. A foreign or alien insurer which files an audited financial report in another state, in accordance with that state's requirements for filing audited financial reports, is exempt

from filing its annual audited financial report in accordance with NAC 680A.172 to 680A.204, inclusive, *and section 1 of this regulation*, if:

(a) The Commissioner determines that the requirements of the other state for filing such reports are substantially similar to the requirements set forth in NAC 680A.172 to 680A.204, inclusive ~~§~~, *and section 1 of this regulation*;

(b) The foreign or alien insurer files with the Commissioner, in accordance with the appropriate filing dates specified in NRS 680A.265 and NAC 680A.172 to 680A.204, inclusive, *and section 1 of this regulation*, a copy of its audited financial report, its report, if any, on significant deficiencies in internal controls, and the certified public accountant's letter of qualifications which have been filed with the insurance regulatory authority of the other state; and

(c) The foreign or alien insurer files with the Commissioner a copy of each notification of a report of adverse financial condition filed with the insurance regulatory authority of the other state within the time specified in NAC 680A.198.

2. For the purposes of this section, an insurer which is domiciled in Canada may submit its accountants' reports which the insurer filed with the Canadian Dominion Department of Insurance.

**NOTICE OF ADOPTION OF PROPOSED REGULATION  
LCB File No. R128-06**

The Commissioner of Insurance adopted regulations assigned LCB File No. R128-06 which pertain to chapter 680A of the Nevada Administrative Code on July 16, 2006.

**Notice date:** 5/25/2006  
**Hearing date:** 6/27/2006

**Date of adoption by agency:** 7/16/2006  
**Filing date:** 9/18/2006

**INFORMATIONAL STATEMENT**

A workshop and hearing was held on June 27, 2006, at the offices of the Department of Business and Industry, Division of Insurance ("Division"), 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, with a simultaneous video-conference conducted at the Bradley Building, 2501 E. Sahara Avenue, Real Estate Division Conference Room, 2<sup>nd</sup> Floor, Las Vegas, Nevada 89104, concerning the authorization of qualified independent certified public accountants to enter into agreements with insurers to resolve disputes concerning annual audited financial reports by mediation or arbitration.

Public comment was solicited by posting notice of the hearing in the following public locations: the Division's Carson City Office, Legislative Counsel Bureau, Capitol Building Lobby, Blasdel Building, Carson City Courthouse, State Library, Capitol Press Room, and the Division's Las Vegas Office.

The Division maintains a general list of interested parties, comprised mainly of insurance companies, agencies and other persons regulated by the Division. These persons were also notified of the hearing and that copies of the regulation could be obtained from or examined at the offices of the Division in Carson City.

No interested parties attended the hearing in Carson City. One interested party attended the hearing in Las Vegas. The Division received no written comments on the proposed regulation.

There were no revisions made to the proposed regulation. The Commissioner has issued an order adopting the proposed regulation, LCB File No. R128-06, as a permanent regulation of the Division.

The economic impact of the regulation is as follows:

- (a) On the business it is to regulate: The proposed regulation will not have an adverse impact upon industry.
- (b) On small businesses: The proposed regulation will not have an adverse impact upon small businesses.

- (c) On the public: The proposed regulation will have a beneficial impact upon the public by requiring regular contact with the Division to obtain approval for the year's financial reporting.

The Division will not incur additional expense to enforce the proposed regulation. The Division is not aware of any overlap or duplication of the regulation with any state, local or federal regulation.

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
DIVISION OF INSURANCE

IN THE MATTER OF THE

CAUSE NO. **06.475**  
LCB File No. R128-06

**PROPOSED REGULATION REGARDING  
AUTHORIZING QUALIFIED INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS TO  
ENTER INTO AGREEMENTS WITH  
INSURERS TO RESOLVE DISPUTES BY  
MEDIATION OR ARBITRATION.**

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**SUMMARY OF PROCEEDINGS  
AND ORDER**

**SUMMARY OF PROCEEDINGS**

A public workshop, as required by Nevada Revised Statute (“NRS”) 233B.061, on the proposed regulation authorizing qualified independent certified public accountants to enter into agreements with insurers to resolve disputes concerning annual audited financial reports by mediation or arbitration was held before Alice A. Molasky-Arman, Commissioner of Insurance, on June 27, 2006, in Carson City, Nevada, and video-conferenced to the Bradley Building in Las Vegas, Nevada. A public hearing on the proposed regulation was also held before the Commissioner of Insurance on June 27, 2006, in Carson City, Nevada, and video-conferenced to the Bradley Building in Las Vegas, Nevada. The regulation is proposed under the authority of NRS 679B.130.

The Department of Business and Industry, Division of Insurance (“Division”), received no oral or written comments from the public. Stephen L. Wright, representing the Division, presented the regulation and explained that the changes to the existing regulation are needed to satisfy the National Association of Insurance Commissioners’ (“NAIC”) accreditation standards.

The Hearing Officer closed the hearing and directed Stephen L. Wright to prepare the Informational Statement Letter and Order.

**ORDER OF THE COMMISSIONER**

Having reviewed the record in this matter, it is hereby ordered that the proposed regulation authorizing qualified independent certified public accountants to enter into agreements with insurers to resolve disputes concerning annual audited financial reports by mediation or arbitration, LCB File No. R128-06, be adopted, as a permanent regulation of the Division.

SO ORDERED this \_\_\_\_\_ day of July, 2006.

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ALICE A. MOLASKY-ARMAN  
Commissioner of Insurance