

Chapter 693A of NAC

LCB File No. T015-06

**ADOPTED TEMPORARY REGULATION
OF THE DIVISION OF INSURANCE OF THE
DEPARTMENT OF BUSINESS AND INDUSTRY**

Filed with the Secretary of State on December 19, 2006

AUTHORITY: NRS 679B.130; NRS 693A.530

A TEMPORARY REGULATION relating to corporate powers and procedures of domestic stock and mutual insurers; adding definition of “domestic stock insurer”; adding definition of “plan of conversion”.

Section 1. Chapter 693A of NAC is hereby amended by adding thereto the provisions set forth as sections 2 and 3, inclusive, of this regulation.

Sec. 2. As used in NRS 693A.400 through 693A.540:

1. “Domestic stock insurer” defined. (NRS 679B.130; NRS 693A.530) “Domestic stock insurer” means, as the context requires, either a domestic stock insurance company or a stock insurance holding company.

2. “Plan of conversion” defined. (NRS 679B.130; NRS 693A.530) “Plan of conversion” means both the plan of conversion and any amendments to the articles of incorporation adopted by a resolution of the board of directors of the converting mutual pursuant to NRS 693A.440(1).

Sec. 3. **Effective date.** Pursuant to NRS 233B.063(3), as a temporary regulation, section 2 becomes effective as of the date filed with the Secretary of State and remains in effect until November 1, 2007, unless otherwise replaced or repealed prior to that date.

NOTICE OF ADOPTION OF TEMPORARY REGULATION
LCB File No. T015-06

The Division of Insurance of the Department of Business and Industry adopted temporary regulations assigned LCB File No. T015-06 which pertain to chapter 693A of the Nevada Administrative Code on December 19, 2006.

INFORMATIONAL STATEMENT

A workshop and hearing was held before Alice Molasky-Arman, Commissioner of Insurance (“Commissioner”) on November 14, 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, Manufactured Housing Division Conference Room, 2nd Floor, Las Vegas, Nevada 89104, concerning a proposed temporary regulation regarding corporate powers, procedures and the addition of two definitions.

Public comment was solicited by posting notice of the workshop and hearing on October 6, 2006 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 proposed temporary regulation could be obtained from or examined at the offices of the Division in Carson City.

On October 2, 2006, a **Petition** requesting adoption of said proposed temporary regulation was filed by the law firm of Lionel, Sawyer & Collins on behalf of petitioner, Employers’ Insurance Group of Nevada. The Division received no written comments on the proposed temporary regulation. The workshop and hearing were attended by eight interested parties in Carson City. Deputy Commissioner Pamela Mackay attended the workshop and hearing via video-conference from Las Vegas. The petitioner, through its counsel, Dan R. Reaser, Esq., of Lionel, Sawyer & Collins, presented the proposed temporary regulation at the workshop and hearing.

There are no revisions made to the proposed temporary regulation. The Commissioner has issued an order adopting the proposed temporary regulation, Cause No. 06-1759 as a temporary regulation of the Division. Pursuant to the Order and NRS 233B.063, the temporary regulation, is to remain in effect until November 1, 2007, unless otherwise replaced or repealed prior to that date.

The economic impact of the regulation is as follows:

- (a) On the business it is to regulate: The proposed temporary regulation does not impact business, small or otherwise, in this State. The sole purpose of the temporary regulation is to define the terms “Domestic Stock Insurer” and “Plan of Conversion”.
- (b) On small businesses: The proposed temporary regulation will have no impact upon businesses, small or large.
- (c) On the public: The proposed temporary regulation will have no impact upon the public.
- (d) The Division will not incur additional expense to enforce the proposed regulation.
- (e) The Division is not aware of any overlap or duplication of the regulation with any state, local or federal regulation.

Pursuant to NRS 233B.070(2), as of the date of this letter, it is 35 days after the date on which the temporary regulation was adopted by the agency. The temporary regulation is, therefore, on this date being filed with the Secretary of State.

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

IN THE MATTER OF THE

CAUSE NO. **06.1759**

**PROPOSED TEMPORARY REGULATION
REGARDING CORPORATE POWERS,
PROCEDURES; ADDITION OF
DEFINITIONS**

**SUMMARY OF PROCEEDINGS
AND ORDER**

SUMMARY OF PROCEEDINGS

A public workshop and hearing as required by Nevada Revised Statute (“NRS”) 233B.061, on the proposed temporary regulation regarding corporate powers and procedures and the addition of certain definitions was held before Alice Molasky-Arman, Commissioner of Insurance (“Commissioner”) on November 13, 2006, in Carson City, Nevada, and video-conferenced to the Bradley Building in Las Vegas, Nevada. Previously, on October 2, 2006, a **Petition** requesting adoption of said proposed temporary regulation was filed by the law firm of Lionel, Sawyer & Collins on behalf of petitioner, Employers’ Insurance Group of Nevada. The temporary regulation is proposed under the authority of NRS 679B.130 and NRS 693A.530.

The workshop and hearing (which immediately followed the workshop) were attended by eight interested persons in Carson City, Nevada. Deputy Commissioner Pamela Mackay attended the workshop and hearing via video-conference from Las Vegas, Nevada. Dan R. Reaser, Esq. of Lionel, Sawyer & Collins presented the proposed temporary regulation at both the workshop and the hearing. Mr. Reaser testified that the purpose of the definitions included in the proposed temporary regulation are needed to clarify certain terms specifically used in NRS 693A.400 through NRS 693A.540. In particular, Mr. Reaser explained that the clarifications are needed to remove any perceived ambiguities concerning those terms so that “absolute” legal opinions, as

required by the Security Exchange Commission, may be rendered relevant to initial public offerings.

Shane Chesney, Deputy Attorney General representing the State of Nevada Division of Insurance (“Division”), asked Mr. Reaser to clarify for the record the Commissioner’s authority to define terms used in the Nevada Revised Statutes via her rule-making power. Mr. Reaser presented examples and cited precedent for an agency’s authority to adopt such regulations, based on its power and expertise, to interpret and define statutory terms similar to those set forth in the proposed temporary regulation. The Division had no objections or further comments concerning the proposed temporary regulation. No additional comments from the public were presented. There were also no written comments received by the Division.

At the close of the hearing, the Commissioner directed Division staff to prepare an order adopting the proposed temporary regulation.

ORDER OF THE COMMISSIONER

Having reviewed the record in this matter, it is hereby ordered that the proposed temporary regulation defining certain of terms used in NRS 693A.400 through NRS 693A.540 be adopted as a temporary regulation of the Division which is to be effective as of the date filed with the Secretary of State and remain in effect until November 1, 2007 unless otherwise replaced or repealed prior to that date.

SO ORDERED this _____ day of November, 2006.

ALICE A. MOLASKY-
ARMAN
Commissioner of Insurance