

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R025-02

March 19, 2002

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

AUTHORITY: §1, NRS 679B.130, 680A.265 and 680A.270; §2, NRS 679B.130.

Section 1. NAC 680A.160 is hereby amended to read as follows:

680A.160 1. As a condition of doing business in this state, each insurer must file with the commissioner an annual statement that:

(a) Conforms to the format prescribed by the National Association of Insurance Commissioners in the Annual Statement Instructions ~~;~~ *and the Accounting Practices and Procedures Manual*; and

(b) Contains exhibits and schedules that follow the specifications developed by the National Association of Insurance Commissioners.

2. ~~[Except as otherwise provided in subsection 7, information]~~ *Information* from the insurer's annual statement must be filed:

(a) Pursuant to the specifications adopted by the National Association of Insurance Commissioners for filing information ~~[on diskette;]~~ *in an electronic format*;

(b) At the central office of the National Association of Insurance Commissioners, ~~[120 West 12th Street, Suite 1100,]~~ *2301 McGee Street, Suite 800*, Kansas City, Missouri ~~[64105;]~~ *64108-2604*; and

(c) On or before March 1 of each year.

3. The form of an annual statement required by NRS 680A.270 to be filed with the commissioner must be the most current adopted by the National Association of Insurance Commissioners for the type of insurer reporting. The forms are hereby adopted by reference. Each insurer filing the form shall follow the instructions *adopted by the National Association of Insurance Commissioners* for ~~[an]~~ *the type of* annual statement ~~[-. A copy of the form for fire and casualty insurers, or a copy of the form for life, accident and health insurers, may be obtained at a cost of \$75. A copy of the form for health maintenance organizations may be obtained at a cost of \$50.]~~ *to be filed*. These forms may be obtained from the National Association of Insurance Commissioners, ~~[120 West 12th Street,]~~ *Publications Department, 2301 McGee Street, Suite 800*, Kansas City, Missouri ~~[64105-1925.]~~ *64108-2604 for the following costs:*

(a) *For forms for an annual statement for property or casualty insurers, \$175.*

(b) *For forms for an annual statement for life, accident or health insurers, \$175.*

(c) *For forms for an annual statement for health insurers, \$125.*

4. If necessary to determine an insurer's financial condition, fulfillment of contractual obligations and compliance with law, the commissioner will require the insurer to file a financial statement more frequently than annually. If *the commissioner requires an insurer to file a financial statement quarterly, the* quarterly statement ~~[is required by the commissioner, it]~~ must be:

(a) Filed on the most current form adopted by the National Association of Insurance Commissioners for the type of insurer reporting; ~~[and]~~

(b) Completed in accordance with the instructions accompanying that form ~~[.]~~; *and*

(c) Filed with the National Association of Insurance Commissioners in an electronic format.

5. A domestic insurer that is not licensed or authorized to do business in any state other than this state may apply for an exemption from the requirement to complete the “Statement of Actuarial Opinion” required by the Annual Statement Instructions of the National Association of Insurance Commissioners as part of the domestic insurer’s annual statement. The application must:

(a) Be in writing.

(b) Be submitted by December 1 of the calendar year which will be covered in the annual statement.

(c) Include an agreement and acknowledgment from the domestic insurer that the commissioner may use the services of an independent actuary to certify losses and reserves for loss adjustment expenses in relation to any examination of the domestic insurer pursuant to NRS 679B.230.

(d) Demonstrate that no significant changes and no unusual or large claims have occurred or are expected to occur during the calendar year which will be covered in the annual statement.

6. The commissioner will grant an application for an exemption made pursuant to subsection 5 if he determines, upon review of the application, that having to file the “Statement of Actuarial Opinion” would constitute a financial or organizational hardship upon the domestic insurer or that the insurer has shown other good cause why it should not have to file the statement. A domestic insurer which has been granted an exemption pursuant to this subsection must file with its annual statement a signed affidavit given by one of its officers under oath that certifies the accuracy and adequacy of the reserves stated in its annual statement.

7. A domestic insurer ~~[that is]~~ *licensed only to sell insurance for home protection but* not licensed or authorized to do business in any state other than this state is ~~[not required to file an annual statement with the National Association of Insurance Commissioners pursuant to subsection 2 for any year in which its written premium is less than \$1,000,000.]~~ *exempt from the requirement to complete the “Statement of Actuarial Opinion” required by the Annual Statement Instructions of the National Association of Insurance Commissioners as part of the annual statement of the domestic insurer if the domestic insurer:*

(a) Completes and submits with its annual statement forms provided by the commissioner for reporting information concerning claims; and

(b) Complies with the requirements of paragraphs (c) and (d) of subsection 5.

Sec. 2. NAC 680A.198 is hereby amended to read as follows:

680A.198 1. A certified public accountant of an insurer required to furnish an annual audited financial report shall report to the board of directors or audit committee of the insurer each determination by the accountant that the insurer:

(a) Has materially misstated its financial condition as reported to the commissioner as of the date of the balance sheet currently under examination; or

(b) Does not, as of that date, meet the minimum requirements for capital and surplus as set forth in chapter 680A of NRS.

FLUSH The report must be in writing and provided to the insurer not later than 5 business days after the accountant makes such a determination.

2. An insurer who receives a report from its certified public accountant pursuant to this section shall, not later than 5 business days after the date on which it receives the report from the accountant:

(a) Forward a copy of the report to the commissioner; and

(b) Provide the certified public accountant who made the report with evidence that the insurer has forwarded a copy of the report to the commissioner. If the certified public accountant does not, within the 5-business day period, receive evidence from the insurer that the insurer has forwarded a copy of the report to the commissioner in accordance with this section, the certified public accountant shall file with the commissioner a copy of its report within the next 5 business days.

3. A certified public accountant is not liable in any manner to any person for any statement made in connection with this section if the statement is made in good faith in compliance with this section.

4. If the certified public accountant, after the annual audited financial report reviewed by the accountant has been filed pursuant to NRS 680A.265 and NAC 680A.172 to 680A.204, inclusive, becomes aware of any facts which affect his report, the accountant shall take such action as prescribed in Volume 1, Section AU 561 of the Professional Standards of the American Institute of Certified Public Accountants, which is hereby adopted by reference. A copy of the Professional Standards may be obtained from the American Institute of Certified Public Accountants ~~[, Order Department,]~~ :

(a) By mail at The American Institute of Certified Public Accountants, AICPA/CPA2Biz, Customer Service Center, P.O. Box 2209, Jersey City, New Jersey 07303-2209 ~~[,]~~ ;

(b) By telephone at 1-888-777-7077; or

(c) On the Internet at <<http://www.cpa2biz.com>>,

FLUSH at a cost of ~~[\$94.25.]~~ \$145.