

LCB File No. R026-02

**PROPOSED REGULATION OF THE DIVISION OF INSURANCE
OF THE DEPARTMENT OF BUSINESS AND INDUSTRY**

**NOTICE OF WORKSHOPS TO SOLICIT COMMENTS
ON PROPOSED REGULATIONS**

February 25, 2002

The Department of Business and Industry, Division of Insurance (Division) is proposing new regulations pertaining to material reinsurance transactions and risk-based capital; filing of financial statements and NAIC accounting practices and procedures; holding companies; reinsurance; and NAIC accounting practices and procedures. A workshop has been set for 9:00 a.m., on March 27, 2002, at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701. Interested parties may also participate through a simultaneous video-conference conducted at the Bradley Building, 2501 E. Sahara Avenue, Manufactured Housing Division Conference Room, 2nd Floor, Las Vegas, Nevada 89104. The purpose of the workshop is to solicit comments from interested persons on the following general topics addressed in the proposed regulations.

- 1. Material Reinsurance Transactions and Risk-Based Capital: Proposed regulation provides that domestic insurers must complete their risk-based capital calculations and reports in accordance with current NAIC risk-based capital instructions and provides for requirements of reporting material new ceded reinsurance agreements affecting in force life insurance business.**
- 2. Filing of Financial Statements and NAIC Accounting Practices and Procedures: Proposed regulation provides that domestic insurers must prepare their annual statements in accordance with the NAIC Annual Statement Instructions and the NAIC Accounting Practices and Procedures Manual.**
- 3. Holding Companies: Proposed regulation provides instructions as to the filing of Forms A, B, C, D and E; does away with the exemption for domestic company filings**
- 4. Reinsurance: Proposed regulation adopts all required elements of the NAIC Credit for Reinsurance Model Regulation, including specific provisions pertaining to trust agreements, insolvency clause in reinsurance agreements and the adoption of Form AR-1.**
- 5. NAIC Accounting Practices and Procedures: Proposed regulation updates certain NAIC publications, their applicability, location and current price.**

Members of the insurance industry, business community, and the public are also invited to comment on any impact the proposed regulations may have on small businesses. The Division has reviewed the proposed regulations and determined that the regulations do not impose a direct or significant impact on a small business, or directly restrict the formation, operation, or expansion of a small business.

A copy of this notice and the proposed regulations will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the proposed regulations will be available at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, and 2501 East Sahara Avenue, Suite 302, Las Vegas, Nevada 89104, and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. This notice and the text of the proposed regulations are also available in the **State of Nevada Register of Administrative Regulations** which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653 and on the Internet at **www.leg.state.nv.us**. Copies will also be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary.

This Notice of Workshop to Solicit Comments on Proposed Regulations has been sent to all persons on the agency's mailing list for administrative regulations and posted at the following locations:

Department of Business and Industry
Division of Insurance
788 Fairview Drive, Suite 300
Carson City, NV 89701

Department of Business and Industry
Division of Insurance
2501 East Sahara Avenue, Suite 302
Las Vegas, NV 89104

Legislative Counsel Bureau
Capitol Complex
Carson City, NV 89710

Blasdel Building
Capitol Complex
Carson City, NV 89710

State Capitol
Capitol Complex
Carson City, NV 89710

Capitol Press Room
State Capitol Basement
Carson City, NV 89710

County Clerk
Courthouse
Carson City, NV 89710

Nevada State Library & Archives
Capitol Complex
Carson City, NV 89710

Carson City Library
900 North Roop Street
Carson City, NV 89701

Churchill County Library
553 South Maine Street
Fallon, NV 89406

Las Vegas Library
833 Las Vegas Blvd. North
Las Vegas, NV 89101

Douglas County Library
1625 Library Lane
P.O. Box 337
Minden, NV 89423

Elko County Library
720 Court Street
Elko, NV 89801

Goldfield Public Library
Fourth & Cook Street
P.O. Box 430
Goldfield, NV 89013

Eureka Branch Library
10190 Monroe Street
P.O. Box 293
Eureka, NV 89316

Humboldt County Library
85 East 5th Street
Winnemucca, NV 89445

Battle Mountain Branch Library
P.O. Box 141
Battle Mountain, NV 89820

Lincoln County Library
93 Main Street
P.O. Box 330
Pioche, NV 89043

Lyon County Library
20 Nevin Way
Yerington, NV 89447

Mineral County Library
First & A Street
P.O. Box 1390
Hawthorne, NV 89415

Tonopah Public Library
171 Central Street
P.O. Box 449
Tonopah, NV 89049

Pershing County Library
1125 Central Avenue
P.O. Box 781
Lovelock, NV 89419

Storey County Library
95 South R Street
P.O. Box 14
Virginia City, NV 89440

Washoe County Library
301 South Center Street
P.O. Box 2151
Reno, NV 89505

White Pine County Library
950 Campton Street
Ely, NV 89301

Clark County Library
1401 East Flamingo Road
Las Vegas, NV 89119

Members of the public who are disabled and require special accommodations or assistance at the hearing are requested to notify the Commissioner's secretary in writing at 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, or by calling no later than 5 working days prior to the hearing, (702) 687-4270, extension 260.

DATED this _____ day of February, 2002.

By:

ALICE A. MOLASKY-ARMAN
Commissioner of Insurance

**DIVISION OF INSURANCE OF THE
DEPARTMENT OF BUSINESS AND INDUSTRY**

NOTICE OF INTENT TO ACT UPON REGULATIONS

**Notice of Hearing for the Adoption of Regulations
of the Department of Business and Industry, Division of Insurance**

The Department of Business and Industry, Division of Insurance (Division) will hold a public hearing at 9:00 a.m., on March 27, 2002, immediately following a public workshop, at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701. Interested persons may also participate through a simultaneous video-conference conducted at the Bradley Building, 2501 E. Sahara Avenue, Manufactured Housing Division Conference Room, 2nd Floor, Las Vegas, Nevada 89104. The purpose of the hearing is to receive comments from all interested persons regarding the adoption of:

REGULATIONS CONCERNING HOLDING COMPANIES

The following information is provided pursuant to the requirements of NRS 233B.060:

1. The proposed regulation is needed to adopt the provisions of the NAIC Insurance Holding Company System Model Regulation, including the text of holding company Forms A, B, C, D and E, and relevant instructions.
2. The proposed regulation requires insurance holding companies to submit Forms B & C annually and Forms A, D & E when applicable.
3. Estimated economic effect of the regulation:
On the business which it is to regulate:
The proposed regulation should not have either an immediate or long-term impact on the insurers, other than the nominal expense of filing a report with the Commissioner in the event such reporting is required under the regulations.
On the public:
The proposed regulations should have no economic impact on the public.
4. The Division may incur some additional expense to enforce the proposed regulation that cannot be measured at this time.
5. The Division is not aware of any overlap or duplication of the regulation with any state, local or federal regulation.
6. The proposed regulation does not establish any new fees or increase an existing fee.

Persons wishing to comment upon the proposed action of the Division may appear at the scheduled public hearing or may address their comments, data, views or arguments, in written form, to the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701. Written

submissions must be received by the Division on or before March 22, 2002. If no person who is directly affected by the proposed action appears to request time to make an oral presentation, the Division may proceed immediately to act upon any written submissions.

A copy of this notice and the proposed regulation will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the proposed regulation will be available at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, and 2501 East Sahara Avenue, Suite 302, Las Vegas, Nevada 89104, and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. This notice and the text of the proposed regulation are also available in the **State of Nevada Register of Administrative Regulations** which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653 and on the Internet at <http://www.leg.state.nv.us>. Copies will also be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary.

Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, will issue a concise statement of the principal reasons for and against its adoption, and incorporate therein its reason for overruling the consideration urged against its adoption.

This notice of hearing has been posted at the following locations:

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Division of Insurance
788 Fairview Drive, Suite 300
Carson City, NV 89701

Department of Business and Industry
Division of Insurance
2501 East Sahara Avenue, Suite 302
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Fallon, NV 89406

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Minden, NV 89423

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Elko, NV 89801

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Fourth & Cook Street
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Goldfield, NV 89013

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10190 Monroe Street
P.O. Box 293
Eureka, NV 89316

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Winnemucca, NV 89445

Battle Mountain Branch Library
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Battle Mountain, NV 89820

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Hawthorne, NV 89415

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1401 East Flamingo Road
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DATED this _____ day of February, 2002.

By:
ALICE A. MOLASKY-ARMAN
Commissioner of Insurance

**PROPOSED REGULATION OF THE DIVISION OF INSURANCE
OF THE DEPARTMENT OF BUSINESS AND INDUSTRY**

REGULATIONS FOR HOLDING COMPANIES

Explanation – Matter *bold/italics* is new, matter in ~~brackets/strikethrough~~ is material to be omitted.

Authority: NRS 679B.130, NRS 692C.120

Section 1. Chapter 692C of NAC is hereby amended by adding a new section to read as follows:

(1) An insurer shall give notice to the commissioner of the potential competitive impact of a proposed merger or acquisition by a non-domiciliary insurer doing business in this state or by a domestic insurer on the form provided by the commissioner, entitled “Form E – Pre-Acquisition Notification Form Regarding The Potential Competitive Impact Of A Proposed Merger Or Acquisition By A Non-Domiciliary Insurer Doing Business In This State Or By A Domestic Insurer” as hereby adopted by reference.

(2) The Form E shall be completed in accordance with the current National Association of Insurance Commissioners Insurance Holding Company System Reporting Instructions for that form and the “NAC Chapter 692C Holding Company General Instructions for Form A, B, C, D And E” as found on the Division of Insurance web page at <http://doi.state.nv.us>.

Sec. 2. Chapter 692C of NAC is hereby amended by adding a new section to read as follows:

If any provision of these regulations, or the application thereof to any person or circumstance, is held invalid, such determination shall not affect other provisions or applications of these regulations which can be given effect without the invalid provision or application, and to that end the provisions of these regulations are severable.

Sec. 3. NAC 692C.010 is hereby amended to read as follows:

692C.010 1. A person required to file a statement with the commissioner pursuant to subsection 2 of NRS 692C.180 shall furnish the required information on the form provided by the commissioner, entitled “Form A - Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer” *as hereby adopted by reference.*~~[2]~~

2. The person may attach any exhibit to the form if the exhibit is clearly marked to indicate the matter to which it refers.

3. If there is any change in the information provided on the form filed with the commissioner before the commissioner approves or disapproves the merger or other acquisition of control, the person shall immediately notify the commissioner of that change.

4. The Form A shall be completed in accordance with the current National Association of Insurance Commissioners Insurance Holding Company System Reporting Instructions for that form and the “NAC Chapter 692C Holding Company General Instructions for Form A, B, C, D And E” as found on the Division of Insurance web page at <http://doi.state.nv.us>.

Sec. 4. NAC 692C.020 is hereby amended to read as follows:

692C.020 1. An insurer required to file a registration statement with the commissioner pursuant to NRS 692C.270 shall furnish the required information on the forms provided by the commissioner, entitled “Form B - Insurance Holding Company System Annual Registration Statement” and “Form C - Summary of Registration Statement.” ~~[Except as otherwise provided in this subsection, a]~~ A domestic insurer shall file Form B *and Form C* with the commissioner not later than June 30 of each year. ~~[A domestic insurer that is not licensed or otherwise~~

~~authorized to do business in any state other than this state shall, after the initial filing of Form B and in addition to any necessary amendments filed pursuant to subsection 3, file Form B with the commissioner not later than June 30 of each year in which a material change in operations has occurred.]~~ An insurer shall file Form C with the agency that regulates insurance in each state in which the insurer is authorized to do business, if the information is requested by that agency.

2. The insurer may attach any exhibit to the form if the exhibit is clearly marked to indicate the matter to which it refers.

3. If there is any change in the information provided on the form entitled “Form B - Insurance Holding Company System Annual Registration Statement,” the insurer shall file an amendment to that form within 15 days after the month in which the change occurred. The insurer shall file the amendment on that form by completing only those items which were affected by the change and by including, at the top of the first page of the form, “Amendment No. (number of amendment) to Form B for (year)” and the day and month on which the change occurred.

4. The Form B and Form C shall be completed in accordance with the current National Association of Insurance Commissioners Insurance Holding Company System Reporting Instructions for that form and the “NAC Chapter 692C Holking Company General Instructions for Form A, B, C, D And E” as found on the Division of Insurance web page at <http://doi.state.nv.us>.

Sec.5. NAC 692C.030 is hereby amended to read as follows:

692C.030 (1) An insurer required to give notice to the commissioner of its intention to enter into any transaction set forth in NRS 692C.363 shall furnish the required information on the form

provided by the commissioner, entitled “Form D - Prior Notice of a Transaction.” The insurer may attach any exhibit to the form if the exhibit is clearly marked to indicate the matter to which it refers.

(2) The Form D shall be completed in accordance with the current National Association of Insurance Commissioners Insurance Holding Company System Reporting Instructions for that form and the “NAC Chapter 692C Holding Company General Instructions for Form A, B, C, D And E” as found on the Division of Insurance web page at <http://doi.state.nv.us>.