

LCB File No. R169-03

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

NOTICE OF WORKSHOPS TO SOLICIT COMMENTS ON PROPOSED REGULATION

The Department of Business and Industry, Division of Insurance (Division), is proposing new regulations pertaining to risk based capital reporting; reinsurance; criminal history report, repeal of NAC 683A.273 and continuing education; administrators; the Workers' Compensation Appeals Panel; and payment of dividends, savings, unearned premium deposits or an equivalent abatement of premiums allowed or returned for a policy of industrial insurance. A workshop has been set for 9:00 a.m., on November 13, 2003, 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 East 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. **Risk Based Capital Reporting.** The proposed regulation provides for health entities to meet certain risk based capital reporting requirements.
2. **Reinsurance.** The proposed regulation adds the provision that outlines the requirements which must be met before reinsurance credit can be taken by the ceding insurer.
3. **Criminal History Report, Repeal of NAC 683A.273 and Continuing Education.** NRS 683A.251 requires resident producers to provide a criminal history report with their licensing application. NAC 683A.272 is being amended to comply with the procedures adopted by the Nevada Highway Patrol Division and the Federal Bureau of Investigations. NAC 683A.273 is being repealed because NRS 683A.261 was amended to include the renewal and penalty language that was contained in this regulation. NAC 683A.335 is being amended to allow the Commissioner to contract with an independent vendor for administering parts of the continuing education program.
4. **Administrators.** The proposed regulation sets forth the conditions whereby an administrator may be considered financially unsound, identifies the items included in an administrator's financial statement and identifies the filing fee for submission of the financial statement.
5. **Workers' Compensation Appeals Panel.** The proposed regulation will replace a temporary regulation adopted March 24, 2003 which provides due process standards for appeals made to the Workers' Compensation Appeals Panel.
6. **Payment of Dividends, Savings, Unearned Premium Deposits or an Equivalent Abatement of Premiums Allowed or Returned for a Policy of Industrial Insurance.** The

proposed regulation will establish the procedures for the filing of dividends, savings, unearned premium deposits or an equivalent abatement for premiums allowed or returned for a policy of industrial insurance.

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
ATTN: Reference
P.O. Box 2151
Reno, NV 89505-2151

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, (775) 687-4270, extension 260.

LCB File No. R169-03

**PROPOSED REGULATION OF THE 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 November 13, 2003, 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 East 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 FOR REINSURANCE

The following information is provided pursuant to the requirements of NRS 233B.0603:

1. The proposed regulation is needed to address the requirements of the National Association of Insurance Commissioners' (NAIC) Financial Regulations Standards and Accreditation Program and compliance with the NAIC Model Laws and Regulations.
2. This regulation amends chapter 681A of the Nevada Administrative Code (NAC) by adding a section that outlines the requirements that must be met before a ceding insurer can take credit for reinsurance.
3. Estimated economic effect of the regulation:

On the business, which is to be regulated: None

On the public: None

4. The Division will not incur any costs.
5. The Division is not aware of any overlap or duplication of the regulation with any state, local or federal regulation.
6. This regulation is not pursuant to federal law.
7. There are no federal regulations regarding these activities.
8. This regulation does not require a new fee or increase of 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 November 6, 2003. 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.

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

Department of Business and Industry
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2501 East Sahara Avenue, Suite 302
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**PROPOSED REGULATION OF THE DIVISION OF INSURANCE OF
THE DEPARTMENT OF BUSINESS AND INDUSTRY**

PROPOSED REGULATION FOR REINSURANCE

Explanation – Matter in *italics* is new, matter in brackets with strikethrough ~~[omitted material]~~ is material to be omitted.

Authority: NRS 679B.130 and NRS 681A.130

Section 1. Chapter 681A of NAC is hereby amended by adding thereto a new section to read as follows: *Credit will not be granted, nor an asset or reduction from liability allowed, to a ceding insurer for reinsurance effected with assuming insurers meeting the requirements of chapter 681A of the Nevada Revised Statutes (NRS), Sections 140 through 240, unless the reinsurance agreement:*

- 1. Includes a proper insolvency clause pursuant to NRS 681A.230; and*
- 2. Includes a provision, pursuant to NRS 681A.210, whereby the assuming insurer, if an unauthorized assuming insurer has submitted to the jurisdiction of an alternative dispute resolution panel or court of competent jurisdiction within the United States, has agreed to comply with all requirements necessary to give the court or panel jurisdiction, has designated an agent upon whom service of process may be effected, and has agreed to abide by the final decision of the court or panel.*

* It is respectfully suggested that this new section be added prior to NAC 681A.380 or this section be numbered as NAC 681A.380 and the current NAC 681A.380 be renumbered as NAC 681A.390 (last section in this chapter).