

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R169-03

November 6, 2003

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

AUTHORITY: §§1 and 2, NRS 679B.130, 681A.130, 681A.210 and 681A.230; §3, NRS 679B.130 and 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, or an asset or reduction from liability allowed, to a ceding insurer for reinsurance transacted with assuming insurers that meet the requirements of NRS 681A.140 to 681A.240, inclusive, and NAC 681A.250 to 681A.380, inclusive, and section 1 of this regulation, unless the reinsurance agreement includes:

- 1. A proper insolvency clause pursuant to NRS 681A.230; and*
- 2. If the assuming insurer is an unauthorized assuming insurer, a provision in accordance with NRS 681A.210 whereby the assuming insurer has:*
 - (a) Agreed to submit to the jurisdiction of an alternative dispute panel or court of competent jurisdiction within the United States;*
 - (b) Agreed to comply with all requirements necessary to give the court or panel jurisdiction;*
 - (c) Designated an agent upon whom all legal process may be served; and*
 - (d) Agreed to abide by the final decision of the court or panel.*

Sec. 2. NAC 681A.190 is hereby amended to read as follows:

681A.190 1. No reinsurance agreement or amendment thereto may be used to reduce any liability or to establish any asset in any financial statement filed with the Division, unless the agreement, amendment or a binding letter of intent has been duly executed by both parties no later than the last day covered by the financial statement.

2. A letter of intent, a reinsurance agreement or an amendment thereto must be executed within a reasonable time, not to exceed 90 days after the date of execution of the letter of intent for credit to be granted for the reinsurance ceded.

3. A reinsurance agreement must provide that:

(a) The agreement constitutes the entire agreement between the parties with respect to the business being reinsured thereunder and that there are no understandings between the parties other than as expressed in the agreement; and

(b) Any change or modification to the agreement is void unless it is made by written amendment to the agreement and signed by both parties.

~~[4. Credit will not be granted, or an asset or a reduction from liability allowed, to a ceding insurer for reinsurance transacted with assuming insurers that meet the requirements of NRS 681A.140 to 681A.240, inclusive, and NAC 681A.150 to 681A.190, inclusive, unless the reinsurance agreement includes:~~

~~—(a) A proper insolvency clause pursuant to NRS 681A.230; and~~

~~—(b) If the assuming insurer is an unauthorized assuming insurer, a provision in accordance with NRS 681A.210 whereby the assuming insurer has:~~

~~—(1) Agreed to submit to the jurisdiction of an alternative dispute panel or court of competent jurisdiction within the United States;~~

~~— (2) Agreed to comply with all requirements necessary to give the court or panel jurisdiction;~~

~~— (3) Designated an agent upon whom all legal process may be served; and~~

~~— (4) Agreed to abide by the final decision of the court or panel.]~~

Sec. 3. NAC 681A.250 is hereby amended to read as follows:

681A.250 As used in NAC 681A.250 to 681A.380, inclusive, *and section 1 of this regulation*, unless the context otherwise requires, the words and terms defined in NAC 681A.260 to 681A.280, inclusive, have the meanings ascribed to them in those sections.