

**PROPOSED REGULATION OF THE  
COMMISSIONER OF INSURANCE**

**LCB File No. R171-03**

November 7, 2003

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

AUTHORITY: §1, NRS 679B.130; §2, NRS 679B.130, 683A.08524 and 683A.0892; §3, NRS 679B.130 and 683A.08528; §4, NRS 679B.130, 680B.010 and 683A.08528.

**Section 1.** Chapter 683A of NAC is hereby amended by adding thereto the provisions set forth as sections 2, 3 and 4 of this regulation.

**Sec. 2.** *The Commissioner will consider the following to determine whether an administrator or an applicant for a certificate of registration as an administrator is financially unsound pursuant to NRS 683A.08524 or 683A.0892:*

*1. The administrator or applicant:*

*(a) Submits a financial statement to the Commissioner, pursuant to NRS 683A.08522 or 683A.08528, reporting:*

*(1) The sum of its assets is less than the sum of its liabilities;*

*(2) A recurring operating loss;*

*(3) Negative cash flow from operations; or*

*(4) A significant decrease in assets within a fiscal year or over a period of years;*

*(b) Has defaulted on a loan or restructuring of debt;*

*(c) Has lost key personnel; or*

*(d) Has experienced an uninsured or underinsured catastrophe.*

*2. The administrator loses more than 50 percent of its contracts to act as an administrator within a fiscal year.*

*3. Adverse findings reported in examinations concerning the financial condition of the administrator or applicant that the Commissioner determines to be material.*

*4. Information and reports concerning the administrator or applicant from the Insurance Regulatory Information System of the National Association of Insurance Commissioners.*

*5. Whether the portfolio of assets of the administrator or applicant, when considered in light of the current economic conditions, is of sufficient value, liquidity or diversity to ensure the ability of the administrator or applicant to meet its outstanding obligations as those obligations mature.*

*6. An opinion issued by an independent certified public accountant that the administrator or applicant is unable to operate as a going concern.*

**Sec. 3.** *The financial statement of an administrator submitted pursuant to NRS 683A.08528 must include:*

- 1. A balance sheet that reports the assets, liabilities and net worth of the administrator;*
- 2. An income statement that reports the revenue and expenses of the administrator;*
- 3. A statement of cash flow; and*
- 4. Notes to the financial statement.*

**Sec. 4.** *An administrator who files an annual report with the Commissioner pursuant to NRS 683A.08528 must pay the filing fee required pursuant to subsection 3 of NRS 680B.010.*