

**ADOPTED REGULATION OF THE  
COMMISSIONER OF INSURANCE**

**LCB File No. R244-03**

Effective July 26, 2004

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

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

A REGULATION relating to insurance; making various changes to the requirements for filing the annual statement that an insurer must file with the Commissioner of Insurance; and providing other matters properly relating thereto.

**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]~~ *The annual statement required to be filed pursuant to NRS 680A.270 must **contain** exhibits and schedules that follow the specifications developed by the National Association of Insurance Commissioners.*

2. 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 in an electronic format;

(b) At the central office of the National Association of Insurance Commissioners, 2301 McGee Street, Suite 800, Kansas City, Missouri ~~[64108-2604;]~~ **64108-2662**; and

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

3. If a foreign or alien insurer files a statement in an electronic format with the National Association of Insurance Commissioners, that statement will be deemed to have been filed with the Commissioner if:

(a) The foreign or alien insurer submits an affidavit *or a jurat or copy of a jurat* to the Commissioner indicating that the statement has been so filed; and

(b) The affidavit *or the jurat or copy of the jurat* is accompanied by the applicable fees set forth in NRS 680B.010.

4. The form of an annual statement required by NRS 680A.270 to be filed with the Commissioner must be the most ~~current~~ *recent* 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 *most recent* instructions adopted by the National Association of Insurance Commissioners for the type of annual statement to be filed. These forms may be obtained from the National Association of Insurance Commissioners, Publications Department, 2301 McGee Street, Suite 800, Kansas City, Missouri ~~[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.]~~ *64108-2662, for the price of \$200 each.*

5. If necessary to determine a foreign or an alien insurer's financial condition, fulfillment of contractual obligations and compliance with law, the Commissioner will require the foreign or

alien insurer to file a financial statement more frequently than annually. Such a statement must be:

- (a) Filed on the most current form adopted by the National Association of Insurance

Commissioners for the type of insurer reporting;

- (b) Completed in accordance with the instructions accompanying that form; and
- (c) Filed with the National Association of Insurance Commissioners in an electronic format.

6. Each domestic insurer shall file a quarterly statement. A quarterly statement must be:

- (a) Filed on the most current form adopted by the National Association of Insurance

Commissioners for the type of insurer reporting;

- (b) Completed in accordance with the instructions accompanying that form; and
- (c) Filed with the National Association of Insurance Commissioners in an electronic format.

7. 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.

8. The Commissioner will grant an application for an exemption made pursuant to subsection 7 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.

9. A domestic insurer licensed only to sell insurance for home protection but not licensed or authorized to do business in any state other than this state is 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 7 ~~and~~; *and*

*(c) Submits 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.*

*10. A domestic insurer that is not licensed or authorized to do business in any state other than this State is not required to file information from its annual statement with the National Association of Insurance Commissioners as required pursuant to subsection 2 if the written premium of the domestic insurer for the year is less than \$1,000,000.*

*11. As used in this section, “jurat” means a declaration by a notarial officer that the signer of a document signed the document in the presence of the notarial officer and swore to or affirmed that the statements in the document are true.*

**Sec. 2.** NAC 680A.172 is hereby amended to read as follows:

680A.172 For the purposes of NRS 680A.265, the Commissioner will find that good cause exists for the exemption of an insurer from the requirements of NRS 680A.265 for the year if, at the end of the most previous calendar year, the insurer has direct premiums written in this state in an amount which is less than \$1,000,000 and has less than 1,000 policyholders , ~~or~~ certificate holders , *enrollees, members or subscribers* of directly written policies in the United States unless:

1. The Commissioner makes a specific finding that compliance by that insurer is necessary for the Commissioner to carry out his statutory responsibilities; or
2. The insurer has assumed premiums pursuant to contracts or treaties of reinsurance in an amount of \$1,000,000 or more.

**NOTICE OF ADOPTION OF PROPOSED REGULATION**  
**LCB File No. R244-03**

The Commissioner of Insurance adopted regulations assigned LCB File No. R244-03 which pertain to chapter 680A of the Nevada Administrative Code on June 18, 2004

**Notice date:** 12/30/2003  
**Hearing date:** 1/30/2004

**Date of adoption by agency:** 6/18/2004  
**Filing date:** 7/26/2004

**INFORMATIONAL STATEMENT**

A hearing was held on January 30, 2004, at the offices of the Department of Business and Industry, Division of Insurance (Division), 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, with a simultaneous video-conference conducted at the Bradley Building, 2501 E. Sahara Avenue, Manufactured Housing Division Conference Room, 2<sup>nd</sup> Floor, Las Vegas, Nevada 89104, regarding the adoption of the regulation concerning financial reporting by insurers.

Public comment was solicited by posting notice of the hearing in the following public locations: 788 Fairview Drive, Legislative Counsel Bureau, Capitol Building Lobby, Blasdel Building, Carson City Courthouse, State Library, Clark County Library, Capitol Press Room and the Division's Las Vegas office.

In addition, the Division maintains a list of interested parties, comprised mainly of insurance companies, agencies, and other persons regulated by the Division. These persons were notified of the hearing and that copies of the regulation could be obtained from or examined at the offices of the Division in Carson City.

The hearing was attended by 13 individuals. Bob Burch, representing the Division, provided testimony. There were no other speaking participants. The Division received no written testimony. Mr. Burch stated that the regulation was amended to allow a foreign or alien insurer to submit a copy of their signed jurat page to the Commissioner in order to comply with the annual statement filing requirement, to update the price of referenced publications, to allow domestic insurers, licensed only to sell insurance for home protection, to submit an affidavit certifying the accuracy and adequacy of the reserves, and to reinstate a provision allowing certain domestic insurers to be exempt from filing the annual statement with the National Association of Insurance Commissioners. During the workshop, the participants concurred with the Division on the changes to the proposed regulation. A revised version of the regulation is attached. The revision amends the proposed regulation for clarification. The Commissioner has issued an order adopting the regulation, as revised, pursuant to the workshop and hearing, as a permanent regulation of the Division.

Based upon the testimony received at the hearing, the proposed regulation is revised to read as follows:

1. Paragraph (a) of subsection 3 of section 1 is amended to read as follows:

3(a). The foreign or alien insurer submits an affidavit or *a jurat page, or a copy thereof*, to the Commissioner indicating that the statement has been so filed; and

2. Paragraph (b) of subsection 3 of section 1 is amended to read as follows:

3(b). The affidavit or *a jurat page, or a copy thereof*, is accompanied by the applicable fees set forth in NRS 680B.010.

3. Subsection 4 of section 1 is amended to read as follows:

4. The form of an annual statement required by NRS 680A.270 to be filed with the Commissioner must be the most recent adopted by the National Association of Insurance Commissioners for the type of insurer reporting. Each insurer filing the form shall follow the most recent instructions adopted by the National Association of Insurance Commissioners for the type of annual statement to be filed. These forms may be obtained from the National Association of Insurance Commissioners, Publications Department, 2301 McGee Street, Suite 800, Kansas City, Missouri 64108-2662 *at a cost of \$200 each*.

The economic impact of the regulation is as follows:

(a) On the business it is to regulate: None.

(b) On the public: None.

The Division anticipates no additional cost to enforce the proposed regulation.

The Division is not aware of any overlap or duplication of the regulation with any state, local or federal regulation.

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
DIVISION OF INSURANCE

IN THE MATTER OF

CAUSE NO. **03.778**  
LCB FILE NO. **R244-03**

**REGULATION FOR FINANCIAL  
REPORTING BY INSURERS.**

**SUMMARY OF PROCEEDINGS  
AND ORDER**

**SUMMARY OF PROCEEDINGS**

A public workshop, as required by NRS 233B.061, on the proposed regulation relating to financial reporting by insurers, was held before Cliff King, Chief Insurance Assistant, on January 30, 2004, in Carson City, Nevada, and video-conferenced to the Bradley Building in Las Vegas, Nevada. A public hearing on the proposed regulation was also held before Cliff King, Chief Insurance Assistant, on January 30, 2004, in Carson City, Nevada, and video-conferenced to the Bradley Building in Las Vegas, Nevada. The regulation is proposed pursuant to the authority of NRS 679B.130.

The hearing was attended by 13 individuals. Testimony was received at the hearing from Bob Burch, representing the Department of Business and Industry, Division of Insurance (Division). No written comments were received by the Division.

Bob Burch testified that:

1. The intent of the regulation was to add a provision allowing foreign or alien insurers to submit a copy of their signed jurat page to the Commissioner in order to comply with the annual statement filing requirements, to update the price of referenced publications, and to add a provision allowing domestic insurers licensed only to sell insurance for home protection and not licensed or authorized to do business in any other state to submit, along with the annual statement, an affidavit signed by an officer of the company that certifies the accuracy and adequacy of the reserves stated in its annual statement. Mr. Burch also stated



that the regulation reinstated a provision previously included, but somehow excluded, in chapter 680A of the Nevada Administrative Code (NAC), which allows for a domestic insurer, that is not licensed or authorized to do business in any other state, to be exempt from filing an annual statement with the National Association of Insurance Commissioners for any year its written premium is less than \$1,000,000.

2. The Legislative Counsel Bureau (LCB) changed the terminology from the Division's proposed regulation by substituting "a copy of the signed jurat page" to submitting "a jurat" and also added a new section to define the term "jurat." Mr. King asked whether the terms "jurat" and "jurat page" are common terminology in the insurance industry. Mr. Burch responded that these terms are common to the industry. Mr. King suggested that the wording in the LCB version be amended to "allow the foreign or alien organization to submit an affidavit or a jurat page, or a copy thereof." Mr. King then asked Mr. Burch if this would be understood by the industry. Mr. Burch stated that it would. Mr. King then pointed out, in subsection 4 of section 1 of the LCB version, that the price of the publication had been stricken. Mr. Burch responded that he had noted this previously but failed to note this during his presentation of the regulation. Mr. Burch stated this was an error on the part of the LCB, as the statute requires a price to be included for any publication which is referenced in a regulation, and the price would be added back to the LCB version.

### **RECOMMENDED ORDER OF THE HEARING OFFICER**

Based upon the testimony received at the hearing, it is recommended that the proposed regulation be revised to read as follows:

1. Paragraph (a) of subsection 3 of section 1 is amended to read as follows:

3(a). The foreign or alien insurer submits an affidavit or *a jurat page, or a copy thereof*, to the Commissioner indicating that the statement has been so filed; and

2. Paragraph (b) of subsection 3 of section 1 is amended to read as follows:

3(b). The affidavit or *a jurat page, or a copy thereof*, is accompanied by the applicable fees set forth in NRS 680B.010.

3. Subsection 4 of section 1 is amended to read as follows:

4. The form of an annual statement required by NRS 680A.270 to be filed with the Commissioner must be the most recent adopted by the National Association of Insurance Commissioners for the type of insurer reporting. Each insurer filing the form shall follow the most recent instructions adopted by the National Association of Insurance Commissioners for the type of annual statement to be filed. These forms may be obtained from the National Association of Insurance Commissioners, Publications Department, 2301 McGee Street, Suite 800, Kansas City, Missouri 64108-2662 *at a cost of \$200 each*.

SO RECOMMENDED this \_\_\_\_\_ day of June, 2004.

---

CLIFF KING, CPCU  
Chief Insurance Assistant and Hearing Officer

### **ORDER OF THE COMMISSIONER**

Having reviewed the record in this matter, it is hereby ordered that the proposed regulation concerning financial reporting by insurers, LCB File No. R244-03, be adopted, as amended, as a permanent regulation of the Division.

SO ORDERED this \_\_\_\_\_ day of June, 2004.

---

ALICE A. MOLASKY-ARMAN  
Commissioner of Insurance