

LCB File No. R245-03

**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 insurer's financial reporting; investments; captive insurer's financial reporting; non-profit hospital, medical and dental service corporations' financial reporting; health maintenance organizations' financial reporting; dental care organizations' financial reporting and pre-paid limited health service organizations' financial reporting. A workshop has been set for 9:00 a.m., on January 30, 2004, 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. Insurer's Financial Reporting.** The proposed regulation updates the price of the NAIC publications, adds a provision to allow home warranty insurers who are exempt from the actuarial opinion to file an attestation of its loss reserves, restores the provision granting an exemption to small domestic insurers from filing the NAIC statement with the NAIC and broadens the existing provision granting an exemption for small domestic insurers from filing the annual audited financial report. The proposed regulation amends chapter 680A of the Nevada Administrative Code (NAC).
- 2. Investments.** The proposed regulation outlines the treatment and reporting requirements of the investment securities as owned by domestic insurers and adopts the NAIC Securities Valuation Office Procedures Manual and includes the cost of the manual and the address of the Securities Valuation Office. The proposed regulation amends chapter 682A of the NAC.
- 3. Captive Insurers' Financial Reporting.** The proposed regulation updates and amends the captive insurers chapter to clarify and correct the financial reporting requirements of the domestic captive insurers. The proposed regulation amends chapter 694C of the NAC.
- 4. Non-Profit Hospital, Medical and Dental Service Corporations' Financial Reporting.** The proposed regulation adds new sections relating to the financial condition and the filing of financial reports by the non-profit health entities. The new sections are meant to clarify the requirements that the non-profit health insurer is subject to. The proposed regulation amends chapter 695B of the NAC.

5. **Health Maintenance Organizations’ Financial Reporting.** The proposed regulation updates and amends chapter 695C of the NAC to clarify and correct the financial reporting requirements of the domestic health maintenance organizations.
6. **Dental Care Organizations’ Financial Reporting.** The proposed regulation updates and amends chapter 695D of the NAC to clarify and correct the financial reporting requirements of the domestic dental care organizations.
7. **Pre-Paid Limited Health Service Organizations’ Financial Reporting.** The proposed regulation updates and amends chapter 695F of the NAC to clarify and correct the financial reporting requirements of the domestic pre-paid limited health service organizations.

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.

DATED this _____ day of December, 2003.

By:

ALICE A. MOLASKY-ARMAN
Commissioner of Insurance

LCB File No. R245-03

**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 January 30, 2004, 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 INVESTMENTS

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

1. The proposed regulation is needed to address the treatments and financial reporting requirements of the National Association of Insurance Commissioners (NAIC) Financial Regulations Standards and Accreditation Program, the NAIC Securities Valuation Office and with the Nevada Revised Statutes.
2. The proposed regulation amends chapter 682A of the Nevada Administrative Code (NAC) by adding new sections that adopt the NAIC Securities Valuation Office Procedures Manual and outline the treatment of and requirements for reporting investment securities owned by domestic insurers.
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. The proposed regulation is not pursuant to federal law.
7. There are no federal regulations regarding these activities.

8. The proposed 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 January 23, 2004. 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:

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
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Carson City, NV 89710

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Fallon, NV 89406

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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

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

Lyon County Library
20 Nevin Way
Yerington, NV 89447

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

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950 Campton Street
Ely, NV 89301

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

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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.

DATED this _____ day of December, 2003.

By:

ALICE A. MOLASKY-ARMAN
Commissioner of Insurance

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REGULATIONS FOR INVESTMENTS

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

Authority: NRS 679B.130

Section 1. Chapter 682A of NAC is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this regulation.

Sec. 2. *The Purposes and Procedures Manual of the National Association of Insurance Commissioners Securities Valuation Office (SVO) is hereby adopted by reference and may be obtained from the National Association of Insurance Commissioners, Publications Department, 2301 McGee Street, Suite 800, Kansas City, Missouri 64108-2604, for \$65.00. Prices are subject to change by the National Association of Insurance Commissioners.*

Sec. 3. *All domestic insurers and health organizations subject to Title 57 of the Nevada Revised Statutes are required to file with and have its applicable investments rated by the SVO of the National Association of Insurance Commissioners whose address is 1411 Broadway, 9th Floor, New York, NY 10018-3402. All applicable investments must be reported to the SVO within 120 days of acquisition. Any investment rating returned by the SVO with a designation of NR may result in the applicable investment being not admitted. Any applicable investment with a designation of Z for a period greater than 240 days from the date of acquisition may result in the applicable investment being not admitted. A domestic insurer or a health organization may be exempt from filing its applicable investments with the SVO if the investments qualify for the provisionally exempt provisions of the Purposes and Procedures Manual of the National Association of Insurance Commissioners SVO.*