

Chapter 693A of NAC

LCB File No. T015-06

**PROPOSED TEMPORARY REGULATION OF THE
COMMISSIONER OF INSURANCE**

**NOTICE OF WORKSHOP TO SOLICIT COMMENTS ON
PROPOSED TEMPORARY REGULATION**

The Department of Business and Industry, Division of Insurance (Division), is proposing a new temporary regulation pertaining to the definition of two terms used in the statutes governing conversion of a mutual into stock insurer and related corporate changes of affiliated holding companies pursuant to NRS 693A.400 to 693A.540, inclusive. A workshop has been set for **9:00 a.m., on November 13, 2006**, 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, Real Estate 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 temporary regulations.

The purpose of the new regulation is to provide definitions of the terms “domestic stock insurer” and “plan of conversion” as used in the statutory scheme concerning conversions of a domestic mutual insurance company or a mutual insurance holding company to a domestic stock insurer or a stock insurance holding company, as the context requires, under NRS 693A.400 through 693A.540.

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 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 **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, Nevada 89701

Legislative Counsel Bureau
Capitol Complex
Carson City, NV 89710

State Capitol
Capitol Complex
Carson City, NV 89710

County Clerk
Courthouse
Carson City, NV 89710

Carson City Library
900 North Roop Street
Carson City, NV 89701

Las Vegas Library
833 Las Vegas Blvd. North
Las Vegas, NV 89101

Elko County Library
720 Court Street
Elko, NV 89801

Eureka Branch Library
10190 Monroe Street
P.O. Box 293
Eureka, NV 89316

Battle Mountain Branch Library
P.O. Box 141
Battle Mountain, NV 89820

Lyon County Library
20 Nevin Way
Yerington, NV 89447

Department of Business and Industry
Division of Insurance
2501 East Sahara Avenue, Suite 302
Las Vegas, Nevada 89104

Blasdel Building
Capitol Complex
Carson City, NV 89710

Capitol Press Room
State Capitol Basement
Carson City, NV 89710

Nevada State Library
Capitol Complex
Carson City, NV 89710

Churchill County Library
553 South Maine Street
Fallon, NV 89406

Douglas County Library
1625 Library Lane
P.O. Box 337
Minden, NV 89423

Goldfield Public Library
Fourth & Cook Street
P.O. Box 430
Goldfield, NV 89013

Humboldt County Library
85 East 5th Street
Winnemucca, NV 89445

Lincoln County Library
93 Main Street
P.O. Box 330
Pioche, NV 89043

Mineral County Library
First & A Street
P.O. Box 330
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, (702) 687-4270, extension 260.

DATED this 6th day of October, 2006.

ALICE A. MOLASKY-ARMAN
Commissioner of Insurance

NOTICE OF INTENT TO ACT UPON TEMPORARY REGULATION

Notice of Hearing for the Adoption of Temporary Regulation 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, 2006**, immediately following a public workshop, 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, Real Estate 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:

Proposed temporary regulation providing definitions of the terms “domestic stock insurer” and “plan of conversion” as used in the statutory scheme concerning conversions of a domestic mutual insurance company or a mutual insurance holding company to a domestic stock insurer or a stock insurance holding company, as the context requires, under NRS 693A.400 through 693A.540.

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

1. A statement of need for and purpose of the proposed regulation:

The proposed temporary regulation is needed to implement aspects of certain types of plans of conversion permitted under NRS 693A.400 to 693.540, inclusive.

The purpose of the proposed temporary regulation is to satisfy certain legal requirements for an initial public offering of common stock of a converted mutual in connection with implementation of a plan of conversion approved by the Commissioner. Specifically, the purpose is to allow for the issuance of absolute legal opinions and satisfaction of requirements of the United States Securities and Exchange Commission regarding certain corporate law matters as to the power of policy-holders to approve amendments to articles of incorporation and the corporate form of entities that may be subject to and resultant from a conversion permitted under NRS 693.400 to 694A.540, inclusive.

2. Either the terms or substance of the proposed regulation or a description of the subjects and issues involved:

The text of the proposed temporary regulation is attached to this Notice as Exhibit 1.

3. Estimated economic effect of the regulation:

(I) On the business which it is to regulate: None. The proposed temporary regulation provides definitions of terms used in an existing

statutory scheme and facilitate implementation of the purposes of the statutes.

(II) On the public: None. The proposed temporary regulation provides definitions of terms used in an existing statutory scheme and facilitate implementation of the purposes of the statutes.

4. A statement identifying the methods used by the agency in determining the impact on a small business prepared pursuant to subsection 3 of NRS 233B.0608:

The proposed temporary regulation merely implements aspects of an existing statutory scheme adopted by the Nevada Legislature governing changes of corporate structure of converting mutuals as defined by and governed under NRS 693A.400 to 693.540, inclusive. Consequently, there will be no impact on any business from the adoption of the proposed rule.

5. The estimated cost to the agency for enforcement of the proposed regulation:

No new costs will be incurred by the agency.

6. A description of any regulations of other state or local governmental agencies which the proposed regulation overlaps or duplicates and a statement explaining why the duplication or overlapping is necessary; if the regulation overlaps or duplicates a federal regulation, the notice must include the name of the regulating federal agency:

None.

7. If the regulation is required pursuant to federal law, a citation and description of the federal law:

Not applicable.

8. If the regulation includes provisions which are more stringent than a federal regulation that regulates the same activity, a summary of such provisions:

Not applicable.

9. Include a statement indicating whether the regulation establishes a new fee or increases an existing fee:

The proposed temporary regulations do not establish any new fees or increase any existing fees.

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, Fairview Drive, Suite 300, Carson City, Nevada 89701. Written submissions must be received by the Division on or before **November 6, 2006**. 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 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 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 **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, Nevada 89701

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Division of Insurance
2501 East Sahara Avenue, Suite 302
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P.O. Box 337
Minden, NV 89423

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Elko, NV 89801

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Goldfield, NV 89013

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10190 Monroe Street
P.O. Box 293
Eureka, NV 89316

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Winnemucca, NV 89445

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P.O. Box 141
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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 330
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

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950 Campton Street
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1401 East Flamingo Road
Las Vegas, NV 89119

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DATED this 6th day of October, 2006.

ALICE A. MOLASKY-ARMAN
Commissioner of Insurance

LCB File No. T015-06

**PROPOSED TEMPORARY REGULATION OF THE
COMMISSIONER OF INSURANCE**

AUTHORITY: NRS 679B.130; NRS 693A.530

A TEMPORARY REGULATION relating to corporate powers and procedures of domestic stock and mutual insurers; adding definition of “domestic stock insurer”; adding definition of “plan of conversion”.

Section 1. Chapter 693A of NAC is hereby amended by adding thereto the provisions set forth as sections 2 and 3, inclusive, of this regulation.

Sec. 2. *As used in NRS 693A.400 through 693A.540:*

1. “Domestic stock insurer” defined. (NRS 679B.130; NRS 693A.530) “Domestic stock insurer” means, as the context requires, either a domestic stock insurance company or a stock insurance holding company.

2. “Plan of conversion” defined. (NRS 679B.130; NRS 693A.530) “Plan of conversion” means both the plan of conversion and any amendments to the articles of incorporation adopted by a resolution of the board of directors of the converting mutual pursuant to NRS 693A.440(1).

Sec. 3. **Effective date.** Pursuant to NRS 233B.063(3), as a temporary regulation, section 2 becomes effective as of the date filed with the Secretary of State and remains in effect until November 1, 2007, unless otherwise replaced or repealed prior to that date.