

**ADOPTED REGULATION OF THE  
COMMISSIONER OF INSURANCE**

**LCB File No. R070-09**

Effective October 27, 2009

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

AUTHORITY: §1, NRS 679B.130 and 694C.170.

A REGULATION relating to captive insurers; revising provisions relating to officers and directors of a captive insurer; and providing other matters properly relating thereto.

**Section 1.** NAC 694C.280 is hereby amended to read as follows:

694C.280 1. Within 30 days after any change in the executive officers and directors of a captive insurer, the captive insurer shall report the change to the Commissioner. The report must include a statement of the business and professional affiliations of the new executive officer or director. The new executive officer or director must meet the same standards that were indicated in the initial application of the captive insurer for that officer or director position.

2. A director, an officer or an employee of a captive insurer shall not, except on behalf of the captive insurer, accept or be the beneficiary of any fee, brokerage, gift or other emolument because of any investment, loan, deposit, purchase, sale, payment or exchange made by or for the captive insurer, but such a person may receive reasonable compensation for necessary services rendered to the captive insurer in his usual private, professional or business capacity. *Prior to receiving compensation pursuant to this subsection, the person performing necessary services must obtain the consent of the board of directors or subscribers' advisory committee for the performance of and compensation for such necessary services.*

3. Any profit or gain received by or on behalf of any person in violation of this section is recoverable by the captive insurer.

**NOTICE OF ADOPTION OF PROPOSED REGULATION**  
**LCB File No. R070-09**

The Commissioner of Insurance adopted regulations which pertain to chapter 694C of the Nevada Administrative Code.

**INFORMATIONAL STATEMENT**

A workshop was held on October 14, 2009, and a hearing was held on October 21, 2009, 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, Real Estate Division Conference Room, 2<sup>nd</sup> Floor, Las Vegas, Nevada 89104, regarding the adoption of the regulation concerning Officers and Directors of Captive Insurers.

Public comment was solicited by posting notice of the hearing in the following public locations: the Division’s Carson City and Las Vegas offices, Carson City Courthouse, Office of the Attorney General, the Donald W. Reynolds Press Center, Capitol Building Lobby, Capitol Building Press Room, Blasdel Building, Legislative Counsel Bureau, Nevada State Library, Carson City Library, Churchill County Library, Clark County District Library, Douglas County Library, Elko County Library, Esmeralda County Library, Eureka Branch Library, Humboldt County Library, Lander County Library, Lincoln County Library, Lyon County Library, Mineral County Library, Pershing County Library, Storey County Library, Tonopah Public Library, Washoe County Library, and White Pine County Library.

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 12 individuals in Carson City and 3 individuals in Las Vegas. Oral testimony was provided by Michael S. Lynch, representing the Division. The Division did not receive any written comments.

The economic impact of the regulation is as follows:

- (a) On the business it is to regulate: None.
- (b) On the small businesses: None.
- (c) On the public: None.

The Division will not incur any additional expense to enforce this 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 THE

CAUSE NO. **09.0396**  
LCB FILE NO. **R070-09**

**REGULATION CONCERNING  
OFFICERS AND DIRECTORS OF  
CAPTIVE INSURANCE COMPANIES**

**SUMMARY OF  
PROCEEDINGS  
AND ORDER**

**SUMMARY OF PROCEEDINGS**

A public workshop, as required by NRS 233B.061, on the proposed regulation to amend NAC 694C.280 relating to officers and directors of captive insurance companies was held before Amy L. Parks, Hearing Officer, on October 14, 2009, in Carson City, Nevada, and video-conferenced to the Bradley Building in Las Vegas, Nevada. A public hearing on the proposed regulation to amend NAC 694C.280 was held before the Hearing Officer on October 21, 2009, in Carson City, Nevada, and video-conferenced to the Bradley Building in Las Vegas, Nevada. The regulation is proposed under the authority of NRS 679B.130. This rule-making process began on April 9, 2009, when the Nevada Captive Insurance Association filed petitions pursuant to NAC 679B.482 to amend NAC 694C.280 and NAC 694C.290. The Commissioner approved the petitions on April 17, 2009.

The Department of Business and Industry, Division of Insurance (“Division”), did not receive any written comments from the industry and interested parties regarding the proposed changes to NAC 694C.280. The workshop was attended by twelve (12) interested parties in Carson City and three (3) interested parties in Las Vegas. Michael Lynch, representing the Division, provided testimony before the Hearing Officer. The hearing was attended by fourteen (14) interested parties in Carson City and two (2) interested parties in Las Vegas. The Hearing Officer asked that Division staff address the proposed changes to NAC 694C.280.

Mr. Lynch testified that the new language would require a person who performs necessary services for a captive to first obtain prior consent from the captive board of directors or subscribers advisory committee before those services and payments can take place.

Based upon the testimony received at the public workshop and formal hearing, no changes were made to the regulation, LCB File No. R070-09, as proposed.

**RECOMMENDATION OF THE HEARING OFFICER**

Based upon the testimony received at the hearing, it is recommended that the proposed regulation concerning officers and directors of captive insurance companies, Division's Cause No. 09.0396, LCB File No. R070-09, be adopted, as proposed, as a permanent regulation of the Division.

SO RECOMMENDED this 21st day of October, 2009.

/S/  
AMY L. PARKS  
Hearing Officer

**ORDER OF THE COMMISSIONER**

Having reviewed the record in this matter, and considering the Recommendation of the Hearing Officer, it is hereby ordered that the proposed regulation concerning officers and directors of captive insurance companies, Division's Cause No. 09.0396 LCB File No. R070-09, be adopted, as proposed, as a permanent regulation of the Division.

SO ORDERED this 21st day of October, 2009.

/S/  
SCOTT J. KIPPER  
Commissioner of Insurance