

**ADOPTED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R031-12

Effective September 14, 2012

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

AUTHORITY: §1, NRS 616B.404, 616B.446 and 679B.130.

A REGULATION relating to industrial insurance; revising requirements concerning financial information that must be submitted to the Commissioner of Insurance by associations of self-insured employers; and providing other matters properly relating thereto.

Section 1. NAC 616B.609 is hereby amended to read as follows:

616B.609 1. The audited statement of the financial condition of an association required by NRS 616B.404 must be:

(a) Prepared in accordance with generally accepted accounting principles of the United States, stated in United States dollars, and must contain the footnotes and opinions of the independent certified public accountant who prepared it.

(b) Accompanied by a statement, prepared by the independent certified public accountant who prepared the audited statement, certifying that the combined tangible net worth of all members of the association satisfies the requirements of NRS 616B.353 and that all members meet the financial requirements for membership that are established by law, the bylaws of the association or the underwriting plan of the association.

2. In addition to the statements and schedules required by law, the association shall submit the following exhibits and schedules from the ~~[Property/Casualty Insurance]~~ *Annual Statement*

Blanks for Property/Casualty published by the National Association of Insurance

Commissioners:

- (a) Exhibit 1 - Analysis of Nonadmitted Assets and Related Items;
- (b) Schedule A - Real Estate;
- (c) Schedule B - Mortgage Loans;
- (d) Schedule BA - Other Long-Term Invested Assets;
- (e) Schedule D - Bonds and Stocks;
- (f) Schedule DA - Short-Term Investments;
- (g) Schedule DB - Derivative Instruments; *and*
- (h) ~~Schedule DM—Aggregate Statement and Market Values of Bonds and Preferred Stock;~~

~~and~~

~~(i)~~ Schedule P - Parts 1 through 4 - Analysis of Losses and Loss Expenses.

↪ The exhibits must be prepared in accordance with the *Annual Statement Instructions* ~~[Manual]~~ for ~~[Property and Casualty]~~ *Property/Casualty* published by the National Association of Insurance Commissioners.

INFORMATIONAL STATEMENT--R031-12

A workshop was held on June 5, 2012, and a hearing was held on June 14, 2012, at the offices of the Department of Business and Industry, Division of Insurance (“Division”), 1818 East College Parkway, Carson City, Nevada 89706, with a simultaneous videoconference conducted at the Bradley Building, 2501 East Sahara Avenue, 2nd Floor Conference Room, Las Vegas, Nevada 89104, in regard to adoption of the regulation concerning Financial Reporting of Associations of Self-Insured Employers.

Public comment was solicited by posting notices of the workshop and hearing in the following public locations: the Division’s Web site, the Division’s Carson City and Las Vegas offices, Carson City Courthouse, Office of the Attorney General, Capitol Building Lobby, Capitol Building Press Room, Blasdel Building, and Legislative Counsel Bureau; and by providing the notices of the workshop and hearing to: the Donald W. Reynolds Press Center, 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 workshop and hearing and that a copy of the regulation could be obtained from or examined at the offices of the Division.

The workshop was attended by one interested member of the public in Carson City and one in Las Vegas. The proposed regulation was presented orally by Kim Germain, on behalf of the Division. The Division did not receive any written comments.

The hearing was attended by one interested member of the public in Las Vegas, and no one from the public attended in Carson City. The proposed regulation was presented orally by Kim Germain, on behalf of the Division. The Division did not receive any written comments.

After considering the record and the recommendation of the hearing officer, the Commissioner has issued an order adopting the regulation, LCB File No. R031-12, as proposed, as a permanent regulation of the Division.

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. 12.0189
LCB FILE NO. R031-12**

**REGULATION CONCERNING
FINANCIAL REPORTING OF
ASSOCIATIONS OF SELF-INSURED
EMPLOYERS**

**SUMMARY OF PROCEEDINGS
AND ORDER**

SUMMARY OF PROCEEDINGS

A public workshop, as required by Nevada Revised Statute (“NRS”) 233B.061, on the proposed regulation concerning financial reporting of associations of self-insured employers was held before Amy L. Parks, Esq. (“Hearing Officer”), on June 5, 2012, in the hearing room of the Nevada Division of Insurance (“Division”) in Carson City, Nevada, and videoconferenced to the conference room located on the 2nd floor of the Bradley Building in Las Vegas, Nevada. A public hearing on the proposed regulation was also held before the Hearing Officer, on June 14, 2012, in the hearing room of the Division’s Carson City office, and videoconferenced to the Bradley Building conference room in Las Vegas. The regulation was proposed under the authority of NRS 616B.404, 616B.446 and 679B.130.

The workshop was attended by one member of the public in Carson City and one member of the public in Las Vegas. The hearing was attended by one member of the public in Las Vegas. No written comments were received, nor was there any testimony from the public during the workshop or hearing.

At the workshop, the proposed regulation was presented by Ms. Kim Germain, Management Analyst II of the Self-Insured Workers’ Compensation Section of the Division. Ms. Germain testified that the regulation, if adopted, will amend subsection 2 of NAC 616B.609, as follows:

1. The words “Property/Casualty Insurance” be replaced with “Annual Statement Blanks for Property/Casualty,” to accurately represent the name of the referenced publication of the National Association of Insurance Commissioners.
2. The content of paragraph (h) of subsection 2 be deleted, as the requirement that associations of self-insured employers submit a “Schedule DM—Aggregate Statement and Market Values of Bonds and Preferred Stock” is obsolete.
3. The content of paragraph (i) of subsection 2 to remain intact but be re-labeled as (h), to replace the deleted content of paragraph (h).
4. The publication formerly referenced as the “Manual for Property and Casualty” be amended to “Annual Statement Instructions for Property/Casualty,” to accurately represent the name of the referenced publication of the National Association of Insurance Commissioners.

At the hearing, Ms. Germain again presented the regulation, LCB File No. R031-12, and summarized the proceedings of the workshop. There being no testimony from the public, the Hearing Officer closed the hearing.

RECOMMENDED ORDER OF THE HEARING OFFICER

Based upon the testimony received at the workshop and hearing, and the written comments received, if any, it is recommended that the proposed regulation concerning financial reporting of associations of self-insured employers, LCB File No. R031-12, be adopted, as proposed, as a permanent regulation of the Division. See Exhibit A.

SO RECOMMENDED this 3rd day of July, 2012.

/S/
AMY L. PARKS
Hearing Officer

ORDER OF THE COMMISSIONER

Having reviewed the record in this matter and the recommendation of the Hearing Officer, it is hereby ordered that the proposed regulation concerning financial reporting of associations of self-insured employers, LCB File No. R031-12, be adopted, as proposed, as a permanent regulation of the Division. See Exhibit A.

SO ORDERED this 5th day of July, 2012.

/S/
SCOTT J. KIPPER
Commissioner of Insurance