

PROPOSED REGULATION OF THE COMMISSIONER OF INSURANCE

LCB File No. R034-12

NOTICE OF WORKSHOP TO SOLICIT COMMENTS ON PROPOSED REGULATIONS

The State of Nevada, Department of Business and Industry, Division of Insurance (“Division”), (775) 687-0700, is proposing the adoption, amendment or repeal of regulations pertaining to chapters 679B, 680A, 681A, 683A, 685A, 690B and 697 of the Nevada Administrative Code (“NAC”). A workshop has been set for **9:00 a.m., on August 1, 2012**, at the Division’s office located at 1818 East College Parkway, 1st floor hearing room, Carson City, Nevada 89706. Interested parties may also participate through a simultaneous videoconference conducted at the Bradley Building, 2501 East Sahara Avenue, 2nd floor conference room, Las Vegas, Nevada 89104. The purpose of the workshop is to solicit comments from interested persons on the following general topics that may be addressed in the proposed regulations. Please submit any written comments no later than **July 25, 2012**.

LCB File No. R108-10. Prelicensing Exemption.

A regulation relating to insurance; revising provisions relating to prelicensing requirements for persons involved in the sale or administration of insurance; and providing other matters properly relating thereto.

LCB File No. R109-10. Bail Employees.

A regulation relating to bail bond agents; revising the reference to the form for furnishing certain information concerning employees to the Commissioner of Insurance; and providing other matters properly relating thereto.

LCB File No. R110-10. Intermediary Licenses.

A regulation relating to insurance; revising provisions relating to the process for renewing intermediary licenses; and providing other matters properly relating thereto.

LCB File No. R030-12. Hazardous Financial Conditions of Insurers.

A regulation relating to insurance; revising the items that the Commissioner of Insurance will consider in determining whether the financial condition of an insurer may be hazardous to policyholders, creditors or the general public; revising provisions governing the requirements that the Commissioner may impose on an insurer with regard to which the Commissioner has made such a determination; and providing other matters properly relating thereto.

LCB File No. R034-12. Nonadmitted Insurance.

A regulation relating to insurance; revising provisions relating to nonadmitted insurance; and providing other matters properly relating thereto.

LCB File No. R035-12. Electronic Transmissions.

A regulation relating to insurance; establishing provisions governing the conducting of insurance transactions by electronic means; prescribing requirements for the transmission by electronic means of certain notices of an insurer under a policy of portable electronics insurance; and providing other matters properly relating thereto.

LCB File No. R036-12. Vehicle Towing Consent Form.

A regulation relating to possession of motor vehicles; prescribing the standard consent form which must be completed before an insurer may take possession of a motor vehicle from the operator of a tow car under certain circumstances; and providing other matters properly relating thereto.

LCB File No. R082-12. Petition Filing.

A regulation relating to insurance; revising the requirements for review of a petition by the Commissioner of Insurance; and providing other matters properly relating thereto.

A copy of all materials relating to the proposals may be obtained at the workshop or by contacting the Division, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706, (775) 687-0700. A reasonable fee for copying may be charged.

Notice of the workshop was provided via electronic means to all persons on the agency's e-mail list for administrative regulations, and this Notice of Workshop to Solicit Comments on Proposed Regulations was posted to the agency's Internet Web site at <http://doi.nv.gov/> and provided to or posted at the following locations:

Department of Business and Industry
Division of Insurance
1818 East College Parkway, Suite 103
Carson City, NV 89706

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

Capitol Press Room
Capitol Building Basement
Carson City, NV 89710

Donald W. Reynolds Press Center
102 North Curry Street
Carson City, NV 89701

Legislative Counsel Bureau
401 South Carson Street
Carson City, NV 89701

Office of the Attorney General
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Blasdel Building
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Nevada State Library & Archives
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Office of the Governor
Capitol Building
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Carson City Library
900 North Roop Street
Carson City, NV 89701

Churchill County Library
553 South Main Street
Fallon, NV 89406

Clark County District Library
833 Las Vegas Boulevard North
Las Vegas, NV 89101

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

Elko County Library
720 Court Street
Elko, NV 89801

Esmeralda County Library
P.O. Box 430
Goldfield, NV 89013

Eureka Branch Library
P.O. Box 293
Eureka, NV 89316

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

Lander County Library
P.O. Box 141
Battle Mountain, NV 89820

Lincoln County Library
P.O. Box 330
Pioche, NV 89043-0330

Lyon County Library
20 Nevin Way
Yerington, NV 89447

Mineral County Public Library
P.O. Box 1390
Hawthorne, NV 89415

Pershing County Library
P.O. Box 781
Lovelock, NV 89419

Storey County Public Library
P.O. Box 14
Virginia City, NV 89440

Tonopah Public Library
P.O. Box 449
Tonopah, NV 89049

Washoe County Library
P.O. Box 2151
Reno, NV 89505-2151

White Pine County Library
950 Campton Street
Ely, NV 89301

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 1818 East College

Parkway, Suite 103, Carson City, Nevada 89706, or by calling (775) 687-0700, no later than five (5) working days prior to the hearing.

DATED this 6th day of July, 2012.

_____/s/_____
SCOTT J. KIPPER
Commissioner of Insurance

NOTICE OF INTENT TO ACT UPON REGULATION

Notice of Hearing for the Adoption, Amendment or Repeal of Regulations of The Department of Business and Industry, Division of Insurance

The State of Nevada Department of Business and Industry, Division of Insurance (“Division”), (775) 687-0700, will hold a public hearing at **9:00 a.m., on August 10, 2012**, at the Division’s office located at 1818 East College Parkway, 1st floor hearing room, Carson City, Nevada 89706. Interested persons may also participate through a simultaneous videoconference conducted at the Bradley Building, 2501 East Sahara Avenue, 2nd floor conference room, Las Vegas, Nevada 89104. The purpose of the hearing is to receive comments from all interested persons regarding the adoption, amendment or repeal of the regulation(s) that pertains to chapter 685A of the Nevada Administrative Code (“NAC”).

The following information is provided pursuant to the requirements of Nevada Revised Statute (“NRS”) 233B.0603 and the directives of the Governor:

LCB File No. R034-12. Nonadmitted Insurance.

A regulation relating to insurance; revising provisions relating to nonadmitted insurance; and providing other matters properly relating thereto.

(1) Why is the regulation necessary and what is its purpose? **The adoption of regulations is necessary to bring Nevada into compliance with new federal law and to clarify the intent of Chapter 685A of Nevada Revised Statute (NRS) as amended by Senate Bill 289.**

(2) What are the terms or substance of the proposed regulation? **The proposed regulation amends Chapter 685A of the Nevada Administrative Code (NAC), the surplus lines chapter. The proposed regulation mirrors the requirements of the Nonadmitted and Reinsurance Reform Act (NRRA), part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 to bring Nevada into compliance with the new federal law. The intent of the NRRA is for each state to adopt nationwide uniform requirements in various areas of premium taxation and regulation of nonadmitted insurance. It also broadens the scope of this chapter to now be referred to as “nonadmitted insurance,” encompassing both surplus lines insurance and independently procured insurance under the one term. The NRRA also states that only the home state, as defined in the federal law, may require a payment of premium tax for nonadmitted insurance, but does allow states to participate in a multi-state agreement or compact as a mechanism to share premium taxes. The proposed regulation allows the Commissioner to establish allocation formulas and filing procedures for use by surplus-lines brokers so that Nevada can collect multi-state premium tax if Nevada participates in a multi-state agreement or compact.**

(3) What is the anticipated impact of the regulation on the problem(s)? **The proposed regulation brings Nevada into compliance with the NRRA. If not adopted, Nevada would face the consequences of not complying with federal law. Also, the Nevada Administrative Code would be in direct conflict with the Nevada Revised Statutes and not able to provide guidance**

on the intent of the statute.

- (4) Do other regulations address the same problem(s)? **No.**
- (5) Are alternate forms of regulation sufficient to address the problem(s)? **No.**
- (6) What value does the regulation have to the public? **The proposed regulation facilitates uniformity in reporting of policies and payment of premium tax in the nonadmitted market.**
- (7) What is the anticipated economic benefit of the regulation?
- a. Public
 - 1. Immediate: **For insureds that cannot find coverage in the admitted market, this regulation may improve the availability of nonadmitted insurance.**
 - 2. Long Term: **For insureds that cannot find coverage in the admitted market, this regulation may improve the availability of nonadmitted insurance.**
 - b. Insurance Business
 - 1. Immediate: **More uniform and streamlined taxation and regulation of nonadmitted insurance.**
 - 2. Long Term: **More uniform and streamlined taxation and regulation of nonadmitted insurance.**
 - c. Small Businesses
 - 1. Immediate: **For insureds that cannot find coverage in the admitted market, this regulation may improve the availability of nonadmitted insurance.**
 - 2. Long Term: **For insureds that cannot find coverage in the admitted market, this regulation may improve the availability of nonadmitted insurance.**
 - d. Small Communities
 - 1. Immediate: **For insureds that cannot find coverage in the admitted market, this regulation may improve the availability of nonadmitted insurance.**
 - 2. Long Term: **For insureds that cannot find coverage in the admitted market, this regulation may improve the availability of nonadmitted insurance.**
 - e. Government Entities
 - 1. Immediate: **N/A**
 - 2. Long Term: **N/A**
- (8) What is the anticipated adverse impact, if any?
- a. Public
 - 1. Immediate: **None known.**
 - 2. Long Term: **None known.**
 - b. Insurance Business

1. Immediate: **None known.**
 2. Long Term: **None known.**
- c. Small Businesses
1. Immediate: **None known.**
 2. Long Term: **None known.**
- d. Small Communities
1. Immediate: **None known.**
 2. Long Term: **None known.**
- e. Government Entities
1. Immediate: **None known.**
 2. Long Term: **None known.**

(9) What is the anticipated cost of the regulation, both direct and indirect?

- a. Enactment: **None anticipated.**
- b. Enforcement: **No additional cost for enforcement anticipated.**
- c. Compliance: **No additional cost for compliance anticipated.**

(10) Does the regulation establish a new fee or increase an existing fee? **The proposed regulation does not establish a new fee or increase an existing fee that would be payable to the Division or the State. However, the Commissioner entered the Nonadmitted Insurance Multi-State Agreement (NIMA) on July 20, 2011, as a multi-state tax-sharing mechanism. If NIMA becomes operational, surplus-lines brokers may be required to pay an additional fee to the NIMA clearinghouse which is a national clearinghouse.**

(11) Provide a statement which identifies the methods used by the agency in determining the impact of the proposed regulation on a small business, prepared pursuant to subsection 3 of NRS 233B.0608. **Nonadmitted insurance usually covers hard-to-place risks such as a distressed business with a high frequency of prior losses or a unique exposure such as insurance for an explosive distributor, which could apply to a small business. This is evidenced by reports generated within the Nevada Surplus Lines Association regarding risks written in the nonadmitted market. The Division of Insurance is also able to access and view this information.**

(12) Provide 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, state the name of the regulating federal agency. **None.**

(13) If the regulation is required pursuant to federal law, provide a citation and description of the federal law. **The Nonadmitted and Reinsurance Reform Act (NRRRA), part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Pub. L. No. 111-203, 124 Stat.**

1376).

(14) If the regulation includes provisions which are more stringent than a federal regulation that regulates the same activity, provide a summary of such provisions. **None.**

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, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706. **Written submissions must be received by the Division on or before July 25, 2012.** 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 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 regulation will be available at the offices of the Division, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706, 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://leg.state.nv.us/register/>. Copies of this notice and the proposed regulation will be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary. This does not apply to a public body subject to the Open Meeting Law.

Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, shall 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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