

PROPOSED REGULATION OF THE COMMISSIONER OF INSURANCE

LCB File No. R093-14

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 **10:30 a.m. on April 19, 2016**, 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, 3rd 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 regulations that pertain to **chapter 688A** 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. R093-14. Preferred Mortality Tables.

A regulation relating to insurance; amending provisions relating to the use of certain mortality tables adopted by the National Association of Insurance Commissioners to establish minimum reserve liabilities for certain policies of life insurance; and providing other matters properly relating thereto.

(1) Why is the regulation necessary and what is its purpose? **This regulation is required per the National Association of Insurance Commissioners (NAIC) Financial Accreditation Standards and is necessary to address the recognition of preferred mortality tables used in the determination of minimum reserve liabilities for life insurance companies transacting business within the state of Nevada. This is an existing regulation that requires technical amendments to bring it into compliance with the current NAIC model regulation. The proposed revisions to the existing language provide additional standards and guidance for calculating minimum reserve liabilities.**

(2) What are the terms or substance of the proposed regulation? **The existing regulation sets forth standards for the use of mortality tables that reflect differences between preferred and standard lives in determining minimum reserve liabilities for life insurance. The regulation also updates contact information for the National Association of Insurance Commissioners and the fees associated with obtaining copies of specific documents.**

The NAIC Financial Accreditation Standards requires the Model Regulation Permitting the Recognition of Preferred Mortality Tables for Use in Determining Minimum

Reserve Liabilities to be in place for Nevada to maintain its accreditation status. The revisions/amendments included in this regulation are essential to maintain the accreditation status of Nevada and to ensure that all life insurance companies doing business in Nevada maintain appropriate reserves. Since this is an existing regulation, there are no anticipated issues or problems associated with this regulation.

(3) What is the anticipated impact of the regulation on the problem(s)? **If adopted, the proposed amendments will bring the regulation into compliance with the current NAIC model regulation and provide additional standards and guidance for calculating minimum reserve liabilities based upon preferred mortality tables.**

(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? **This is an existing regulation that aids the Division in ensuring that all of the life insurance companies that are operating in the state of Nevada maintain appropriate reserves.**

(7) What is the anticipated economic benefit of the regulation? Provide a statement as to potential beneficial impact on the following: **As this is an existing regulation, there is no significant change to the impact of the regulation on the following.**

a. Public

1. Immediate: **This proposed regulation sets forth consistent national standards for the establishment and maintenance of appropriate life insurance reserves for insurers operating in the State of Nevada.**

2. Long Term: **This proposed regulation sets forth consistent national standards for the establishment and maintenance of appropriate life insurance reserves for insurers operating in the State of Nevada.**

b. Insurance Business

1. Immediate: **This proposed regulation sets forth consistent national standards for the establishment and maintenance of appropriate life insurance reserves for insurers operating in the State of Nevada.**

2. Long Term: **This proposed regulation sets forth consistent national standards for the establishment and maintenance of appropriate life insurance reserves for insurers operating in the State of Nevada.**

c. Small Businesses

1. Immediate: **This proposed regulation sets forth consistent national standards for the establishment and maintenance of appropriate life insurance reserves for insurers operating in the State of Nevada.**

2. Long Term: **This proposed regulation sets forth consistent national standards for the establishment and maintenance of appropriate life insurance reserves for insurers operating in the State of Nevada.**

- d. Small Communities
 - 1. Immediate: **This proposed regulation sets forth consistent national standards for the establishment and maintenance of appropriate life insurance reserves for insurers operating in the State of Nevada.**
 - 2. Long Term: **This proposed regulation sets forth consistent national standards for the establishment and maintenance of appropriate life insurance reserves for insurers operating in the State of Nevada.**

- e. Government Entities
 - 1. Immediate: **This proposed regulation sets forth consistent national standards for the establishment and maintenance of appropriate life insurance reserves for insurers operating in the State of Nevada.**
 - 2. Long Term: **This proposed regulation sets forth consistent national standards for the establishment and maintenance of appropriate life insurance reserves for insurers operating in the State of Nevada.**

(8) What is the anticipated adverse impact, if any? Provide a statement as to any anticipated adverse impact, including adverse economic effects, on the following:

- a. Public
 - 1. Immediate: **No adverse impact created by amending the regulation.**
 - 2. Long Term: **No adverse impact created by amending the regulation.**

- b. Insurance Business
 - 1. Immediate: **No adverse impact created by amending the regulation.**
 - 2. Long Term: **No adverse impact created by amending the regulation.**

- c. Small Businesses
 - 1. Immediate: **No adverse impact created by amending the regulation.**
 - 2. Long Term: **No adverse impact created by amending the regulation.**

- d. Small Communities
 - 1. Immediate: **No adverse impact created by amending the regulation.**
 - 2. Long Term: **No adverse impact created by amending the regulation.**

- e. Government Entities
 - 1. Immediate: **No adverse impact created by amending the regulation.**
 - 2. Long Term: **No adverse impact created by amending the regulation.**

(9) What is the anticipated cost of the regulation, both direct and indirect? Provide a statement as to the cost of:

- a. Enactment: **No significant cost anticipated.**

- b. Enforcement: **No additional cost anticipated. This is an existing regulation.**

c. Compliance: **No additional cost anticipated. This is an existing regulation.**

(10) Provide a statement indicating whether the regulation establishes a new fee or increases an existing fee. **No new or additional fees are associated with this regulation.**

(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. **No adverse impact on small business.**

(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. **There are no other regulations in the state that overlap or duplicate the proposed amendments to the existing regulation.**

(13) If the regulation is required pursuant to federal law, provide a citation and description of the federal law. **There are no federal regulations that address the requirements in this proposed amendment to the existing regulation.**

(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. **There are no federal regulations that address the requirements in this proposed amendment to the existing regulation.**

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 April 12, 2016.** 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.

Notice of the hearing was provided via electronic means to all persons on the agency's e-mail list for administrative regulations, and this Notice of Intent to Act Upon Regulation was posted to the agency's Internet Web site at <http://doi.nv.gov/> and was provided to or posted at the following locations:

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

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

Legislative Building
401 South Carson Street
Carson City, Nevada 89701

Grant Sawyer Building
555 East Washington Avenue
Las Vegas, Nevada 89101

Blasdel Building
209 East Musser Street
Carson City, Nevada 89701

Capitol Building Main Floor
101 North Carson Street
Carson City, Nevada 89701

Nevada Department of Employment,
Training and Rehabilitation
2800 E. Saint Louis Ave.
Las Vegas, NV 89104

Nevada State Library & Archives
100 North Stewart Street
Carson City, Nevada 89701

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

Churchill County Library
553 South Main Street
Fallon, Nevada 89406

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

Elko County Library
720 Court Street
Elko, Nevada 89801

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

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

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

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

Las Vegas-Clark County Library District
7060 W. Windmill Lane

Lincoln County Library
P.O. Box 330

Las Vegas, NV 89113

Pioche, Nevada 89043-0330

Lyon County Library
20 Nevin Way
Yerington, Nevada 89447

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

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

Storey County Clerk
P.O. Drawer D
Virginia City, Nevada 89440

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

Washoe County/Downtown Reno Library
P.O. Box 2151
Reno, Nevada 89505-2151

White Pine County Library
950 Campton Street
Ely, Nevada 89301

Members of the public who would like additional information about the proposed regulation may contact Annette James, Lead Actuary, at (775) 687-0732, or via e-mail to ajames@doi.nv.gov.

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, a day prior to the hearing.

DATED this 14th day of March, 2016.

/s/

BARBARA D. RICHARDSON
Commissioner of Insurance

HEARING AGENDA

The Department of Business and Industry, Division of Insurance

April 19, 2016 • 10:30 a.m.

Location of Hearing:

Office of the Division of Insurance
1818 E. College Pkwy., 1st Floor Hearing Room
Carson City, NV 89706
(Division Offices located in Suite 103)

Available via Videoconference at:

Office of the Division of Insurance
2501 E. Sahara Ave., 3rd Floor Conference Room
Las Vegas, NV 89104
(Division Offices located in Suite 302)

- 1. Call to Order.**
- 2. Presentation, Discussion and Adoption of Proposed Regulation. (For Possible Action)
LCB File No. R093-14. Preferred Mortality Tables.**
A regulation relating to insurance; amending provisions relating to the use of certain mortality tables adopted by the National Association of Insurance Commissioners to establish minimum reserve liabilities for certain policies of life insurance; and providing other matters properly relating thereto.
- 3. Public Comment.**
- 4. Adjournment.**

Supporting public material for this meeting may be requested from Betsy Gould, Legal Secretary, Nevada Division of Insurance, 1818 E. College Parkway, Carson City, Nevada 89706, by e-mail to bgould@doi.nv.gov, or by calling (775) 687-0705. In your request, please state that you are requesting meeting materials for LCB File No. **R093-14, Preferred Mortality Tables**, and provide the date of the meeting.

Note: Any agenda item may be taken out-of-order; items may be combined for consideration by the public body; and items may be pulled or removed from the agenda at any time. The Hearing Officer, within his/her discretion, may allow for public comment on individual agenda items. Public Comment may be limited to three minutes per speaker.

Members of the public are encouraged to submit written comments for the record.

We are pleased to make reasonable accommodations for attendees with disabilities. Please notify Sheri LeTourneau, Assistant to the Commissioner, at (775) 687-0771, no later than five (5) working days before the meeting.

NOTICES FOR THIS MEETING HAVE BEEN POSTED IN ACCORDANCE WITH NRS 241 AT THE FOLLOWING LOCATIONS:

Nevada Division of Insurance, 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706
Nevada Division of Insurance, 2501 E. Sahara Avenue, Suite 302, Las Vegas, Nevada 89104

Nevada State Legislative Building, 401 S. Carson Street, Carson City, Nevada 89701
Grant Sawyer State Office Building, 555 E. Washington Avenue, Las Vegas, Nevada 89101
Blasdel State Office Building, 209 E. Musser Street, Carson City, Nevada 89701
Nevada State Capitol, 101 N. Carson Street, Carson City, Nevada 89701
Nevada Dept. of Employment, Training and Rehabilitation, 2800 E. Saint Louis Avenue, Las Vegas, Nevada 89104
The State of Nevada Website (www.nv.gov)
The Nevada State Legislature Website (www.leg.state.nv.us)
The Nevada Division of Insurance Website (www.doi.nv.gov)