

**ADOPTED REGULATION OF  
THE COMMISSIONER OF INSURANCE**

**LCB File No. R071-16**

Effective November 2, 2016

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

AUTHORITY: §1, NRS 679B.130; §2, NRS 616B.309 and 679B.130; §3, NRS 616B.443 and 616B.446.

A REGULATION relating to industrial insurance; revising provisions concerning the pricing and availability of certain materials adopted by reference by the Commissioner of Insurance; revising certain provisions relating to the notice provided by the Commissioner to certain self-insured employers and associations of self-insured employers concerning the obligation to pay certain annual assessments; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

The Nevada Administrative Procedures Act provides that a regulation which adopts by reference material published by another entity must include in the regulation a reference disclosing the source and price for purchase of the material. (NRS 233B.040) Existing regulations promulgated by the Commissioner of Insurance have adopted by reference Statement No. 10 of the Governmental Accounting Standards Board, and **section 1** of this regulation revises the source and the price of that document.

Existing law authorizes the Commissioner to: (1) assess self-insured employers to provide for claims against any insolvent self-insured employer; and (2) assess all associations of self-insured public or private employers to provide for claims against any insolvent organization. (NRS 616B.309, 616B.443) Existing regulations require the Commissioner to provide notice by regular mail to the self-insured employers and associations of self-insured employers concerning the obligations to pay such assessments. (NAC 616B.478, 616B.576) **Sections 2 and 3** of this regulation remove the requirement that the Commissioner provide such notice only by regular mail.

**Section 1.** NAC 616B.427 is hereby amended to read as follows:

616B.427 1. To determine whether a governmental employer has the financial ability to qualify as a self-insured employer, the Commissioner will consider the use of fund accounting

and waive the requirement for a tangible net worth found in NAC 616B.424. All other requirements for qualification apply to the governmental entity.

2. In addition to the deposit required by NRS 616B.300, a governmental entity that does not meet the requirements of subsection 1 shall:

(a) Comply with the requirements of Statement No. 10 of the Governmental Accounting Standards Board, *a copy of* which may be obtained from the Governmental Accounting Standards Board, 401 Merritt 7, P.O. Box 5116, Norwalk, Connecticut 06856-5116, or ~~from~~ *from* the Internet ~~at~~ *website* <http://www.gasb.org>, at a cost of ~~[\$22.50;]~~ *\$24 or an electronic copy of which may be obtained at no cost from the Internet website <http://www.gasb.org>;* or

(b) Set aside, in a special reserve account, an amount equal to the deposit it made with the Commissioner to assure payment of claims. This account must be held in trust for the payment of claims, and all interest and income earned must be credited to that account. If securities are used for this account, then the form of the securities must be submitted to the Commissioner for approval.

**Sec. 2.** NAC 616B.478 is hereby amended to read as follows:

616B.478 1. If, during the initial year of self-insurance, the employer adds an activity for which employees are covered by self-insurance, the employer must pay an additional assessment which is equivalent to 0.5 percent of the expected annual expenditures for claims applicable to the activity which was added.

2. Each self-insured employer will be assessed an annual assessment equal to .25 percent of the security deposit established for the self-insured employer on June 30th before the assessment. The Commissioner will ~~mail, by regular mail,]~~ *provide to* each self-insured employer a notice

specifying the amount of the assessment and the date that it is due, at least 20 days before that date.

3. The annual assessment established in subsection 2 will not be imposed:

(a) In the fiscal year in which a self-insured employer is first certified; or

(b) If the balance of the Reserve Account exceeds:

(1) Three million dollars; or

(2) An amount equivalent to 20 percent of the aggregate of security deposits required of all self-insured employers,

↪ whichever is the greater amount.

**Sec. 3.** NAC 616B.576 is hereby amended to read as follows:

616B.576 1. Except as otherwise provided in subsection 3, an association shall pay to the Commissioner for deposit in the Account for Insolvent Associations of Self-Insured Public or Private Employers an annual assessment equal to 0.5 percent of the amount of the security that it is required to have on deposit pursuant to NRS 616B.353 on June 30 next preceding the date on which the assessment is due.

2. At least 20 days before the assessment is due, the Commissioner will ~~notify the~~ *provide to each* association ~~[, by regular mail,]~~ *a notice* of its obligation to pay the assessment pursuant to subsection 1. The notice will include:

(a) The amount of money the association must pay; and

(b) The date on which the assessment is due.

3. The Commissioner will not collect the annual assessment from an association:

(a) For the fiscal year in which the association is first issued its certification; or

(b) If the balance of the Account for Insolvent Associations of Self-Insured Public or Private Employers exceeds:

- (1) Three million dollars; or
  - (2) An amount equal to 20 percent of the aggregate amount of the security required to be deposited by all certified associations pursuant to NRS 616B.353,
- ↪ whichever is greater.

**LEGISLATIVE REVIEW OF ADOPTED REGULATIONS  
INFORMATIONAL STATEMENT AS REQUIRED BY NRS 233B.066**

**LCB FILE NO. R071-16**

The following statement is submitted by the State of Nevada, Department of Business and Industry, Division of Insurance (“Division”) for adopted amendments to Nevada Administrative Code (“NAC”) Chapter(s) 616B.

1. A clear and concise explanation of the need for the adopted regulation.

The need for adoption of this regulation is to accurately reflect the cost of the Governmental Accounting Standards Board publication, and to bring mailing requirements up to date to allow for electronic mail.

2. A description of how public comment was solicited, a summary of public response, and an explanation of how other interested persons may obtain a copy of the summary.

(a) Public comment was solicited by e-mailing the proposed regulation, notice of workshop, notice of intent to act upon the regulation, and small business impact statement to persons on the Division’s mailing list requesting notification of proposed regulations. The documents were also made available on the website of the Division, <http://doi.nv.gov/>, mailed to the main library for each county in Nevada, and 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  
101 North Carson Street  
Carson City, Nevada 89701

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

Public comment was also solicited at the workshop held on July 27, 2016, and at the hearing held on September 9, 2016. The public meetings took place at the offices of the Division, 1818 East College Parkway, Carson City, Nevada 89706, with simultaneous videoconferencing to the Bradley Building, 2501 East Sahara Avenue, Las Vegas, Nevada 89104.

- (b) A summary of the public response:  
No written or oral comments were received.
- (c) An explanation of how other interested persons may obtain a copy of the summary:  
Not applicable.

3. The number of persons who:

- (a) Attended workshop: 3 (Division); 1 (Public)  
Attended hearing: 6 (Division); 0 (Public)
- (b) Testified at workshop: 1 (Division); 0 (Public)  
Testified at hearing: 1 (Division); 0 (Public)
- (c) Submitted to the agency written statements: 0

4. A list of names and contact information, including telephone number, business address, business telephone number, electronic mail address, and name of entity or organization represented, for each person identified above in #3 (b) and (c), as provided to the agency:

| Name              | Entity/Organization Represented                                     | Business Address  | Telephone No./ Business Telephone No. | E-Mail Address         |
|-------------------|---|---|---------------------------------------|------------------------|
| Gregg Dennis      | Southern Nevada Benefit Administrators (IIS Benefit Administrators) | 3080 S. Durango Dr.,<br>Las Vegas, NV 89117             | 702-313-7384                          | Gregg@IISBeneFITS.net  |
| Terri Chambers    | Nevada Division of Insurance  | 1818 E. College Pkwy, Ste. 103<br>Carson City, NV 89706 | 775-687-0777                          | tchambers@doi.nv.gov   |
| Sherri Abeyta     | Nevada Division of Insurance  | 1818 E. College Pkwy, Ste. 103<br>Carson City, NV 89706 | 775-687-0775                          | slabeyta@doi.nv.gov    |
| Shirley Choma     | Nevada Division of Insurance  | 1818 E. College Pkwy, Ste. 103<br>Carson City, NV 89706 | 775-687-0776                          | schoma@doi.nv.gov      |
| Anne Lara         | Nevada Division of Insurance  | 1818 E. College Pkwy, Ste. 103<br>Carson City, NV 89706 | 775-687-0794                          | alara@doi.nv.gov       |
| Nicholas Stosic   | Nevada Division of Insurance  | 1818 E. College Pkwy, Ste. 103<br>Carson City, NV 89706 | 775-687-0783                          | nstosic@doi.nv.gov     |
| Laurie Squartsoff | Nevada Division of Insurance  | 1818 E. College Pkwy, Ste. 103<br>Carson City, NV 89706 | 775-687-0789                          | lsquartsoff@doi.nv.gov |

5. A description of how comment was solicited from affected businesses, a summary of their responses, and an explanation of how other interested persons may obtain a copy of the summary.

Comments were solicited from affected businesses in the same manner as they were solicited from the public. Please see the description, summary and explanation provided above in response to question #2.

6. If after consideration of public comment the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.

As no comments were received, the regulation was adopted as proposed.

7. (a) The estimated economic effect of the adopted regulation on the business which it is to regulate:

- (1) Both adverse and beneficial effects:

The cost for the publication is only adverse if a member of the public chooses to purchase a hard copy; the publication can be obtained for free on the Governmental Accounting Standards Board's web site. There are no adverse effects regarding the notices. Beneficial effects are small and would be in relation to businesses not having to handle paper documents.

- (2) Both immediate and long-term effects:

None

- (b) The estimated economic effect of the adopted regulation on the public:

- (1) Both adverse and beneficial effects: None

- (2) Both immediate and long-term effects: None

8. The estimated cost to the agency for enforcement of the adopted regulation.

None

9. A description of any regulations of other state or government 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 name of the regulating federal agency.

Not applicable.

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

Not applicable.

11. If the regulation establishes a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.  
The Division expects to collect nothing, as this fee is charged by the federal agency.