

# PROPOSED REGULATION OF THE COMMISSIONER OF INSURANCE

## LCB File No. R071-16

May 3, 2016

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

AUTHORITY: NRS 616B.300; NRS 616B.309; NRS 616B.443; NRS 616B.446; NRS 679B.130

A REGULATION relating to insurance; revising the price for purchasing a copy of a publication with which certain governmental employers that are self-insured for purposes of workers' compensation must comply; revising the method by which self-insured employers receive notification of their annual assessments to the Reserve Account to Protect Against Insolvency; revising the method by which associations of self-insured employers may receive notification of their annual assessment to the Reserve Account to Protect Against Insolvency; and other matters properly related thereto.

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

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, which may be obtained from the Governmental Accounting Standards Board, 401 Merritt 7, P.O. Box 5116, Norwalk, Connecticut 06856-5116, or on the Internet at <http://www.gasb.org>, at a cost of ~~(\$22.50)~~ *\$24.00*; 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:

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 30<sup>th</sup> before the assessment. The Commissioner will ~~{mail, by regular mail,}~~ *send 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:

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~~ *send to each* association ~~[, by regular mail,]~~ *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.