

**PROPOSED REGULATION OF
THE COMMISSIONER OF INSURANCE**

LCB File No. R071-16

June 14, 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.