

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R078-16

IN THE MATTER OF:

PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE
RE: HOLDING COMPANIES

Cause No. 16.0157
LCB File No. R078-16

SUPPLEMENT¹

TO

NOTICE OF INTENT TO ACT UPON REGULATION AND HEARING AGENDA

Determination of Necessity of Small Business Impact Statement

Small Business Impact Statement

**STATE OF NEVADA
DEPARTMENT OF BUSINESS & INDUSTRY
DIVISION OF INSURANCE**

¹ The attached SUPPLEMENT was prepared to accompany the *Notice of Intent to Act Upon Regulation and Hearing Agenda* dated September 15, 2016. This SUPPLEMENT was introduced and presented at the regulation workshop held October 4, 2016, in unsigned form. Any public comments regarding this SUPPLEMENT can be received during the hearing set for October 20, 2016.

Determination of Necessity of Small Business Impact Statement

LCB File No. R078-16

INSURANCE HOLDING COMPANIES AMENDMENT TO UPDATE TO NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS (“NAIC”) STANDARDS AND TO RESEMBLE NAIC MODEL #450.

EFFECTIVE DATE OF REGULATION:
Upon filing with the Nevada Secretary of State

1. **BACKGROUND**

The regulation is necessary in order to meet National Association of Insurance Commissioners (“NAIC”) Accreditation Standards. The purpose of this regulation is to update the Division’s regulations regarding this topic.

2. **DESCRIPTION OF SOLICITATION**

The Division determined that the intent and purpose of the proposed regulation do not impact small businesses. Therefore, no solicitation was made.

3. DOES THE PROPOSED REGULATION IMPOSE A DIRECT AND SIGNIFICANT ECONOMIC BURDEN UPON A SMALL BUSINESS OR DIRECTLY RESTRICT THE FORMATION, OPERATION OR EXPANSION OF A SMALL BUSINESS? (NRS 233B.0608.1)

NO (answer #4) YES (skip to #5)

4. **HOW WAS THAT CONCLUSION REACHED? (NRS 233B.0608.3)**

The Division considered the intent and purpose of the proposed regulation to determine whether small businesses are impacted by the proposed regulation. The proposed regulation directly impacts a subset of insurers that operate as holding companies (of which there are 42 in Nevada). Because the proposed regulation addresses internal practices for these specific insurers’ financial solvency in order to meet NAIC accreditation standards, the Division determined that small businesses in Nevada would not be directly impacted. Moreover, any impact on rates paid by small businesses should not be affected.

I, BARBARA D. RICHARDSON, Commissioner of Insurance for the State of Nevada, hereby certify to the best of my knowledge or belief a concerted effort was made to determine the impact of the proposed regulation on small businesses and that this statement was prepared properly and the information contained herein is accurate. (NRS 233B.0608.3)

10/7/16
(DATE)

/S/
BARBARA D. RICHARDSON
Commissioner of Insurance

Small Business Impact Statement

LCB File No. R078-16

5. SUMMARY OF COMMENTS RECEIVED FROM SMALL BUSINESSES (NRS 233B.0609.1.a)

None.

6. ESTIMATED ECONOMIC EFFECT ON SMALL BUSINESSES THE REGULATION IS TO REGULATE (NRS 233B.0609.1.c)

None.

7. METHODS CONSIDERED TO REDUCE IMPACT ON SMALL BUSINESSES (NRS 233B.0609.1.d)

N/A

8. ESTIMATED COST OF ENFORCEMENT (NRS 233B.0609.1.e)

None. The standards proposed are currently in practice. The Division has the staff and resources to enforce these proposed regulations since they are similar to other standards that the Division already enforces. Finally, the Division already checks for similar compliance with regulations during reviews, examinations, and audits.

9. FEE CHANGES (NRS 233B.0609.1.f)

None.

10. DUPLICATIVE PROVISIONS (NRS 233B.0609.1.g)

None.

11. HOW WAS THE ANALYSIS CONDUCTED? (NRS 233B.0609.1.b)

The Division considered the intent and purpose of the proposed regulation and determined that small businesses are not impacted by the proposed regulation.

12. REASONS FOR CONCLUSIONS (NRS 233B.0609.1.h)

The Division considered the intent and purpose of the proposed regulation to determine whether small businesses are impacted by the proposed regulation. Because the proposed regulation addresses internal practices for these specific insurers' financial solvency in order to meet NAIC accreditation standards, the Division determined that small businesses in Nevada would not be directly impacted. Moreover, any impact on rates paid by small businesses should not be affected.

I, BARBARA D. RICHARDSON, Commissioner of Insurance for the State of Nevada, hereby certify to the best of my knowledge or belief a concerted effort was made to determine the impact of the proposed regulation on small businesses and that this statement was prepared properly and the information contained herein is accurate. (NRS 233B.0609.2)

10/7/16
(DATE)

/S/
BARBARA D. RICHARDSON
Commissioner of Insurance