

**NOTICE OF INTENT TO ACT UPON REGULATION  
AND  
HEARING AGENDA**

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 **1:30 p.m. on October 18, 2017**, in the 1<sup>st</sup> Floor Hearing Room, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706. Interested persons may also participate through a simultaneous videoconference conducted in the 4<sup>th</sup> Floor Nevada Room at the Nevada State Business Center/Division of Insurance, 3300 West Sahara Avenue, Suite 275, Las Vegas, Nevada 89102. The purpose of the hearing is to receive comments from all interested persons regarding the adoption, amendment or repeal of regulations pertaining to chapter 680C of the Nevada Administrative Code (“NAC”).

The following information is provided pursuant to the requirements of Nevada Revised Statutes (“NRS”) 233B.0603 and the directives of the Governor:

**LCB File No. R024-17. Annual Fees.** A regulation relating to insurance; providing the annual fees that certain insurers pay; and providing other matters properly relating thereto.

- (1) Why is the regulation necessary and what is its purpose?

In 2015, the Legislature amended NRS 680C.110, giving the Commissioner the authority to determine annual fees based on certain factors. With the ability to determine fees, other fees were eliminated with the intent of capturing these fees through the one fee for administrative efficiency. In developing the fee structure, the statute requires the Commissioner to consider the direct written premiums for the prior year, the number of insurers required to pay the annual fee, the direct written premiums written by all insurers required to pay the annual fee, and the budget of the Division. Regulation R001-16, adopted on April 27, 2016, and filed with the Secretary of State on June 28, 2016, created the framework for the Division to develop the fee structure, imposing the time period when the Division must notify carriers of the annual fee, and a requirement that public meetings be held to present the preliminary budget. This regulation is the next step to implement the annual fees to be assessed against certain companies.

The purpose of the regulation is to establish the fees for administration and enforcement of NRS title 57, based on the Division’s needs as expressed through the proposed budget for the next budget cycle.

- (2) What are the terms or substance of the proposed regulation? Provide a description of the subjects, issues and problems involved.

The Division is required to establish annual fees for certain title 57 companies based on the

Division's proposed budget for the next biennium. Having considered the Division's proposed budget for the 2017 biennium, the Division presents the annual fee sought to be collected from companies subject to this annual fee. The subject is annual fees required to be determined by the Commissioner. The issues are that there are no annual fees currently set for the next biennium. The problem is that the Division cannot collect the needed fees for administration and enforcement of title 57 without this annual fee being determined.

- (3) What is the anticipated impact of the regulation on the problem(s)?

The regulation provides the annual fee schedule for companies subject to this annual fee, as required by NRS 680C.110 subsections 5 and 6. The Division anticipates that the annual fee in this regulation will fund the Division's administration and enforcement operations.

- (4) Do other regulations address the same problem(s)?

No.

- (5) Are alternate forms of regulation sufficient to address the problem(s)?

No. NRS 680C.110.6 requires the Division to determine the annual fee based on anticipated budgetary needs. Because this annual fee has not yet been set, no alternate form of the regulation is sufficient to address the problem.

- (6) What value does the regulation have to the public?

The regulation ensures that the Division's regulatory activities (administration and enforcement) are sufficiently funded, which, in turn, allows the Division to effect its statutory mandate of regulating the business of insurance.

- (7) What is the anticipated economic benefit of the regulation? Provide a statement as to potential beneficial impact on the following:

a. Public

1. Immediate: Market stability (consumer assistance, investigations of complaints, and information sharing) through uninterrupted regulatory operations
2. Long Term: Market stability (consumer assistance, investigations of complaints, and information sharing) through uninterrupted regulatory operations.

b. Insurance Business

1. Immediate: Market stability (fair and competitive insurance market) through uninterrupted regulatory operations.
2. Long Term: Market stability (fair and competitive insurance market) through uninterrupted regulatory operations.

- c. Small Businesses
  - 1. Immediate: None (Any small businesses that engage in the business of insurance are considered under the category of “Insurance Business, paragraph b.1).
  - 2. Long Term: None (Any small businesses that engage in the business of insurance are considered under the category of “Insurance Business, paragraph b.2).
- d. Small Communities
  - 1. Immediate: None.
  - 2. Long Term: None.
- e. Government Entities
  - 1. Immediate: None.
  - 2. Long Term: None.

(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: None.
  - 2. Long Term: None.
- b. Insurance Business
  - 1. Immediate: Slight increase in annual fee due to other statutory fees that were eliminated and the examination override fee not being charged in exchange for incorporating those fees into the annual fee to spread more equitably across more companies. In the legislative history associated with the changes made to NRS 680C.110, it was anticipated that it would take a few budget cycles to transition to this flexible annual fee model.
  - 2. Long Term: After a few budget cycles, the Division expects that there will be no further adverse effect on companies subject to the annual fee.
- c. Small Businesses
  - 1. Immediate: None
  - 2. Long Term: None
- d. Small Communities
  - 1. Immediate: None
  - 2. Long Term: None
- e. Government Entities
  - 1. Immediate: None
  - 2. Long Term: None

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

- a. Enactment: No direct cost, but the Division is now required to review fees annually based on the Division's proposed budget, and hold public meetings.
- b. Enforcement: No anticipated effect on enforcement.
- c. Compliance: No anticipated costs since carriers already pay fees to operate in Nevada.

(10) Provide a statement indicating whether the regulation establishes a new fee or increases an existing fee.

This regulation transfers a fee previously required by statute to regulation. The fee is not new to companies, but is new to regulation; therefore, the Division considers this regulation to be an existing fee. The regulation increases this existing fee based on the administrative and enforcement needs, and projected budget of the Division. Notably, fees previously required by statute were specifically eliminated in statute in favor of incorporating those fees into regulation based on the Division's budgetary needs.

The increase is based on the legislative change in 2015 when the Legislature modified NRS 680C.110 to give the Commissioner some flexibility regarding the industry funding of the Division. These changes were made to allow the Division to adapt fees as needed and to avoid accumulating too high a reserve. The Legislature abolished three fees in favor of allowing the Commissioner to impose one adjustable fee under Corporate Assessments. The Division was required to promulgate regulations to institute the tiered fee structure, which occurred in R001-16, adopted in June 2016. This regulation uses the process to arrive at the tiered fee structure mandated by the Legislature.

(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.

The Division conducted a comparative analysis of the proposed fees with the fees previously collected under the statute. In determining the process to arrive at the new annual fees, the Division presented its position at two of the Commissioner's Insurance Advisory committee meetings to get feedback from the industry. Both meetings were open to the public.

(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.

None.

(13) If the regulation is required pursuant to federal law, provide a citation and description of the federal law.

Not applicable.

(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.

Not applicable.

Persons wishing to comment upon the proposed actions 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 September 26, 2017.** 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 to be adopted, amended or repealed will be on file at the State Library, 100 North 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 3300 West Sahara Avenue, Suite 275, Las Vegas, Nevada 89102, 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:

Nevada Division of Insurance  
1818 East College Parkway, Suite 103  
Carson City, Nevada 89706

Nevada State Business Center  
3300 West Sahara Avenue  
Las Vegas, Nevada 89102

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 5<sup>th</sup> 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  
Las Vegas, NV 89113  
Lyon County Library  
20 Nevin Way  
Yerington, Nevada 89447

Lincoln County Library  
P.O. Box 330  
Pioche, Nevada 89043-0330  
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 Laurie Squartsoff, Chief Deputy Commissioner, at (775) 687-0789, or via e-mail to [lsquartsoff@doi.nv.gov](mailto:lsquartsoff@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, no later than five (5) working days before the hearing: 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706; or [suebell@doi.nv.gov](mailto:suebell@doi.nv.gov).

DATED this \_\_\_\_\_ day of September, 2017.

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BARBARA D. RICHARDSON  
Commissioner of Insurance

### **HEARING AGENDA**

The State of Nevada, Department of Business and Industry, Division of Insurance

**October 18, 2017 • 1:30 p.m.**

**Location of Hearing:**

Nevada Division of Insurance  
1818 E. College Pkwy., 1<sup>st</sup> Floor Hearing Room  
Carson City, NV 89706  
(Division Offices located in Suite 103)

**Available via Videoconference at:**

Nevada Division of Insurance  
3300 W. Sahara Ave., 4<sup>th</sup> Floor Nevada Room  
Las Vegas, NV 89102  
(Division Offices located in Suite 275)

1. Open Hearing: R024-17.
2. Presentation, Discussion and Adoption of Proposed Regulation. (For Possible Action)

**LCB File No. R024-17. Annual Fees.**

A regulation relating to insurance; providing the annual fees that certain insurers pay; and providing other matters properly relating thereto.

3. Public Comment.
4. Close Hearing: R024-17.
5. Adjournment.

Supporting public material for this hearing may be requested from Susan Bell, Legal Secretary, Nevada Division of Insurance, 1818 E. College Parkway, Carson City, Nevada 89706, (775) 687-0704, or [suebell@doi.nv.gov](mailto:suebell@doi.nv.gov).

Note: Any agenda item may be taken out of order; items may be combined for consideration by the public body; items may be pulled or removed from the agenda at any time; and, discussion relating to an item may be delayed or continued 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 the Commissioner's secretary, in writing, no later than five (5) working days before the hearing: 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706, or [suebell@doi.nv.gov](mailto:suebell@doi.nv.gov).

NOTICES FOR THIS HEARING 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 State Business Center, 3300 W. Sahara Avenue, Las Vegas, Nevada 89102

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](http://www.nv.gov))

The Nevada State Legislature Website ([www.leg.state.nv.us](http://www.leg.state.nv.us))

The Nevada Division of Insurance Website ([www.doi.nv.gov](http://www.doi.nv.gov))