

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB FILE NO. R087-171

**The following document is the initial draft regulation proposed
by the agency submitted on 08/31/2017**

**PROPOSED REGULATION OF
THE COMMISSIONER OF INSURANCE**

LCB File No. R____-17

July 25, 2017

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

AUTHORITY: NRS 679B.130; 683A.08522

A REGULATION relating to insurance; allowing Administrators to submit parent company financials in lieu of the financials of the applicant; requiring Administrators to notify the Division of a change of address and provide required affidavits within 30 days of a change; and setting forth the contents of a financial statement required of an Administrator.

Section 1. NAC 683A.105 is hereby amended to read as follows:

683A.105 Each applicant for a certificate of registration as an administrator shall submit:

1. If the applicant is a newly formed business, a pro forma balance sheet and a statement listing estimated income and expenses for the first year, compiled in a form which complies with generally accepted accounting principles.

2. If the applicant is not a newly formed business, a financial statement that has been reviewed by an independent certified public accountant.

[~~2~~]3. Evidence of the ability of the applicant to pay its obligations when they are due. The Division, in determining an applicant's ability to pay its obligations when due, will consider the capitalization and current financial condition of the applicant and may request credit reports of the applicant and the owners.

4. An applicant who otherwise meets the requirements to obtain a certificate of registration pursuant to NRS 683A.08522 may submit the audited financial statements of its parent company in lieu of the financial statements of the applicant. An applicant who chooses to

submit the financial statements of the parent company must:

(a) Be a wholly owned subsidiary of the parent company; and

(b) Provide a parental guaranty of performance, executed by an officer of the parent company, for a period of not less than one year.

Sec. 2. NAC 683A.125 is hereby amended to read as follows:

683A.125 An administrator shall:

1. Notify the Commissioner of any change in its members, owners, directors or officers within ~~[90]~~ 30 days after the change. *A notarized affidavit, as required by NRS 683A.08522, must be submitted for each new owner, director or officer within 30 days after a change.*

2. Notify the Commissioner of any change in physical location or mailing address within 30 days after the change.

~~[2]~~3. Provide to the Commissioner a copy of each written agreement that the administrator enters into with an insurer or other entity within ~~[90]~~ 30 days after he or she enters into the agreement.

Sec. 3. NAC 683A.131 is hereby amended to read as follows:

NAC 683A.131 ~~{Annual Report:}~~ **Contents of financial statement.** (NRS 679B.130, 683A.08528) The financial statement of an administrator submitted pursuant to *NRS 683A.08522 or* NRS 683A.08528 must include:

1. A balance sheet that reports the assets, liabilities and net worth of the administrator;
2. An income statement that reports the revenue and expenses of the administrator;
3. A statement of cash flow; and
4. Notes to the financial statement.