

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 May 21, 2018**, in the 1st Floor Hearing Room, 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706. Interested persons may also participate through a simultaneous videoconference conducted in the 4th Floor Nevada Room at the Nevada State Business Center/Division of Insurance, 3300 W. 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 683A 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. R087-17. Third Party Administrator Parental Guaranty and Notification Requirements. A REGULATION relating to insurance; authorizing certain applicants for a certificate of registration as an administrator to submit the financial statement of the parent company of such an applicant; requiring the financial statements submitted by an applicant for a certificate of registration as an administrator to contain certain information; requiring an administrator to notify the Commissioner of Insurance of certain changes within 30 days after the change occurs; and providing other matters properly relating thereto.

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

Section 1 of the proposed regulation allows Administrators to submit parent company financial statements and a parental guaranty in lieu of the requirement to submit their own financial statements. This standard was added to NRS 683A.08528 during the 2015 Legislative Session. The proposed permanent regulation adds this standard to current regulation to match the statute. This section also adds a reference to NRS 683A.08522, clarifying the contents of a financial statement required of an applicant for a certificate of registration as an Administrator.

Section 2 of the proposed regulation makes conforming changes resulting from the changes noted in section 1.

Section 3 of the proposed regulation requires Administrators to notify the Commissioner of any change in mailing address, electronic mail address or physical location within 30 days of a change. In addition, the proposed regulation requires that an Administrator submit biographical affidavits for any changes in officers, owners, or directors within 30 days of a change. This section also repeals section 2 of NAC 683A.125 which requires an administrator to provide to the Commissioner a copy of each written agreement that the administrator enters into with an insurer or other entity. With the speed of electronic communications and the ability to utilize electronic notaries under State of Nevada Law, these changes will improve the ability to regulate Administrators on a timelier basis.

(2) What are the terms or substance of the proposed regulation?

The proposed regulation allows Administrators an alternative method of providing evidence of sound financial condition. The proposed regulation also strengthens the requirements for the Commissioner to be notified when a change has occurred in an Administrator's business structure.

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

Current regulation will match the standard added during the 2015 Legislative Session. Section 1 will provide clear guidance to potential administrator applicants. Section 3 will result in improved notification regarding certain changes to an Administrator's operations.

(4) Do other regulations address the same problem(s)? *No.*

(5) Are alternate forms of regulation sufficient to address the problem(s)? *No.*

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

A guaranty from the parent company of certain Administrators will ensure that an Administrator is financially sound, thereby protecting the public from harm. Applicants for a certificate of registration as an Administrator will have clear guidance regarding the content of the required financial statements.

Upon receiving timely notice of a change in the mailing address or physical location of an Administrator, the Division will have up to date records which are, in turn, available to the public. Applicants for a certificate of registration as an Administrator will have clear guidance regarding the content of the required financial statements.

(7) What is the anticipated economic benefit of the regulation?

- a. Public
 - 1. Immediate: *None anticipated.*
 - 2. Long Term: *None anticipated.*
- b. Insurance Business
 - 1. Immediate: *None anticipated.*
 - 2. Long Term: *None anticipated.*
- c. Small Businesses
 - 1. Immediate: *None anticipated.*
 - 2. Long Term: *None anticipated.*
- d. Small Communities
 - 1. Immediate: *None anticipated.*
 - 2. Long Term: *None anticipated.*

- e. Government Entities
 - 1. Immediate: *None anticipated.*
 - 2. Long Term: *None anticipated.*

(8) What is the anticipated adverse impact, if any?

- a. Public
 - 1. Immediate: *None*
 - 2. Long Term: *None*
- b. Insurance Business
 - 1. Immediate: *None*
 - 2. Long Term: *None*
- 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?

- a. Enactment: *None*
- b. Enforcement: *None*
- c. Compliance: *None*

(10) Does the regulation establish a new fee or increase an existing fee?

The adoption of this proposed regulation would not establish a new fee or increase an existing fee.

(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.

Analysis was performed by Terri Chambers, Chief Insurance Examiner for the regulation of Third-Party Administrators. She examined existing and proposed regulations, and reviewed the list of all third-party administrators who have requested that the Division consider a parental guaranty in lieu of the financial statement of the administrator. Generally speaking, Administrators who request acceptance of parent company financial statements are part of large corporations that are national or global in size. Changes proposed in Section 1 would be helpful to businesses of all sizes as it adds clarity regarding the requirements for a certificate of

registration as an Administrator.

Ms. Chambers consulted with colleagues and determined that there is little likelihood that the proposed permanent regulation would have an effect on small businesses.

Ms. Chambers also performed an analysis of the notification requirements contained in Section 3. In consulting with colleagues and current third-party administrators, Ms. Chambers determined that the proposed permanent regulation would have little or no beneficial or adverse effect on small businesses.

(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 identified.*

(13) If the regulation is required pursuant to federal law, provide a citation and description of the federal law. *Not applicable, as the regulation is not required pursuant to federal law.*

(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, as the regulation does not include more stringent provisions.*

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 May 14, 2018.** 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 N. 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 E. College Parkway, Suite 103, Carson City, Nevada 89706, and 3300 W. 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 Division of Insurance
3300 West Sahara Avenue, Suite 275
Las Vegas, Nevada 89102

Legislative Building
401 South Carson Street
Carson City, Nevada 89701

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

Blasdel Building
209 East Musser Street
Carson City, Nevada 89701

Grant Sawyer Building
555 East Washington Avenue
Las Vegas, Nevada 89101

Capitol Building Main Floor
101 North Carson Street
Carson City, Nevada 89701

Nevada Department of Employment,
Training and Rehabilitation
2800 E. Saint Louis Avenue
Las Vegas, Nevada 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 5th 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, Nevada 89113

Lincoln County Library
P.O. Box 330
Pioche, Nevada 89043-0330

Lyon County Library
20 Nevin Way
Yerington, Nevada 89447

Mineral County Public Library
P.O. Box 1390

Pershing County Library
P.O. Box 781

Hawthorne, Nevada 89415

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 Terri Chambers, Chief Insurance Examiner for the Self-Insured Workers' Compensation Section, at (775) 687-0777, or via e-mail to tchambers@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.

DATED this 4th day of April, 2018.

/s/
BARBARA D. RICHARDSON
Commissioner of Insurance

HEARING AGENDA

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

May 21, 2018 • 1:30 p.m.

Location of Hearing:

Nevada Division of Insurance
1818 E. College Pkwy., 1st 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., 4th Floor Nevada Room
Las Vegas, NV 89102
(Division Offices located in Suite 275)

1. Open Hearing: R087-17.
2. Presentation, Discussion and Adoption of Proposed Regulation. (For Possible Action)

LCB File No. R087-17. Third Party Administrator Parental Guaranty and Notification Requirements. A REGULATION relating to insurance; authorizing certain applicants for a certificate of registration as an administrator to submit the

financial statement of the parent company of such an applicant; requiring the financial statements submitted by an applicant for a certificate of registration as an administrator to contain certain information; requiring an administrator to notify the Commissioner of Insurance of certain changes within 30 days after the change occurs; and providing other matters properly relating thereto.

3. Public Comment.
4. Close Hearing: R087-17.
5. Adjourn.

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.

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.

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 Division of Insurance, 3300 W. Sahara Avenue, Suite 275, Las Vegas, Nevada 89102
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)
The Nevada State Legislature Website (www.leg.state.nv.us)
The Nevada Division of Insurance Website (www.doi.nv.gov)