

**LEGISLATIVE REVIEW OF ADOPTED REGULATIONS  
INFORMATIONAL STATEMENT AS REQUIRED BY NRS 233B.066**

LCB FILE NO. R094-17

The following statement is submitted by the State of Nevada, Department of Business and Industry, Division of Insurance (“Division”) for adopted amendments to Nevada Administrative Code (“NAC”) Chapter 692C.

1. A clear and concise explanation of the need for the adopted regulation.

*In light of the 2008 financial crisis, growing regulatory needs, and various international developments, Nevada and other state insurance regulators, working together through the National Association of Insurance Commissioners (“NAIC”), concluded that a greater regulatory focus on corporate governance was necessary to address these matters. The NAIC developed a plan to outline high-level corporate governance principles for use in U. S. insurance regulation. To do so, the NAIC analyzed the existing statutory requirements, regulatory initiatives, and review practices of the state insurance departments, international supervisors, other U. S. functional regulators and the insurance industry. The NAIC was also asked to determine the appropriate method to ensure adherence with such principles, giving due consideration to development of a model law and to development of additional regulatory guidance, including detailed best practices for the corporate governance of insurers. The NAIC Corporate Governance Annual Disclosure Model language was included in the 2017 Assembly Bill 35 (“AB 35”) that was signed into law by Governor Sandoval on May 8, 2017. This regulation provides the details regarding the filing requirements that were included in AB 35.*

2. A description of how public comment was solicited, a summary of public response, and an explanation of how other interested persons may obtain a copy of the summary.

- (a) A description of how public comment was solicited:

*Public comment was solicited by e-mailing the proposed regulation, notice of workshop, notice of intent to act upon the regulation, and small business impact statement to persons on the Division’s mailing list requesting notification of proposed regulations. The documents were also made available on the website of the Division, <http://doi.nv.gov/>, mailed to the main library for each county in Nevada (with the exception of the Carson City Library which was closed for renovations), and 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  
101 North Carson Street  
Carson City, Nevada 89701*

*Nevada Department of Employment,  
Training and Rehabilitation  
2800 East Saint Louis Avenue  
Las Vegas, Nevada 89104*

*Public comment was also solicited at the workshop held on January 4, 2018, and at the hearing held on February 15, 2018. The workshop and hearing took place at the offices of the Division, 1818 East College Parkway, Carson City, Nevada 89706, with simultaneous videoconferencing to the Nevada State Business Center, 3300 West Sahara Avenue, Las Vegas, Nevada 89102.*

(b) A summary of the public response:

*One comment letter was received from the Nevada Captive Insurance Association (“NCIA Letter”) prior to the workshop. The NCIA Letter requested that Risk Retention Groups be exempted from the new Corporate Governance Annual Disclosure filing. The rationale for the exemption request was that the NAIC did not require this filing to include Risk Retention Groups for accreditation standards. It further claimed that Corporate Governance disclosure law applicable to Risk Retention Groups already existed.*

*There was no public comment at either the workshop or the hearing. The Division received no other comments on this matter.*

(c) An explanation of how other interested persons may obtain a copy of the summary:

*The summary in part 2(b) above reflects the public comments and testimony that transpired with regard to regulation R094-17. A copy of said summary may be obtained by contacting Omar Akel, Chief Insurance Examiner, at (775) 687-0743 or oakel@doi.nv.gov. This summary will also be made available by e-mail request to insinfo@doi.nv.gov.*

3. The number of persons who:

(a) Attended the hearing: *One member of the public signed in. Three Division employees also signed in, not counting the Hearing Officer or Omar Akel (who presented for the Division).*

(b) Testified at the hearing: *One Division employee only.*

(c) Submitted to the agency written statements: *One, the NCIA Letter. See part 2(b).*

4. A list of names and contact information, including telephone number, business address, business telephone number, electronic mail address, and name of entity or organization represented, for each person identified above in #3 (b) and (c), as provided to the agency:

Testified at the hearing:

Name	Entity/Organization Represented	Business Address	Telephone No./ Business Telephone No.	E-Mail Address
<i>Omar Akel</i>	<i>Nevada Division of Insurance</i>	<i>1818 E. College Pkwy., Ste. 103 Carson City, NV 89706</i>	<i>775-687-0743</i>	<i>oakel@doi.nv.gov</i>

Submitted to the agency written statements:

Name	Entity/Organization Represented	Business Address	Telephone No./ Business Telephone No.	E-Mail Address
<i>James L. Wadhams</i>	<i>Nevada Captive Insurance Association (NCIA)</i>	<i>Fennemore Craig Attorneys 300 S. Fourth St., Ste. 1400 Las Vegas, NV 89101</i>		<i>jwadams@fclaw.com</i>

5. A description of how comment was solicited from affected businesses, a summary of their responses, and an explanation of how other interested persons may obtain a copy of the summary.

*Comments were solicited from affected businesses in the same manner as they were solicited from the public. Please see the description, summary and explanation provided above in response to question #2.*

6. If after consideration of public comment the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.

*The Division reviewed the request in the NCIA Letter, but the Division believed this request could not be accommodated due to lack of authority. Risk Retention Groups were specifically identified in the list of insurers required to file a Corporate Governance Annual Disclosure in Assembly Bill 35 (see section 5.1(f)). The Division did prepare a list of required disclosures that could be completed by Risk Retention Groups, which includes discussion of the existing requirements in NRS 694C.392. Upon adoption of this regulation, the list of required disclosures would be available on the Division's website under the "Captive Insurers" header.*

7. (a) The estimated economic effect of the adopted regulation on the business which it is to regulate:

(1) Both adverse and beneficial effects: *No adverse effects identified, except for the likely incurrence of a very small cost (paper and employee time) to prepare the information for the Division. See part 7(a)(2) for beneficial effects.*

(2) Both immediate and long-term effects: *Immediate – Disclosure to the Division, with confidentiality, of its existing corporate governance practices. Long Term – Setting new standards with regards to corporate governance practices that could lead the way for other businesses that are not insurers.*

(b) The estimated economic effect of the adopted regulation on the public:

(1) Both adverse and beneficial effects: *No adverse effects identified. See part 7(b)(2) for beneficial effects.*

(2) Both immediate and long-term effects: *Immediate – Proper disclosing of Corporate Governance practices to the Division, so any insufficient practices would be identified. Long Term – Vibrant and sustainable economy with insurers operating with better corporate governance practices.*

8. The estimated cost to the agency for enforcement of the adopted regulation.

*None, as the Division will utilize existing personnel (examiners and analysts) to review information along with other documents.*

9. A description of any regulations of other state or government 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, the name of the regulating federal agency.

*This regulation provides detailed instructions on how to comply with a new holding*

*company statutory filing requirement. No other regulation fully addresses this issue. However, there are other required statutory filings for only very large insurers that may provide the same information. In those instances, the instructions in this regulation allow for citing those previously filed reports.*

*There is another law, NRS 694C.392, which provides for Corporate Governance disclosures for Risk Retention Groups. The potential overlap is between that law and Assembly Bill 35, sections 5 to 12, inclusive. Not all Risk Retention Groups are members of holding company systems, so the laws do not always overlap. That overlap is not exacerbated by the clarification of the newer statute that is provided by this regulation.*

10. If the regulation includes provisions that are more stringent than a federal regulation which regulates the same activity, a summary of those provisions.

*Not applicable, as there are not more stringent provisions.*

11. If the regulation establishes a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

*Not applicable, as this regulation does not establish a new fee or increase an existing fee.*