

**ADOPTED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R124-20

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

AUTHORITY: §1, NRS 616B.312 and 679B.130; §2, NRS 616B.353, 616B.446 and 679B.130;
§3, NRS 679B.130, 680B.010 and 683A.08528.

A REGULATION relating to insurance; removing the requirement that a self-insured employer return the original certificate of qualification as a self-insured employer in certain circumstances; removing the requirement that a policy of excess insurance and certain other documents be countersigned by certain producers of insurance; repealing regulatory language that requires certain administrators to pay certain fees; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law authorizes the Commissioner of Insurance to adopt reasonable regulations for the administration of the Nevada Insurance Code and the Nevada Industrial Insurance Act. (NRS 679B.130)

Existing law and regulations authorize an employer to qualify for and participate in a program of self-insurance. (NRS 616B.300, NAC 616B.424) Once the Commissioner determines that an employer is qualified as a self-insured employer, existing law requires the Commissioner to issue a certificate of qualification to the employer. The certificate remains in effect until withdrawn by the Commissioner or cancelled by the employer. (NRS 616B.312) Existing regulations authorize a self-insured employer to request that the Commissioner issue one certificate to cover the employer and any subsidiary or affiliated corporation. If the Commissioner approves the request, the certificate will list the names and locations of all the businesses covered by the certificate. If the self-insured employer later requests that a new business or a new location be added to the certificate, and the Commissioner approves the request, existing regulations: (1) provide that the Commissioner will issue a new certificate to the self-insured employer listing all covered businesses or locations; and (2) require the self-insured employer to return the original certificate to the Commissioner. (NAC 616B.451) **Section 1** of this regulation removes the requirement that the self-insured employer return the original certificate to the Commissioner.

Existing law authorizes a group of five or more employers to act as an association of self-insured public or private employers if the employers meet certain qualifications, are issued a certificate to act as such an association and comply with certain other requirements. (NRS 616B.350) Existing law requires an association of self-insured public or private employers to maintain a policy of specific and aggregate excess insurance in a form and amount required by

the Commissioner. The policy must be written by an insurer approved by the Commissioner. (NRS 616B.353) Existing regulations require such a policy of excess insurance and any proof of that insurance to be countersigned by a producer of insurance appointed by the insurer which issued the policy. (NAC 616B.534) **Section 2** of this regulation removes the requirement that the policy of excess insurance and any proof of that insurance be countersigned by a producer of insurance.

Existing law requires an administrator to file an annual report with the Commissioner for the immediately preceding fiscal year. (NRS 683A.08528) Before the 2019 Legislative Session, existing law also required an administrator who filed the annual report to pay a filing fee in an amount determined by the Commissioner. However, during the 2019 Legislative Session, the Nevada Legislature removed from existing law the requirement that an administrator must pay this filing fee. (Senate Bill No. 86, chapter 295, Statutes of Nevada 2019, at page 1699) In accordance with this change to existing law enacted by the Nevada Legislature during the 2019 Legislative Session, **section 3** of this regulation removes from existing regulations the requirement that an administrator who files the annual report must pay a \$25 filing fee.

Section 1. NAC 616B.451 is hereby amended to read as follows:

616B.451 1. A self-insured employer may request that the Commissioner issue one certificate of authority to cover the employer and any subsidiary or affiliated corporation. In reviewing such a request, the Commissioner will apply the standards of NAC 616B.424 to all of the subsidiaries and corporations as if they were a single entity.

2. The businesses that wish to be covered by one certificate shall file a statement with the Commissioner that lists the owners of the businesses and the percentage of the businesses held by each owner and that verifies that the operations of each business are controlled by the same owners. The Commissioner may require each business, or the owner of each business, or both, to indemnify the other businesses or owners who will be covered by the certificate and hold them harmless from liability for any claim for compensation filed pursuant to chapters 616A to 617, inclusive, of NRS.

3. The Commissioner may issue one certificate to cover a business and one or more subsidiaries or affiliated corporations if:

(a) The operations of each business are controlled by the same natural persons or corporation;
and

(b) An independent auditor determines that there is sufficient similarity in the control of the businesses to present a combined financial statement for all of the businesses that will be covered by the certificate.

4. A certificate issued by the Commissioner pursuant to this section will list the names and locations of all the businesses covered by the certificate.

5. If the self-insured employer later requests that a new business or a new location be added to the certificate, the Commissioner will review that request in accordance with this section. If approved, a new certificate will be issued to the self-insured employer and list all covered businesses or locations. ~~The self-insured employer shall return the original certificate to the Commissioner.~~

6. As used in this section, “affiliated corporation” means a corporation that directly or indirectly, through one or more intermediaries, is controlled by, or is under common control with, the self-insured employer.

Sec. 2. NAC 616B.534 is hereby amended to read as follows:

616B.534 1. Each association shall maintain a policy of specific and aggregate excess insurance with a self-insured retention of no less than \$100,000.

2. ~~The policy of excess insurance and any proof of that insurance must be countersigned by a producer of insurance appointed by the insurer which issued the policy.~~

~~3.~~ The Commissioner will review the amount of insurance required for an association and may adjust the amount if he or she determines that changed conditions warrant an adjustment.

~~{4.—As used in this section, “producer of insurance” has the meaning ascribed to it in NRS 679A.117.}~~

Sec. 3. NAC 683A.133 is hereby repealed.

TEXT OF REPEALED SECTION

683A.133 Annual report: Filing fee. An administrator who files an annual report with the Commissioner pursuant to NRS 683A.08528 must pay the filing fee required pursuant to subsection 3 of NRS 680B.010.