

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

LCB FILE NO. R187-22

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(s) 681A.

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

Proposed regulation R187-22 is based upon the National Association of Insurance Commissioners’ Term and Universal Life Insurance Reserve Financing Model Regulation 787 and is a part of the NAIC accreditation requirements for Nevada. The intent of this regulation is to establish consistent, national standards governing reserves relating to certain life insurance products to level the competitive playing field and eliminate opportunities for firms to capitalize on loopholes in regulatory systems when utilizing captive insurers to reinsure certain term life products with level premiums and/or benefits, and universal life products with secondary guarantees. The regulation is also intended to ensure that assets backing the reserves are in the form and amounts required when utilizing captive reinsurance transactions.

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 emailing 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/>, the website of the Nevada Legislature, <http://www.leg.state.nv.us>, and the Nevada Public Notice website, <http://www.notice.ng.gov>. The documents were also emailed, or mailed where no email address was available, to the main library for each county in Nevada.

Public comment was also solicited at the workshop held on October 13, 2022, and at the hearing held on November 1, 2022. The public workshop and hearing took place virtually via Webex.

- (b) A summary of the public response:

No written public comment was received by the Nevada Division of Insurance regarding this regulation and no oral public comment was given during the workshop or hearing. No concerns or opposition to the proposed language was provided by the public.

(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 R187-22. A copy of said summary may be obtained by e-mail request to regs@doi.nv.gov.

3. The number of persons who:

- (a) Attended the hearing: 10
- (b) Testified at the hearing: 1
- (c) Submitted to the agency written statements: 0

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
Nick Stosic	Nevada Division of Insurance	1818 E. College Parkway, Suite 103 Carson City, NV 89706	775-687-0783	nstosic@doi.nv.gov

Submitted to the agency written statements:

Name	Entity/Organization Represented	Business Address	Telephone No./ Business Telephone No.	E-Mail Address

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

(a) A description of how comments were solicited from affected businesses:

Comments were solicited from affected businesses in the same manner as they were solicited from the public. Please see the description provided above in response to #2(a).

(b) A summary of the responses from affected businesses:

No responses were received. This regulation only impacts life insurance insurers who are domiciled in this state, which none currently are. The NAIC model that this regulation is based upon is passed by a vote of the Insurance Commissioners of the 50 states and U.S. Territories after a collaborative process of meetings and hearings that involves input from industry representatives.

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

The summary in part 5(b) above reflects the public comments and testimony that transpired with regard to regulation R187-22. A copy of said summary may be obtained by e-mail request to regs@doi.nv.gov.

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

Proposed regulation R187-22 is based upon the National Association of Insurance Commissioners' Term and Universal Life Insurance Reserve Financing Model Regulation 787 and is a part of the NAIC accreditation requirements. NAIC Models are passed through a transparent and collaborative process that includes industry input, and are only passed after a 2/3 vote of the members of the applicable NAIC committee that is sponsoring the model and a vote by the Insurance Commissioners of the 50 states and U.S. Territories. As this model is an NAIC accreditation requirement, it has already been put into law by the vast majority of the other states, and no industry comments or testimony were provided to recommend changes to the proposed language for Nevada.

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

(1) Both adverse and beneficial effects:

i. Beneficial: There is no economic impact to life insurers through this regulation.

ii. Adverse: There is no economic impact to life insurers through this regulation. The regulation will eliminate using off-shore captives, and make more transparent the financial condition for the public, investors, and regulators.

(2) Both immediate and long-term effects:

- i. Immediate: This regulation should create no immediate economic impact, as no life insurers are currently domiciled in the State of Nevada.
- ii. Long-Term: This regulation should create no long-term economic impact to life insurers.

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

- (1) Both adverse and beneficial effects:
 - i. Beneficial: The regulation should ensure safer assets to pay life insurance claims.
 - ii. Adverse: There is no adverse impact to the public.
- (2) Both immediate and long-term effects:
 - i. Immediate: This regulation should ensure safer assets to pay life insurance claims.
 - ii. Long-Term: This regulation should ensure safer assets to pay life insurance claims.

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

Since there are currently no life insurers domiciled in the State of Nevada, this regulation will not create any additional enforcement costs to the Division.

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.

There are no other state or government agency regulations that duplicate or overlap with 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.

This regulation does not include any provisions that are included in federal law.

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.

This regulation does not create a new fee or increase an existing fee.