

STATE OF NEVADA
DEPARTMENT OF BUSINESS & INDUSTRY
DIVISION OF INSURANCE

Determination of Necessity - Small Business Impact Statement
LCB File No. R080-16

NAC 694C - CAPTIVE INSURERS AMENDMENT TO UPDATE LANGUAGE

EFFECTIVE DATE OF REGULATION:

Upon filing with the Nevada Secretary of State

1. BACKGROUND

The changes are needed to meet NAIC accreditation standards, to allow exemptions so new companies formed on December 31 can get exemptions from year-end filings, and to reduce the 90-day notice requirement for reinsurance contracts.

2. DESCRIPTION OF SOLICITATION

Division staff have an understanding of the captive insurance market, and, through empirical evidence, captive insurers would not themselves be confused with a Nevada small business. Additionally, most captive insurers affected by this regulation are affiliates of businesses that are out of state and engage in forms of self-insurance.

3. DOES THE PROPOSED REGULATION IMPOSE A DIRECT AND SIGNIFICANT ECONOMIC BURDEN UPON A SMALL BUSINESS OR DIRECTLY RESTRICT THE FORMATION, OPERATION OR EXPANSION OF A SMALL BUSINESS? (NRS 233B.0608.1)

☒ NO (answer #4)

☐ YES (skip to #5)


4. HOW WAS THAT CONCLUSION REACHED? (NRS 233B.0608.3)

Small businesses in Nevada are not impacted by this regulation that sets certain exemptions and other internal management-type requirements. Most of the captive insurers affected by this regulation do not operate in Nevada, but only need a state such as Nevada for licensure and tax and risk management purposes. Sophisticated businesses able to meet the stringent capital requirements are typically not Nevada small businesses.

The regulation does not include any fees which would be burdensome on small businesses, and the proposal will actually help small businesses, if any were to be associated to captive insurers, by reducing the cost of examinations and allowing for exemptions for certain costly audits. As a result, the impact statement is not necessary.

I, BARBARA D. RICHARDSON, Commissioner of Insurance for the State of Nevada, hereby certify to the best of my knowledge or belief a concerted effort was made to determine the impact of the proposed regulation on small businesses, and that this statement was prepared properly and the information contained herein is accurate. (NRS 233B.0608.3)

8/3/14
(DATE)



BARBARA D. RICHARDSON
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5. SUMMARY OF COMMENTS RECEIVED FROM SMALL BUSINESSES (NRS 233B.0609.1.a)

N/A

6. ESTIMATED ECONOMIC EFFECT ON SMALL BUSINESSES THE REGULATION IS TO REGULATE (NRS 233B.0609.1.c)

N/A

7. METHODS CONSIDERED TO REDUCE IMPACT ON SMALL BUSINESSES (NRS 233B.0609.1.d)

N/A

8. ESTIMATED COST OF ENFORCEMENT (NRS 233B.0609.1.e)

N/A

9. FEE CHANGES (NRS 233B.0609.1.f)

N/A

10. DUPLICATIVE PROVISIONS (NRS 233B.0609.1.g)

N/A

11. HOW WAS THE ANALYSIS CONDUCTED? (NRS 233B.0609.1.b)

N/A

12. REASONS FOR CONCLUSIONS (NRS 233B.0609.1.h)

N/A

I, BARBARA D. RICHARDSON, Commissioner of Insurance for the State of Nevada, hereby certify to the best of my knowledge or belief a concerted effort was made to determine the impact of the proposed regulation on small businesses, and that this statement was prepared properly and the information contained herein is accurate. (NRS 233B.0609.2)

8/3/14
(DATE)

BARBARA D. RICHARDSON
Commissioner of Insurance