

# **LEGISLATIVE REVIEW OF ADOPTED REGULATIONS**

## **INFORMATIONAL STATEMENT AS REQUIRED BY NRS 233B.066**

LCB FILE NO. R080-16

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) 694C.090, 694C.092, 694C.200, 694C.210, 694C.240, 694C.245, 694C.250, 694C.260, 694C.270, 694C.290, and 694C.295.

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

This regulation is intended to enhance the solvency regulation and statutory compliance of Nevada domestic captive insurers. These changes will enhance the financial reporting and governance of Nevada’s captive insurers.

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(s) of workshop, notice(s) 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, and posted at the following locations:

Department of Business and Industry  
Division of Insurance  
1818 East College Parkway, Suite 103  
Carson City, Nevada 89706

Department of Business and Industry  
Division of Insurance  
2501 East Sahara Avenue, Suite 302  
Las Vegas, Nevada 89104

Legislative Building  
401 South Carson Street  
Carson City, Nevada 89701

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

Blasdel Building  
209 East Musser Street  
Carson City, Nevada 89701

Capitol Building  
101 North Carson Street  
Carson City, Nevada 89701

Nevada Department of Employment,

Training and Rehabilitation  
2800 E. Saint Louis Avenue  
Las Vegas, Nevada 89104

Public comment was also solicited at the workshop held on August 24, 2016, and at the hearing held on September 7, 2016. The public meetings took place at the offices of the Division, 1818 East College Parkway, Carson City, Nevada 89706, with simultaneous videoconferencing to the Bradley Building, 2501 East Sahara Avenue, Las Vegas, Nevada 89104.

(b) A summary of the public response:

The Division received one written comment questioning the impact on Nevada domestic Risk Retention Groups (RRG's). It was clarified on the record that the change in question would not apply to RRG's.

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

The summary in part 2(b) above reflects the comments and testimony that transpired with regard to regulation R080-16. A copy of said summary may be obtained by contacting **Michael Lynch, Deputy Commissioner** at (775) 687-0700 or [mlynch@doi.nv.gov](mailto:mlynch@doi.nv.gov). This summary will also be made available by e-mail request to [insinfo@doi.nv.gov](mailto:insinfo@doi.nv.gov).

3. The number of persons who:

- (a) Attended each hearing: 7
- (b) Testified at each hearing: 1
- (c) Submitted to the agency written statements: 1

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:

| Name        | Entity/Organization Represented | Business Address   | Telephone No./ Business Telephone No. | E-Mail Address   |
|-------------|---------------------------------|--|---------------------------------------|--|
| Mike Lynch  | Nevada Division of Insurance    | 1818 E. College Pkwy.<br>#103<br>Carson City, NV 89706     | (775) 687-0758                        | <a href="mailto:mlynch@doi.nv.gov">mlynch@doi.nv.gov</a> |
| Jon Harkavy | Risk Services, LLC              | 2233 Wisconsin Ave. NW<br>Ste. 310<br>Washington, DC 20007 | (202) 471-5944                        |  |

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.

There was no testimony or comments received advocating for any changes to the proposed regulation.

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

(1) Both adverse and beneficial effects: There is no recognizable economic impact on the business regulated by this regulation.

(2) Both immediate and long-term effects: Ideally, this regulation will improve the timeliness and usefulness of the financial reports submitted by the entities regulated by the regulation. Additionally, the improved disclosures will enhance responsible governance and profitability of the entities regulated by this regulation.

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

(1) Both adverse and beneficial effects: There is no impact to the public.

(2) Both immediate and long-term effects: There would be no recognizable effects realized by the public.

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

The proposed regulation would not impact the cost of enforcement. It is hoped that it may streamline some analysis functions.

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.

The Nevada Division of Insurance has the sole responsibility for the regulation of domestic captive insurers.

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

Those provisions pertaining to RRG's would be in accordance with the Liability Risk Retention Act of 1986.

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.

No fees are being proposed or changed by the proposed regulation.