

**ADOPTED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R026-02

Effective May 31, 2002

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

AUTHORITY: §§1-7, NRS 679B.130 and 692C.120.

Section 1. Chapter 692C of NAC is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this regulation.

Sec. 2. 1. *An insurer shall give notice to the commissioner of the potential competitive impact of a proposed merger or acquisition by a non-domiciliary insurer doing business in this state or by a domestic insurer on the form provided by the commissioner entitled “Form E - Pre-Acquisition Notification Form Regarding the Potential Competitive Impact of a Proposed Merger or Acquisition by a Non-Domiciliary Insurer Doing Business in this State or by a Domestic Insurer.”*

2. Form E must be completed in accordance with the current version of the Insurance Holding Company System Reporting Instructions of the National Association of Insurance Commissioners and the instructions provided by the commissioner. A copy of Form E and the general instructions for Form E may be obtained at <<http://www.doi.state.nv.us>>.

Sec. 3. *If any provision of this chapter or the application thereof to any person or circumstance is held invalid, such invalidity does not affect the provisions or application of this chapter that can be given effect without the invalid provision or application, and to this end, the provisions of this chapter are declared to be severable.*

Sec. 4. NAC 692C.020 is hereby amended to read as follows:

692C.020 1. A person required to file a statement with the commissioner pursuant to subsection 2 of NRS 692C.180 shall furnish the required information on the form provided by the commissioner ~~[,]~~ entitled “Form A - Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer.”

2. The person may attach any exhibit to the form if the exhibit is clearly marked to indicate the matter to which it refers.

3. If there is any change in the information provided on the form filed with the commissioner before the commissioner approves or disapproves the merger or other acquisition of control, the person shall immediately notify the commissioner of that change.

4. Form A must be completed in accordance with the current version of the Insurance Holding Company System Reporting Instructions of the National Association of Insurance Commissioners and the instructions provided by the commissioner. A copy of Form A and the general instructions for Form A may be obtained at <<http://www.doi.state.nv.us>>.

Sec. 5. NAC 692C.030 is hereby amended to read as follows:

692C.030 1. An insurer required to file a registration statement with the commissioner pursuant to NRS 692C.270 shall furnish the required information on the forms provided by the commissioner ~~[,]~~ entitled “Form B - Insurance Holding Company System Annual Registration Statement” and “Form C - Summary of Registration Statement.” ~~[Except as otherwise provided in this subsection, a]~~ A domestic insurer shall file Form B *and Form C* with the commissioner not later than June 30 of each year. ~~[A domestic insurer that is not licensed or otherwise authorized to do business in any state other than this state shall, after the initial filing of Form B and in addition to any necessary amendments filed pursuant to subsection 3, file Form B with the~~

~~commissioner not later than June 30 of each year in which a material change in operations has occurred.]~~ An insurer shall file Form C with the agency that regulates insurance in each state in which the insurer is authorized to do business, if the information is requested by that agency.

2. The insurer may attach any exhibit to the form if the exhibit is clearly marked to indicate the matter to which it refers.

3. If there is any change in the information provided on ~~[the form entitled “Form B— Insurance Holding Company System Annual Registration Statement,”]~~ *Form B*, the insurer shall file an amendment to that form within 15 days after the month in which the change occurred. The insurer shall file the amendment on that form by completing only those items which were affected by the change and by including, at the top of the first page of the form, “Amendment No. (number of amendment) to Form B for (year)” and the day and month on which the change occurred.

4. Form B and Form C must be completed in accordance with the current version of the Insurance Holding Company System Reporting Instructions of the National Association of Insurance Commissioners and the instructions provided by the commissioner. A copy of Form B and Form C and the general instructions for Form B and Form C may be obtained at <http://www.doi.state.nv.us>.

Sec. 6. NAC 692C.040 is hereby amended to read as follows:

692C.040 **1.** An insurer required to give notice to the commissioner of its intention to enter into any transaction set forth in NRS 692C.363 shall furnish the required information on the form provided by the commissioner ~~[]~~ entitled “Form D - Prior Notice of a Transaction.” The insurer may attach any exhibit to the form if the exhibit is clearly marked to indicate the matter to which it refers.

2. Form D must be completed in accordance with the current version of the Insurance Holding Company System Reporting Instructions of the National Association of Insurance Commissioners and the instructions provided by the commissioner. A copy of Form D and the general instructions for Form D may be obtained at <<http://www.doi.state.nv.us>>.

Sec. 7. NAC 692C.050 is hereby amended to read as follows:

692C.050 After receiving any form specified in NAC 692C.020, 692C.030 or 692C.040, *or section 2 of this regulation*, the commissioner may request additional information if it is necessary to clarify any information included on the form.

NOTICE OF ADOPTION OF PROPOSED REGULATION
LCB File No. R026-02

The Commissioner of Insurance adopted regulations assigned LCB File No. R026-02 which pertain to holding companies (chapter 692C of the Nevada Administrative Code) on April 26, 2002.

Notice date: 2/25/2002
Hearing date: 3/27/2002

Date of adoption by agency: 4/26/2002
Filing date: 5/31/2002

INFORMATIONAL STATEMENT

A hearing was held on March 27, 2002, at the offices of the Department of Business and Industry, Division of Insurance (Division), 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, with a simultaneous video-conference conducted at the Bradley Building, 2501 E. Sahara Avenue, Manufactured Housing Division Conference Room, 2nd Floor, Las Vegas, Nevada 89104, regarding the adoption of the regulation concerning holding companies.

Public comment was solicited by posting notice of the hearing in the following public locations: 788 Fairview Drive, Legislative Counsel Bureau, Capitol Building Lobby, Carson City Courthouse, State Library, County Libraries, Capitol Press Room and the Division's Las Vegas Office.

In addition, the Division maintains a list of interested parties, comprised mainly of insurance companies, agencies and other persons regulated by the Division. These persons were notified of the hearing and that copies of the regulation could be obtained from or examined at the offices of the Division in Carson City.

Oral testimony was received by the Division. Copies of any comments received by the Division can be obtained from the Division at 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, (775) 687-4270.

Considering the comments by those attending the hearing, the Commissioner has issued an order adopting the regulation as a permanent regulation of the Division.

Based upon the testimony received at the hearing, the regulation was changed from the proposed regulation as follows:

1. Subsection 2 of section 2 is amended to read as follows:

Form E must be completed in accordance with the current version of the Insurance Holding Company System Reporting Instructions of the National Association of Insurance Commissioners and the instructions provided by the commissioner. A copy of the form and general instructions for Form E may be obtained at <http://www.doi.state.nv.us>.

2. Subsection 4 of section 4 is amended to read as follows:

Form A must be completed in accordance with the current version of the Insurance Holding Company System Reporting Instructions of the National Association of Insurance Commissioners and the instructions provided by the commissioner. A copy of the form and general instructions for Form A may be obtained at <http://www.doi.state.nv.us>.

3. Subsection 4 of section 5 is amended to read as follows:

Form B and Form C must be completed in accordance with the current version of the Insurance Holding Company System Reporting Instructions of the National Association of Insurance Commissioners and the instructions provided by the commissioner. A copy of the form and general instructions for Form B and Form C may be obtained at <http://www.doi.state.nv.us>.

4. Subsection 2 of section 6 is amended to read as follows:

Form D must be completed in accordance with the current version of the Insurance Holding Company System Reporting Instructions of the National Association of Insurance Commissioners and the instructions provided by the commissioner. A copy of the form and general instructions for Form D may be obtained at <http://www.doi.state.nv.us>.

The economic impact of the regulation is as follows:

- (a) Regulated Industry: Minimal.
- (b) Public: None.

The regulation imposes no direct costs upon members of the public at large. The regulation imposes no direct cost upon the agency to enforce the regulation.

This regulation does not duplicate or overlap any other regulation.

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

IN THE MATTER OF THE

CAUSE NO. **02.046**
LCB File No. **R026-02**

**REGULATION CONCERNING
HOLDING COMPANIES.**

**SUMMARY OF PROCEEDINGS
AND ORDER**

A hearing on the proposed regulation concerning holding companies was held before the Commissioner of Insurance (Commissioner), on March 27, 2002, at the offices of the Department of Business and Industry, Division of Insurance (Division), 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, with a simultaneous video-conference conducted at the Bradley Building, 2501 E. Sahara Avenue, Manufactured Housing Division Conference Room, 2nd Floor, Las Vegas, Nevada 89104. Immediately prior to the hearing, the Commissioner held a workshop concerning this matter.

The Division did not receive any written comments. Approximately 17 individuals attended the workshop and subsequent hearing. Peggy Willard-Ross, representing the Division, testified at the workshop. Bob Burch, representing the Division, testified at both the workshop and the hearing.

Bob Burch testified that the intent of the regulation was to require insurers to give notice to the Commissioner of the potential competitive impact of a proposed merger or acquisition by a non-domiciliary insurer doing business in this state or by a domestic insurer by filing a "Form E - Pre-Acquisition Notification Form Regarding The Potential Competitive Impact Of A Proposed Merger Or Acquisition By A Non-Domiciliary Insurer Doing Business In This State Or By A Domestic Insurer." Additionally, Mr. Burch testified that the intent of the regulation was to also require insurers to file Forms A, B, C, D and E, when applicable, in accordance with the current National Association of Insurance Commissioners Insurance Holding Company System

Reporting Instructions for that form and the “NAC Chapter 692C Holding Company General Instructions for Form A, B, C, D and E” as found on the Division’s web page.

Commissioner Molasky-Arman questioned whether an insurer who is required to complete these forms might be confused by the direction to obtain those instructions on the Web site.

Bob Burch responded that the insurers should not be confused because the forms on the Web site include the instructions on the form.

Commissioner Molasky-Arman questioned why the wording did not state that a copy of the instructions appear in the particular form.

Peggy Willard-Ross responded that the general instructions and the specific form both need to be accessed from the Web site which will provide all the relevant information for the completion of the forms.

Commissioner Molasky-Arman directed that language be added stating that each form may also be obtained on the Web site along with the general instructions.

Based upon the testimony received at the hearing, the regulation is changed from the proposed regulation as follows:

1. Subsection 2 of section 2 is amended to read as follows:

Form E must be completed in accordance with the current version of the Insurance Holding Company System Reporting Instructions of the National Association of Insurance Commissioners and the instructions provided by the commissioner. A copy of the form and general instructions for Form E may be obtained at <http://www.doi.state.nv.us>.

2. Subsection 4 of section 4 is amended to read as follows:

Form A must be completed in accordance with the current version of the Insurance Holding Company System Reporting Instructions of the National Association of Insurance Commissioners and the instructions provided by the commissioner. A copy of the form and general instructions for Form A may be obtained at <http://www.doi.state.nv.us>.

3. Subsection 4 of section 5 is amended to read as follows:

Form B and Form C must be completed in accordance with the current version of the Insurance Holding Company System Reporting Instructions of the National Association of Insurance Commissioners and the instructions provided by the commissioner. A copy of the form and general instructions for Form B and Form C may be obtained at <http://www.doi.state.nv.us>.

4. Subsection 2 of section 6 is amended to read as follows:

Form D must be completed in accordance with the current version of the Insurance Holding Company System Reporting Instructions of the National Association of Insurance Commissioners and the instructions provided by the commissioner. A copy of the form and general instructions for Form D may be obtained at <http://www.doi.state.nv.us>.

ORDER

Based upon the information presented at the hearing, it is hereby ordered that the proposed regulation relating to holding companies, LCB File No. R026-02, be adopted, as amended, as a permanent regulation of the Division.

SO ORDERED this _____ day of April, 2002.

ALICE A. MOLASKY-ARMAN
Commissioner of Insurance