

LCB File No. R116-02

PROPOSED REGULATION OF THE COMMISSIONER OF INSURANCE

**NOTE – PROPOSED CHANGES ARE TO THE
DRAFT CODIFIED VERSION OF SECTION 1
of the ADOPTED REGULATION of the
COMMISSIONER of INSURANCE
LCB File No. R025-02 Effective May 31, 2002**

NOTICE OF INTENT TO ACT UPON REGULATIONS

Notice of Hearing for the Adoption of Regulations
of the Department of Business and Industry, Division of Insurance

The Department of Business and Industry, Division of Insurance (Division) will hold a public hearing at 9:00 a.m., on September 18, 2002, immediately following a public workshop, at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701. Interested persons may also participate through a simultaneous video-conference conducted at the Bradley Building, 2501 E. Sahara Avenue, Manufactured Housing Division Conference Room, 2nd Floor, Las Vegas, Nevada 89104. The purpose of the hearing is to receive comments from all interested persons regarding the adoption of:

REGULATION CONCERNING FILING OF FINANCIAL STATEMENTS

The following information is provided pursuant to the requirements of NRS 233B.060:

1. The proposed regulation allows for insurers filing financial statements electronically with the National Association of Insurance Commissioners, submitting an affidavit that such filing has been made and paying the applicable fees pursuant to NRS 680B.010 as having satisfied the requirements of NRS680A.270.
2. Estimated economic effect of the regulation:
On the business which it is to regulate:
The proposed regulation should not have either an immediate or long-term impact on the insurers, other than the nominal expense of filing a report with the Commissioner in the event such reporting is required under the regulation.
On the public:
The proposed regulation should have no economic impact on the public.
3. The Division may incur some additional expense to enforce the proposed regulation that cannot be measured at this time.

4. The Division is not aware of any overlap or duplication of the regulation with any state, local or federal regulation.
5. The proposed regulation does not establish any new fees or increase an existing fee.

Persons wishing to comment upon the proposed action of the Division may appear at the scheduled public hearing or may address their comments, data, views or arguments, in written form, to the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701. Written submissions must be received by the Division on or before September 13, 2002. If no person who is directly affected by the proposed action appears to request time to make an oral presentation, the Division may proceed immediately to act upon any written submissions.

A copy of this notice and the proposed regulation will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the proposed regulation will be available at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, and 2501 East Sahara Avenue, Suite 302, Las Vegas, Nevada 89104, and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. This notice and the text of the proposed regulation are also available in the **State of Nevada Register of Administrative Regulations** which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653 and on the Internet at <http://www.leg.state.nv.us>. Copies will also be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary.

Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, will issue a concise statement of the principal reasons for and against its adoption, and incorporate therein its reason for overruling the consideration urged against its adoption.

This notice of hearing has been posted at the following locations:

Department of Business and Industry
Division of Insurance
788 Fairview Drive, Suite 300
Carson City, NV 89701

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

Legislative Counsel Bureau
Capitol Complex
Carson City, NV 89710

Blasdel Building
Capitol Complex
Carson City, NV 89710

State Capitol
Capitol Complex
Carson City, NV 89710

Capitol Press Room
State Capitol Basement
Carson City, NV 89710

County Clerk
Courthouse
Carson City, NV 89710

Nevada State Library & Archives
Capitol Complex
Carson City, NV 89710

Carson City Library
900 North Roop Street
Carson City, NV 89701

Churchill County Library
553 South Maine Street
Fallon, NV 89406

Las Vegas Library
833 Las Vegas Blvd. North
Las Vegas, NV 89101

Douglas County Library
1625 Library Lane
P.O. Box 337
Minden, NV 89423

Elko County Library
720 Court Street
Elko, NV 89801

Goldfield Public Library
Fourth & Cook Street
P.O. Box 430
Goldfield, NV 89013

Eureka Branch Library
10190 Monroe Street
P.O. Box 293
Eureka, NV 89316

Humboldt County Library
85 East 5th Street
Winnemucca, NV 89445

Battle Mountain Branch Library
P.O. Box 141
Battle Mountain, NV 89820

Lincoln County Library
93 Main Street
P.O. Box 330
Pioche, NV 89043

Mineral County Library
First & A Street
P.O. Box 1390
Hawthorne, NV 89415

Lyon County Library
20 Nevin Way
Yerington, NV 89447

Tonopah Public Library
171 Central Street
P.O. Box 449
Tonopah, NV 89049

Pershing County Library
1125 Central Avenue
P.O. Box 781
Lovelock, NV 89419

Storey County Library
95 South R Street
P.O. Box 14
Virginia City, NV 89440

Washoe County Library
301 South Center Street
P.O. Box 2151
Reno, NV 89505

White Pine County Library
950 Campton Street
Ely, NV 89301

Clark County Library
1401 East Flamingo Road
Las Vegas, NV 89119

Members of the public who are disabled and require special accommodations or assistance at the hearing are requested to notify the Commissioner's secretary in writing at 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, or by calling no later than 5 working days prior to the hearing, (775) 687-4270, extension 260.

DATED this _____ day of August, 2002.

By:
ALICE A. MOLASKY-ARMAN
Commissioner of Insurance

NOTICE OF WORKSHOPS TO SOLICIT COMMENTS ON PROPOSED REGULATIONS

August 15, 2002

The Department of Business and Industry, Division of Insurance (Division) is proposing new regulations pertaining to electronic transactions, filing of financial statements and risk based capital reporting for certain health entities. A workshop has been set for 9:00 a.m., on September 18, 2002, at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701. Interested parties may also participate through a simultaneous video-conference conducted at the Bradley Building, 2501 E. Sahara Avenue, Manufactured Housing Division Conference Room, 2nd Floor, Las Vegas, Nevada 89104. The purpose of the workshop is to solicit comments from interested persons on the following general topics addressed in the proposed regulations.

- 1. Electronic Transactions: Proposed regulation allows insurers to file forms through the System for Electronic Rate and Form Filing (SERFF) and pay such related filing fees by electronic funds transfer through the Nevada State Treasurer's office.**
- 2. Filing of Financial Statements: Proposed regulation allows for insurers to satisfy the requirements of NRS 680A.270 by filing financial statements electronically with the National Association of Insurance Commissioners by submitting an affidavit that such filing has been made and by paying the applicable filing fee.**
- 3. Risk Based Capital Reporting: Proposed temporary regulation provides for health entities to meet certain risk based capital filing requirements.**

Members of the insurance industry, business community, and the public are also invited to comment on any impact the proposed regulations may have on small businesses. The Division has reviewed the proposed regulations and determined that the regulations do not impose a direct or significant impact on a small business, or directly restrict the formation, operation, or expansion of a small business.

A copy of this notice and the proposed regulations will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the proposed regulations will be available at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, and 2501 East Sahara Avenue, Suite 302, Las Vegas, Nevada 89104, and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. This notice and the text of the proposed regulations are also available in the **State of Nevada Register of Administrative Regulations** which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653 and on the Internet at **www.leg.state.nv.us**. Copies will also be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary.

This Notice of Workshop to Solicit Comments on Proposed Regulations has been sent to all persons on the agency's mailing list for administrative regulations and posted at the following locations:

Department of Business and Industry
Division of Insurance
788 Fairview Drive, Suite 300
Carson City, NV 89701

Department of Business and Industry
Division of Insurance
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950 Campton Street
Ely, NV 89301

Clark County Library
1401 East Flamingo Road
Las Vegas, NV 89119

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DATED this _____ day of August, 2002.

By:
ALICE A. MOLASKY-ARMAN
Commissioner of Insurance

PROPOSED REGULATION OF THE COMMISSIONER OF INSURANCE

NOTE – PROPOSED CHANGES ARE TO THE
DRAFT CODIFIED VERSION OF SECTION 1
of the ADOPTED REGULATION of the
COMMISSIONER of INSURANCE
LCB File No. R025-02 Effective May 31, 2002

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

AUTHORITY: NRS 679B.130; NRS 680A.270.

Section 1. NAC 680A.160 is hereby amended to read as follows:

680A.160 1. As a condition of doing business in this state, each insurer must file with the commissioner an annual statement that:

- (a) Conforms to the format prescribed by the National Association of Insurance Commissioners in the Annual Statement Instructions and the Accounting Practices and Procedures Manual; and
- (b) Contains exhibits and schedules that follow the specifications developed by the National Association of Insurance Commissioners.

2. Information from the insurer's annual statement must be filed:

- (a) Pursuant to the specifications adopted by the National Association of Insurance Commissioners for filing information in an electronic format;
- (b) At the central office of the National Association of Insurance Commissioners, 2301 McGee Street, Suite 800, Kansas City, Missouri 64108-2604; and
- (c) On or before March 1 of each year.

3. The commissioner will consider an electronic filing with the National Association of Insurance Commissioners (NAIC) to be a filing with the commissioner, so long as the foreign or alien insurer submits an affidavit to the commissioner that such filing has been made to the NAIC and such affidavit is accompanied by the applicable fees pursuant to NRS 680B.010.

~~3.~~ 4. The form of an annual statement required by NRS 680A.270 to be filed with the commissioner must be the most current adopted by the National Association of Insurance Commissioners for the type of insurer reporting. The forms are hereby adopted by reference. Each insurer filing the form shall follow the instructions adopted by the National Association of Insurance Commissioners for the type of annual statement to be filed. These forms may be obtained from the National Association of Insurance Commissioners, Publications Department, 2301 McGee Street, Suite 800, Kansas City, Missouri 64108-2604 for the following costs:

- (a) For forms for an annual statement for property or casualty insurers, \$175.
- (b) For forms for an annual statement for life, accident or health insurers, \$175.
- (c) For forms for an annual statement for health insurers, \$125.

~~4.~~ 5. If necessary to determine a foreign or an alien insurer's financial condition, fulfillment of contractual obligations and compliance with law, the commissioner will require the foreign or alien insurer to file a financial statement more frequently than annually. Such a statement must be:

- (a) Filed on the most current form adopted by the National Association of Insurance Commissioners for the type of insurer reporting;
- (b) Completed in accordance with the instructions accompanying that form; and
- (c) Filed with the National Association of Insurance Commissioners in an electronic format.

~~5.~~ 6. Each domestic insurer shall file a quarterly statement. A quarterly statement must be:

(a) Filed on the most current form adopted by the National Association of Insurance Commissioners for the type of insurer reporting;

(b) Completed in accordance with the instructions accompanying that form; and

(c) Filed with the National Association of Insurance Commissioners in an electronic format.

~~16.1~~ 7. A domestic insurer that is not licensed or authorized to do business in any state other than this state may apply for an exemption from the requirement to complete the “Statement of Actuarial Opinion” required by the Annual Statement Instructions of the National Association of Insurance Commissioners as part of the domestic insurer’s annual statement. The application must:

(a) Be in writing.

(b) Be submitted by December 1 of the calendar year which will be covered in the annual statement.

(c) Include an agreement and acknowledgment from the domestic insurer that the commissioner may use the services of an independent actuary to certify losses and reserves for loss adjustment expenses in relation to any examination of the domestic insurer pursuant to NRS 679B.230.

(d) Demonstrate that no significant changes and no unusual or large claims have occurred or are expected to occur during the calendar year which will be covered in the annual statement.

~~17.1~~ 8. The commissioner will grant an application for an exemption made pursuant to subsection 6 if he determines, upon review of the application, that having to file the “Statement of Actuarial Opinion” would constitute a financial or organizational hardship upon the domestic insurer or that the insurer has shown other good cause why it should not have to file the statement. A domestic insurer which has been granted an exemption pursuant to this subsection

must file with its annual statement a signed affidavit given by one of its officers under oath that certifies the accuracy and adequacy of the reserves stated in its annual statement.

~~8.1~~ 9. A domestic insurer licensed only to sell insurance for home protection but not licensed or authorized to do business in any state other than this state is exempt from the requirement to complete the “Statement of Actuarial Opinion” required by the Annual Statement Instructions of the National Association of Insurance Commissioners as part of the annual statement of the domestic insurer if the domestic insurer:

- (a) Completes and submits with its annual statement forms provided by the commissioner for reporting information concerning claims; and
- (b) Complies with the requirements of paragraphs (c) and (d) of subsection 6.