

**STATE OF NEVADA  
DEPARTMENT OF BUSINESS & INDUSTRY  
DIVISION OF INSURANCE**

**Determination of Necessity - Small Business Impact Statement  
NRS 233B.0608(1)**

REGULATION CONCERNING ANNUAL FEES  
LCB FILE NO. R024-17

The Commissioner is establishing the amount of the annual fee to be assessed on certain companies operating under NRS title 57 starting in fiscal year 2019.

EFFECTIVE DATE OF REGULATION:  
Upon filing with the Nevada Secretary of State

1. BACKGROUND.

In 2015, the Legislature amended NRS 680C.110, giving the Commissioner the authority to determine annual fees based on certain factors. With the ability to determine fees, other statutory fees were eliminated with the intent of capturing these fees through the one annual fee for administrative efficiency. In determining the annual fees, the statute requires the Commissioner to consider the direct written premiums for the prior year, the number of insurers required to pay the annual fee, the direct written premiums written by all insurers required to pay the annual fee, and the budget of the Division. Regulation R001-16, adopted on April 27, 2016, and filed with the Secretary of State on June 28, 2016, created the process the Division is to use to develop the annual fees, imposing the time period when the Division must notify carriers of the annual fee and requiring public meetings be held to present the preliminary budget. This regulation is the next step in the process to establish the annual fees to be assessed against certain companies.

The purpose of the regulation is to establish the annual fees assessed against certain companies operating under NRS title 57, as required by NRS 680C.110 sections 5 and 6, for administration and enforcement of NRS title 57, based on the Division's needs as expressed through the proposed budget for the next budget cycle.

2. DESCRIPTION OF SOLICITATION SHOWING A CONCERTED EFFORT. NRS 233B.0608(1).

Comments were solicited during the workshop and hearing for R001-16 (which established the process for determining the annual fees). The subject of the regulation was also presented at two of the Commissioner's advisory committee meetings, which were open to the public.

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

☐ YES

4. HOW WAS THAT CONCLUSION REACHED? NRS 233B.0608(3).

The Division compared the proposed annual fees with the fees previously collected under various statutes. Comments were solicited during the workshop and hearing for R001-16 (which established the process for determining the annual fees). The subject of the regulation was also presented at two of the Commissioner's advisory committee meetings, which were open to the public.

Based on the comparative analysis and feedback received, the Division concluded that the proposed regulation only affects certain NRS title 57 companies regulated by the Division—the fee has no direct or significant economic burden on any business that is not operating under the Insurance Code (NRS title 57). To the extent that any of these companies may be small businesses, the annual fees reflect the direct premiums written (meaning that the annual fee increases in proportion to the amount of direct written premium the company has written) based on the budgetary needs identified by the Division in its budget. The proposed annual fees take into consideration that the examination override fee authorized under NAC 679B.0335.6, which only affects Nevada's domestic insurance companies, will not be charged. The proposed annual fees spread the fees charged by the Division more equitably across all subject companies.

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))

\_\_\_\_ 9/15/17 \_\_\_\_  
(DATE)

\_\_\_\_ /s/ \_\_\_\_  
BARBARA D. RICHARDSON  
Commissioner of Insurance

**Small Business Impact Statement**  
**NRS 233B.0608(2)-(4) and 233B.0609**

REGULATION CONCERNING ANNUAL FEES  
LCB FILE NO. R024-17

1. SUMMARY OF COMMENTS RECEIVED FROM SMALL BUSINESSES. NRS 233B.0609(1)(a).

No comments have been received from small businesses.

Other interested parties may receive a copy of this summary by contacting Susan Bell, Legal Secretary, Nevada Division of Insurance, at (775) 687-0704 or [suebell@doi.nv.gov](mailto:suebell@doi.nv.gov).

2. HOW WAS THE ANALYSIS CONDUCTED? NRS 233B.0609(1)(b).

The Division compared the proposed annual fees with the fees previously collected under various statutes. Comments were solicited during the workshop and hearing for R001-16 (which established the process for determining the annual fees). The subject of the regulation was also presented at two of the Commissioner's advisory committee meetings, which were open to the public.

3. ESTIMATED ECONOMIC EFFECT ON SMALL BUSINESSES THE REGULATION IS TO REGULATE. NRS 233B.0609(1)(c).

The proposed regulation will adjust fees across certain companies operating under NRS title 57 based on direct premium written, which spreads the economic burden of funding the Division among all subject companies more equitably. As required by NRS 679B.230, the Division conducts periodic examinations of domestic insurance carriers. The cost of examination, which includes a 50% administrative fee, has been borne on the examined insurance carriers, namely domestic companies. The administrative fee charged through examinations will not be charged, effectively reducing domestic insurance carriers' economic burden. The net effect should decrease the cost of doing business in Nevada for domestic insurance companies. The annual fee structure is not expected to have any discernable effect on the insurance rates in Nevada. Because the Division already collects similar fees, there is no additional cost to enforce this regulation.

4. METHODS CONSIDERED TO REDUCE IMPACT ON SMALL BUSINESSES. NRS 233B.0609(1)(d).

N/A

5. ESTIMATED COST OF ENFORCEMENT. NRS 233B.0609(1)(e).

Because the Division already collects similar fees, there is no additional cost to enforce this regulation.

6. FEE CHANGES. NRS 233B.0609(1)(f).

The fees are required by NRS 680C.110, which was amended in 2015 to eliminate certain statutory fees in favor of allowing the Commissioner to determine the annual fee using certain criteria in the statute. The amount incorporates fees that were eliminated in statute into the annual fee, and considers that the administrative fee for examinations will not be charged.

7. DUPLICATIVE PROVISIONS. NRS 233B.0609(1)(g).

None.

8. REASONS FOR CONCLUSIONS. NRS 233B.0609(1)(h).

While the annual fee increases on a sliding scale based on the amount of direct written premium, the regulation will allow the Division of Insurance to eliminate the administrative burden of invoicing different companies for various fees previously collected through numerous invoices, and reduce the examination administrative fee, which has been significant for domestic insurance carriers.

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))

\_\_\_\_9/15/17\_\_\_\_  
(DATE)

\_\_\_\_/s/\_\_\_\_  
BARBARA D. RICHARDSON  
Commissioner of Insurance