

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

**Determination of Necessity - Small Business Impact Statement**

LCB File No. R079-16

KINDS OF INSURANCE; REINSURANCE AMENDMENT TO INCLUDE RATING AND PASSPORTING OF CERTIFIED REINSURERS.

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

**1. BACKGROUND**

The regulation is necessary in order to meet National Association of Insurance Commissioners ("NAIC") Accreditation standards for licensing of certified reinsurers. This regulation is based on NAIC model regulation #786.

The reinsurance companies that are the focus of the majority of this regulation are those that are non-U.S. reinsurance companies. The regulation will facilitate the certification of these non-U.S. reinsurance companies by a state, such as Nevada. Once certified, the reinsurance company can become licensed and then "passport" into other U.S. states to do business in those states. This regulation sets requirements for certification, required security deposit types and levels, rating levels for credits for reinsurance, and the use of specific forms. The regulation also addresses modification of the certification, filing requirements, and reviews by the Commissioner of the certified reinsurers and qualified jurisdictions. It also provides references regarding appropriate letters of credit.

Senate Bill 67 currently allows for certified reinsurers. The regulation is needed to set forth the NAIC Accreditation standards for the process.

**2. DESCRIPTION OF SOLICITATION**

The certified reinsurers, which are the focus of this regulation, are large conglomerate international companies. Also, certification pursuant to this regulation may ultimately provide more insurance options for small businesses. As a result, no impact statement is necessary.

**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)**

This regulation does not harm small businesses, but rather could help them get more affordable reinsurance terms by allowing more reinsurers to enter the market.

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)

8/22/16  
(DATE)

  
BARBARA D. RICHARDSON  
Commissioner of Insurance

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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)

8/22/16  
(DATE)

  
BARBARA D. RICHARDSON  
Commissioner of Insurance