



## Nevada Division of Insurance HMO Calculation of Reserve for Insolvency Annual Statement Attachment Instructions

This schedule shall be used to determine the required insolvency reserve as of 12/31. It promotes conformity on annual statement reporting and expedites the Division's review.

The required insolvency reserve is shown on the company's Annual Statement. This is found on line 30 under "Liabilities, Capital and Surplus" as an "Aggregate Write-In for Other than Special Surplus Funds", with a description of the reserve (and any other required reserves); and broken out in the "Details of Write-Ins" on lines 3001 - 3099.

Identify which reserve each special deposit secures when preparing the Special Deposits schedule for the company 2013 Annual Statement. Please describe the Special Deposit instrument securing the calculated Insolvency Reserve and provide documentation showing the security which identifies the state of Nevada as the secured party.

Please complete the attached worksheet and return it to the Division of Insurance with your Annual Statement. Contact Peggy Willard-Ross at (775) 687-0760 or [pwillard@doi.nv.gov](mailto:pwillard@doi.nv.gov) with any questions, comments or concerns.

### **NAC 695C.137 Health maintenance organization: Reserves.** (NRS 679B.130)

1. After the first year of operation, as a protection against insolvency, each health maintenance organization shall retain as reserves an amount equal to twice its actual average monthly uncovered expenditures for the previous year of operation or \$500,000, whichever is greater.
2. A health maintenance organization may not reduce the reserves for protection against insolvency unless it notifies the Commissioner in writing and receives his written approval of the reduction. Any unauthorized reduction in this reserve creates a presumption that the health maintenance organization is in an unsound financial condition.
3. All reserves maintained by a health maintenance organization pursuant to this section:
  - (a) Must be deposited in a trust account in a bank chartered by this State or a bank that is a member of the Federal Reserve System and has been approved by the Commissioner. All income earned by the account belongs to the health maintenance organization and may be credited and paid to the health maintenance organization and used for its operations.
  - (b) Are in addition to those reserves established by the health maintenance organization according to good business and accounting practices for incurred but not reported claims and other similar claims.



## Nevada Division of Insurance HMO Calculation of Reserve for Insolvency Annual Statement Attachment

Annual Statement Year  
Date Filed  
Company Name  
NAIC #  
NV ID #  
Prepared By  
Title

Prior Year Uncovered Expenses per Statement of Revenues, Expenses and Net Worth \$  
Average monthly uncovered expenses, doubled \$  
Required Insolvency Reserve Greater of Twice the Monthly Uncovered Expenses or \$500,000 \$

Special Deposits Dedicated to Securing the Insolvency Reserve (do not include previously identified securities as securing any other reserve)

<u>Type Security</u>	<u>Custodian/Holder of Security</u>	<u>Amount</u>
1)		\$
2)		\$
3)		\$
4)		\$
Total Special Deposits Securing Insolvency Reserve / Surety		\$ _____