

STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING  
401 S. CARSON STREET  
CARSON CITY, NEVADA 89701-4747  
Fax No.: (775) 684-6600



LEGISLATIVE COMMISSION (775) 684-6800  
JASON FRIERSON, *Assemblyman, Chairman*  
Rick Combs, *Director, Secretary*

INTERIM FINANCE COMMITTEE (775) 684-6821  
JOYCE WOODHOUSE, *Senator, Chair*  
Mark Krmptic, *Fiscal Analyst*  
Cindy Jones, *Fiscal Analyst*

RICK COMBS, *Director*  
(775) 684-6800

BRENDA J. ERDOES, *Legislative Counsel* (775) 684-6830  
ROCKY COOPER, *Legislative Auditor* (775) 684-6815  
SUSAN E. SCHOLLEY, *Research Director* (775) 684-6825

December 19, 2017

Sue Bell  
Legal Secretary  
State of Nevada Division of Insurance  
1818 East College Parkway, Suite 103  
Carson City, Nevada 89706-7986

Re: LCB File No. R024-17

Dear Ms. Bell:

Regulation, R024-17, adopted by the Commissioner of Insurance has been filed today with the Secretary of State pursuant to NRS 233B.067 or 233B.0675, as appropriate. As provided in NRS 233B.070, this regulation becomes effective upon filing, unless otherwise indicated.

Enclosed are two copies of the regulation bearing the stamp of the Secretary of State which indicates that it has been filed. One copy is for your records and the other is for delivery to the State Library and Archives Administrator pursuant to subsection 6 of NRS 233B.070.

Sincerely,

A handwritten signature in blue ink, appearing to read "Allan L. Amburn".

Allan L. Amburn  
Deputy Legislative Counsel

R. Rene Yeckley  
Senate Legal Counsel and Bill Drafting Advisor

Brenda J. Erdoes  
Legislative Counsel

ALA/slj  
Enclosure

SECRETARY OF STATE  
FILING DATA

FILED.NV.SOS  
2017 DEC 19 PM 1:40

**Form For Filing  
Administrative Regulations**

Agency

Dept. of Business and Industry

Division of Insurance

R024-17

FOR EMERGENCY  
REGULATIONS ONLY

Effective date \_\_\_\_\_

Expiration date \_\_\_\_\_

\_\_\_\_\_  
Governor's signature

Classification:     PROPOSED         ADOPTED BY AGENCY         EMERGENCY

Brief description of action    Permanent regulation concerning Annual Fees

Authority citation other than 233B    NRS 679B.130 and 680C.110

Notice date    9/15/17

Date of Adoption by Agency    10/30/17

Hearing date    10/18/17

**APPROVED REGULATION OF  
THE COMMISSIONER OF INSURANCE**

**LCB File No. R024-17**

Effective July 1, 2019

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

AUTHORITY: §§1-6, NRS 679B.130 and 680C.110.

A REGULATION relating to insurance; providing the annual fees that certain insurers pay; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

Existing law requires each insurer authorized to transact casualty insurance, health insurance, life insurance or property insurance and each title insurer, fraternal benefit society, corporation that operates a hospital, medical or dental service plan, health maintenance organization, organization for dental care and prepaid limited health service organization to pay to the Commissioner of Insurance an initial fee of \$1,000 and an annual fee determined by the Commissioner. (NRS 680C.110) **Section 1** of this regulation sets forth the annual fee that has been determined by the Commissioner. **Sections 2-5** of this regulation make conforming changes.

**Section 1.** Chapter 680C of NAC is hereby amended by adding thereto a new section to read as follows:

*1. Each insurer described in subsection 5 of NRS 680C.110 shall pay the following annual fee that is determined by the Commissioner pursuant to subsection 6 of NRS 680C.110 and is based on the direct written premiums reported to the Commissioner by the insurer during the previous year:*

- (a) Less than \$1 in direct written premiums.....\$1,500*
- (b) At least \$1 but not more than \$100,000 in direct written premiums.....\$1,800*
- (c) More than \$100,000 but not more than \$1,000,000 in direct written premiums.....\$2,100*

(d) *More than \$1,000,000 but not more than \$5,000,000 in direct written premiums..\$2,800*

(e) *More than \$5,000,000 in direct written premiums.....\$3,600*

**2. The insurer shall pay the annual fee required in subsection 1 pursuant to section 12 of LCB File No. R001-16.**

**Sec. 2.** Section 11 of LCB File No. R001-16 is hereby amended to read as follows:

Sec. 11 On or before May 31 of each year, the Commissioner will notify each insurer of the amount of the annual fee ~~{determined by the Commissioner pursuant to subsection 6 of NRS 680C.110, as amended by section 4 of Assembly Bill No. 486, chapter 480, Statutes of Nevada 2015, at page 2833.}~~ **set forth in section 1 of LCB File No. R024-17.**

**Sec. 3.** Section 12 of LCB File No. R001-16 is hereby amended to read as follows:

Sec. 12 1. Except as otherwise provided in subsection 2, an insurer shall pay the annual fee ~~{determined by the Commissioner pursuant to subsection 6 of NRS 680C.110, as amended by section 4 of Assembly Bill No. 486, chapter 480, Statutes of Nevada 2015, at page 2833.}~~ **set forth in section 1 of LCB File No. R024-17** not later than July 1 of each year.

2. If an insurer pays the initial fee required pursuant to subsection 5 of NRS 680C.110, as amended by section 4 of Assembly Bill No. 486, chapter 480, Statutes of Nevada 2015, at page 2833:

(a) On or before July 1, the insurer shall pay the annual fee ~~{determined by the Commissioner pursuant to subsection 6 of NRS 680C.110, as amended by section 4 of Assembly Bill No. 486, chapter 480, Statutes of Nevada 2015, at page 2833.}~~ **set forth in section 1 of LCB File No. R024-17** on or before July 15 of that year. The insurer shall

pay all subsequent annual fees *set forth in section 1 of LCB File No. R024-17* not later than July 1 of each year.

(b) After July 1, the insurer shall pay the annual fee ~~[determined by the Commissioner pursuant to subsection 6 of NRS 680C.110, as amended by section 4 of Assembly Bill No. 486, chapter 480, Statutes of Nevada 2015, at page 2833,]~~ *set forth in section 1 of LCB File No. R024-17* not later than 30 days after the insurer pays the initial fee. The insurer shall pay all subsequent annual fees *set forth in section 1 of LCB File No. R024-17* not later than July 1 of each year.

3. An insurer who fails to pay the annual fee *set forth in section 1 of LCB File No. R024-17* by the date the fee is due is subject to an administrative fine of not less than \$25 for each day the fee remains unpaid.

**Sec. 4.** Section 13 of LCB File No. R001-16 is hereby amended to read as follows:

Sec. 13 1. Each year before the amount of the annual fee is determined by the Commissioner pursuant to subsection 6 of NRS 680C.110, as amended by section 4 of Assembly Bill No. 486, chapter 480, Statutes of Nevada 2015, at page 2833, *and set forth in section 1 of LCB File No. R024-17*, the Commissioner will hold a public meeting to present the budget of the Division as approved by the Legislature and the proposed amount of the annual fee. Notice of the meeting must be posted:

- (a) At least 5 working days before the meeting; and
- (b) At a minimum:

- (1) At the Grant Sawyer Office Building located at 555 East Washington Avenue, Las Vegas, Nevada, the Legislative Building and all offices of the Division; and

(2) In the location established on the official website of the State pursuant to NRS 232.2175 and on the official website of the Division.

2. In addition to the notice posted pursuant to subsection 1, the Commissioner will also send a notice of the meeting to each person included on the mailing list that the Division is required to maintain pursuant to paragraph (e) of subsection 1 of NRS 233B.0603.

**Sec. 5.** Section 14 of LCB File No. R001-16 is hereby amended to read as follows:

Sec. 14 1. On or before April 30 of each even-numbered year, the Commissioner will hold a public meeting to present his or her preliminary budget request to be submitted for inclusion in the executive budget pursuant to the guidelines determined by the Office of Finance. Notice of the meeting must be posted at least 5 working days before the meeting.

2. The preliminary budget request presented by the Commissioner must:

(a) To the extent practicable, contain:

(1) Base budget expenditures, including, without limitation, expenditures relating to personnel, operations, equipment and technology and other expenses necessary for the efficient and effective functioning of the Division as a regulatory agency; and

(2) Recommended enhancements to the budget.

(b) Provide any estimated change to the annual fee ~~{determined by the Commissioner pursuant to subsection 6 of NRS 680C.110, as amended by section 4 of Assembly Bill No. 486, chapter 480, Statutes of Nevada 2015, at page 2833,}~~ *set forth in section 1 of LCB File No. R024-17* and the reason therefor.

3. The public meeting held pursuant to this section must provide all interested parties with an opportunity to comment on the preliminary budget request.

**Sec. 6.** This regulation becomes effective on July 1, 2019, or upon filing with the Secretary of State, whichever occurs later.

**LEGISLATIVE REVIEW OF ADOPTED REGULATIONS  
INFORMATIONAL STATEMENT AS REQUIRED BY NRS 233B.066**

LCB FILE NO. R024-17

The following statement is submitted by the State of Nevada, Department of Business and Industry, Division of Insurance (“Division”) for adopted amendments to Nevada Administrative Code (“NAC”) Chapter 680C.

1. A clear and concise explanation of the need for the adopted regulation.

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 fees were eliminated with the intent of capturing these fees through the one fee for administrative efficiency. In developing the fee structure, 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 by the Commissioner on April 27, 2016, and filed with the Secretary of State on June 28, 2016, created the framework for the Division to develop the fee structure, imposing the time period when the Division must notify carriers of the annual fee, and a requirement that public meetings be held to present the preliminary budget. This regulation is the next step to implement the annual fees to be assessed against certain companies.

The purpose of the regulation is to establish the fees 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. A description of how public comment was solicited, a summary of public response, and an explanation of how other interested persons may obtain a copy of the summary.

- (a) A description of how public comment was solicited:

Public comment was solicited by e-mailing the proposed regulation, notice of workshop, notice of intent to act upon the regulation, and small business impact statement, to persons on the Division’s mailing list requesting notification of proposed regulations. The documents were also made available on the website of the Division, <http://doi.nv.gov/>, mailed to the main library for each county in Nevada, and posted at the following locations:

Nevada Division of Insurance  
1818 East College Parkway, Suite 103  
Carson City, Nevada 89706

Nevada Division of Insurance  
3300 West Sahara Avenue, Suite 275  
Las Vegas, Nevada 89102

Legislative Building  
401 South Carson Street  
Carson City, Nevada 89701

Nevada State Business Center  
3300 West Sahara Avenue  
Las Vegas, Nevada 89102

Blasdel Building  
209 East Musser Street  
Carson City, Nevada 89701

Grant Sawyer Building  
555 East Washington Avenue  
Las Vegas, Nevada 89101

Capitol Building  
101 North Carson Street  
Carson City, Nevada 89701

Nevada Department of Employment,  
Training and Rehabilitation  
2800 E. Saint Louis Avenue  
Las Vegas, Nevada 89104

Public comment was also solicited at the workshop held on October 3, 2017, and at the hearing held on October 18, 2017. The public meetings took place at the offices of the Division, 1818 East College Parkway, Carson City, Nevada 89706, with simultaneous videoconferencing to the Nevada State Business Center, 3330 West Sahara Avenue, Las Vegas, Nevada 89102.

(b) A summary of the public response:

There were no public comments submitted to the Division.

(c) An explanation of how other interested persons may obtain a copy of the summary:

The summary in part 2(b) above reflects the comments and testimony that transpired with regard to regulation R024-17. A copy of said summary may be obtained by contacting Laurie Squartsoff, at (775) 687-0700 or [lsquartsoff@doi.nv.gov](mailto:lsquartsoff@doi.nv.gov). This summary will also be made available by e-mail request to [insinfo@doi.nv.gov](mailto:insinfo@doi.nv.gov).

3. The number of persons who:

(a) Attended each hearing: 0.

(b) Testified at each hearing: 0.

(c) Submitted to the agency written statements: 0.

4. A list of names and contact information, including telephone number, business address, business telephone number, electronic mail address, and name of entity or organization represented, for each person identified above in #3 (b) and (c), as provided to the agency:

Name	Entity/Organization Represented	Business Address	Telephone No./ Business Telephone No.	E-Mail Address
N/A				

5. A description of how comment was solicited from affected businesses, a summary of their responses, and an explanation of how other interested persons may obtain a copy of the summary.

Comments were solicited from affected businesses in the same manner as they were solicited from the public. Please see the description, summary and explanation provided above in response to question #2.

6. If after consideration of public comment the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.

The proposed regulation was adopted as presented, as the Division anticipates the annual fees in the regulation will fund the Division's administration and enforcement operations.

7. (a) The estimated economic effect of the adopted regulation on the business which it is to regulate:

(1) Both adverse and beneficial effects: The legislative history of this regulation anticipated that it would take a few budget cycles to transition to this flexible annual fee model.

(2) Both immediate and long-term effects: There is a slight increase in annual fees due to other fees being eliminated, and the examination override fee is not being charged in exchange for incorporating those fees into the annual fee to spread the costs more equitably across more companies.

(b) The estimated economic effect of the adopted regulation on the public:

(1) Both adverse and beneficial effects: None.

(2) Both immediate and long-term effects: None.

8. The estimated cost to the agency for enforcement of the adopted regulation.

There are no direct costs but the Division is now required to review fees annually based on the Division's proposed budget, and hold public meetings.

9. A description of any regulations of other state or government agencies which the proposed regulation overlaps or duplicates, and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency. N/A

10. If the regulation includes provisions that are more stringent than a federal regulation which regulates the same activity, a summary of those provisions. N/A

11. If the regulation establishes a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

The Division anticipates collecting \$3.5M in fees from the Administration and Enforcement Assessment in FY2019.