

**NOTICE OF WORKSHOP
TO SOLICIT COMMENTS ON PROPOSED REGULATIONS
AND
WORKSHOP AGENDA**

The State of Nevada, Department of Business and Industry, Division of Insurance (“Division”) is proposing the adoption, amendment or repeal of regulations pertaining to chapter 680C of the Nevada Administrative Code (“NAC”). A workshop has been set for **1:30 p.m. on October 3, 2017**, at the following location:

**1st Floor Hearing Room
Nevada Division of Insurance
1818 E. College Parkway, Suite 103
Carson City, Nevada 89706**

Interested persons may also participate through a simultaneous videoconference conducted at:

**4th Floor Nevada Room
Nevada State Business Center
Nevada Division of Insurance
3300 W. Sahara Avenue, Suite 275
Las Vegas, Nevada 89102**

The purpose of the workshop is to solicit comments from interested persons on the following general topic(s) that may be addressed in the proposed regulation(s); and to assist in determining whether the proposed regulation(s) is likely to impose a direct and significant burden upon a small business or directly restricts the formation, operation or expansion of a small business. Please submit any written comments no later than **September 26, 2017**.

LCB File No. R024-17. Annual Fees.

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

A copy of all materials relating to the proposal(s) may be obtained at the workshop or by visiting the Division’s Internet Web site at <http://doi.nv.gov/> or by contacting the Division, 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706, (775) 687-0700. A reasonable fee for copying may be charged. Members of the public who would like additional information about a proposed regulation may contact Susan Bell at (775) 687-0704, or via e-mail to suebell@doi.nv.gov.

Notice of the workshop was provided via electronic means to all persons on the agency’s e-mail list for noticing of administrative regulations. This *Notice of Workshop to Solicit Comments on Proposed Regulations* was posted to the agency’s Internet Web site at <http://doi.nv.gov/>, the Nevada Legislature’s Internet Web site at <http://www.leg.state.nv.us>, and at the following locations:

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

Legislative Building
401 South Carson Street
Carson City, Nevada 89701

Blasdel Building
209 East Musser Street
Carson City, Nevada 89701

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

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

Douglas County Library
P.O. Box 337
Minden, Nevada 89423

Esmeralda County Library
P.O. Box 430
Goldfield, Nevada 89013

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

Las Vegas-Clark County Library District
7060 W. Windmill Lane
Las Vegas, NV 89113

Lyon County Library
20 Nevin Way
Yerington, Nevada 89447

Pershing County Library
P.O. Box 781
Lovelock, Nevada 89419
Tonopah Public Library
P.O. Box 449
Tonopah, Nevada 89049

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

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

Capitol Building Main Floor
101 North Carson Street
Carson City, Nevada 89701

Nevada State Library & Archives
100 North Stewart Street
Carson City, Nevada 89701

Churchill County Library
553 South Main Street
Fallon, Nevada 89406

Elko County Library
720 Court Street
Elko, Nevada 89801

Eureka Branch Library
P.O. Box 293
Eureka, Nevada 89316

Lander County Library
P.O. Box 141
Battle Mountain, Nevada 89820

Lincoln County Library
P.O. Box 330
Pioche, Nevada 89043-0330


Mineral County Public Library
P.O. Box 1390
Hawthorne, Nevada 89415

Storey County Clerk
P.O. Drawer D
Virginia City, Nevada 89440
Washoe County/Downtown Reno Library
P.O. Box 2151
Reno, Nevada 89505-2151

White Pine County Library
950 Campton Street
Ely, Nevada 89301

Members of the public who are disabled and require special accommodations or assistance at the workshop are requested to notify the Commissioner's secretary, in writing, no later than five (5) working days before the workshop: 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706; or suebell@doi.nv.gov.

DATED this 15th day of September, 2017.



BARBARA D. RICHARDSON
Commissioner of Insurance

WORKSHOP AGENDA

The State of Nevada, Department of Business and Industry, Division of Insurance

October 3, 2017 • 1:30 p.m.

Location of Workshop:

Nevada Division of Insurance
1818 E. College Pkwy., 1st Floor Hearing Room
Carson City, NV 89706
(Division Offices located in Suite 103)

Available via Videoconference at:

Nevada Division of Insurance
3300 W. Sahara Ave., 4th Floor Nevada Room
Las Vegas, NV 89102
(Division Offices located in Suite 275)

1. Open Workshop: R024-17.
2. Presentation and Discussion of Proposed Regulation. (For Possible Action)

LCB File No. R024-17. Annual Fees.

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

3. Public Comment.
4. Close Workshop: R024-17.
5. Adjournment.

Supporting public material for this workshop may be requested from Susan Bell, Legal Secretary, Nevada Division of Insurance, 1818 E. College Parkway, Carson City, Nevada 89706, (775) 687-0704, or suebell@doi.nv.gov.

Note: Any agenda item may be taken out of order; items may be combined for consideration by the public body; items may be pulled or removed from the agenda at any time; and, discussion relating to an item may be delayed or continued at any time. The Hearing Officer, within his/her discretion, may allow for public comment on individual agenda items. Public comment may be limited to three minutes per speaker.

Members of the public are encouraged to submit written comments for the record.

We are pleased to make reasonable accommodations for attendees with disabilities. Please notify the Commissioner's secretary, in writing, no later than five (5) working days before the workshop: 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706, or suebell@doi.nv.gov.

NOTICES FOR THIS WORKSHOP HAVE BEEN POSTED IN ACCORDANCE WITH NRS 241 AT THE FOLLOWING LOCATIONS:

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

Nevada State Business Center, 3300 W. Sahara Avenue, Las Vegas, Nevada 89102

Nevada State Legislative Building, 401 S. Carson Street, Carson City, Nevada 89701

Grant Sawyer State Office Building, 555 E. Washington Avenue, Las Vegas, Nevada 89101

Blasdel State Office Building, 209 E. Musser Street, Carson City, Nevada 89701

Nevada State Capitol, 101 N. Carson Street, Carson City, Nevada 89701

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

The State of Nevada Website (www.nv.gov)

The Nevada State Legislature Website (www.leg.state.nv.us)

The Nevada Division of Insurance Website (www.doi.nv.gov)

REVISED PROPOSED REGULATION OF
THE COMMISSIONER OF INSURANCE

LCB File No. R024-17

September 5, 2017

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.

**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))

(DATE)

9/15/17


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.

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)



BARBARA D. RICHARDSON
Commissioner of Insurance