

**NOTICE OF INTENT TO ACT UPON REGULATION  
AND  
HEARING AGENDA**

Notice of Hearing for the Adoption, Amendment or Repeal of Regulations of  
The Department of Business and Industry, Division of Insurance

The State of Nevada, Department of Business and Industry, Division of Insurance (“Division”), (775) 687-0700, will hold a public hearing at **9:30 a.m. on September 9, 2016**, in the 1<sup>st</sup> Floor Hearing Room at the Division’s offices located at 1818 East College Parkway, Suite 103, Carson City, Nevada 89706. Interested persons may also participate through a simultaneous videoconference conducted in the 3<sup>rd</sup> floor conference room at the Division’s offices located in the Bradley Building, 2501 East Sahara Avenue, Suite 302, Las Vegas, Nevada 89104. The purpose of the hearing is to receive comments from all interested persons regarding the adoption, amendment or repeal of the regulation(s) that pertain(s) to **chapter(s) 683A** of the Nevada Administrative Code (“NAC”).

The following information is provided pursuant to the requirements of Nevada Revised Statute (“NRS”) 233B.0603 and the directives of the Governor:

**LCB File No. R075-16. Reporting Requirements of Third Party Administrators.**  
(NAC 683A)

A REGULATION relating to insurance; revising provisions relating to bond filing requirements for persons involved in the sale or administration of insurance; and providing other matters properly relating thereto.

- (1) Why is the regulation necessary and what is its purpose? *The purpose of the regulation is to amend NAC 683A.155 as a result of changes made to NRS 683A.08528 during the 2015 legislative session.*
- (2) What are the terms or substance of the proposed regulation? *Subsection 4 of NAC 683A.155 contains a requirement to report annually the amount of money the administrator handled during the preceding fiscal year. However, this reporting requirement was included in an amendment to NRS 683A.08528 during the 2015 legislative session. Therefore, the reporting requirement described in NAC 683A.155(4) must be eliminated. Also, the proposed regulation seeks to amend certain terminology contained NAC 683A.155 to match the terminology used in the enrolled version of NRS 683A.08528.*
- (3) What is the anticipated impact of the regulation on the problem(s)? *Amend current regulation as reporting requirement contained in subsection 4 of NAC 683A.155 has been eliminated.*
- (4) Do other regulations address the same problem(s)? *No.*
- (5) Are alternate forms of regulation sufficient to address the problem(s)? *No.*

(6) What value does the regulation have to the public? *Proposed regulation eliminates the reporting requirement described in NAC 683A.155 thereby changing the number of reports to be filed by administrators annually from two to one.*

(7) What is the anticipated economic benefit of the regulation?

- a. Public
  - 1. Immediate: *N/A*
  - 2. Long Term: *N/A*
- b. Insurance Business
  - 1. Immediate: *N/A*
  - 2. Long Term: *N/A*
- c. Small Businesses
  - 1. Immediate: *N/A*
  - 2. Long Term: *N/A*
- d. Small Communities
  - 1. Immediate: *N/A*
  - 2. Long Term: *N/A*
- e. Government Entities
  - 1. Immediate: *N/A*
  - 2. Long Term: *N/A*

(8) What is the anticipated adverse impact, if any?

- a. Public
  - 1. Immediate: *N/A*
  - 2. Long Term: *N/A*
- b. Insurance Business
  - 1. Immediate: *N/A*
  - 2. Long Term: *N/A*
- c. Small Businesses
  - 1. Immediate: *N/A*
  - 2. Long Term: *N/A*
- d. Small Communities
  - 1. Immediate: *N/A*
  - 2. Long Term: *N/A*
- e. Government Entities
  - 1. Immediate: *N/A*

2. Long Term: *N/A*

(9) What is the anticipated cost of the regulation, both direct and indirect?

- a. Enactment: *None*
- b. Enforcement: *None*
- c. Compliance: *None*

(10) Does the regulation establish a new fee or increase an existing fee? *No.*

(11) Provide a statement which identifies the methods used by the agency in determining the impact of the proposed regulation on a small business, prepared pursuant to subsection 3 of NRS 233B.0608. *N/A*

(12) Provide a description of any regulations of other state or local governmental 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, state the name of the regulating federal agency. *The proposed regulation does not overlap or duplicate a federal, state or local regulation.*

(13) If the regulation is required pursuant to federal law, provide a citation and description of the federal law. *N/A*

(14) If the regulation includes provisions which are more stringent than a federal regulation that regulates the same activity, provide a summary of such provisions. *N/A*

Persons wishing to comment upon the proposed action of the Division may appear at the scheduled public hearing or may address their comments, data, views or arguments, in written form, to the Division, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706. **Written submissions must be received by the Division on or before September 2, 2016.** If no person who is directly affected by the proposed action appears to request time to make an oral presentation, the Division may proceed immediately to act upon any written submissions.

A copy of this notice and the regulation will be on file at the State Library, 100 North Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the regulation will be available at the offices of the Division, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706, and 2501 East Sahara Avenue, Suite 302, Las Vegas, Nevada 89104, and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. This notice and the text of the proposed regulation are also available in the State of Nevada Register of Administrative Regulations, which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653, and on the Internet at <http://leg.state.nv.us/register/>. Copies of this notice and the proposed regulation will be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary. This does not apply to a public body subject to the Open Meeting Law.

Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, shall issue a concise statement of the principal reasons for and against its adoption, and incorporate therein its reason for overruling the consideration urged against its adoption.

Notice of the hearing was provided via electronic means to all persons on the agency's e-mail list for administrative regulations, and this Notice of Intent to Act Upon Regulation was posted to the agency's Internet Web site at <http://doi.nv.gov/> and was provided to or posted at the following locations:

Department of Business and Industry  
Division of Insurance  
1818 East College Parkway, Suite 103  
Carson City, Nevada 89706

Department of Business and Industry  
Division of Insurance  
2501 East Sahara Avenue, Suite 302  
Las Vegas, Nevada 89104

Legislative Building  
401 South Carson Street  
Carson City, Nevada 89701

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

Blasdel Building  
209 East Musser Street  
Carson City, Nevada 89701

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

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

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

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

Churchill County Library  
553 South Main Street  
Fallon, Nevada 89406

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

Elko County Library  
720 Court Street  
Elko, Nevada 89801

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

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

Humboldt County Library  
85 East 5<sup>th</sup> Street  
Winnemucca, Nevada 89445

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

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

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

Lyon County Library  
20 Nevin Way  
Yerington, Nevada 89447

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

Pershing County Library  
P.O. Box 781  
Lovelock, Nevada 89419

Storey County Clerk  
P.O. Drawer D  
Virginia City, Nevada 89440

Tonopah Public Library  
P.O. Box 449  
Tonopah, Nevada 89049

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 would like additional information about the proposed regulation may contact Terri Chambers, Chief of the Self-Insured Workers' Compensation Section, at (775) 687-0777, or via e-mail to [tchambers@doi.nv.gov](mailto:tchambers@doi.nv.gov).

Members of the public who are disabled and require special accommodations or assistance at the hearing are requested to notify the Commissioner's secretary in writing to [icommish@doi.nv.gov](mailto:icommish@doi.nv.gov), or at 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706, or by calling (775) 687-0771, no later than five (5) working days before the meeting.

DATED this 3<sup>rd</sup> day of August, 2016.

  
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BARBARA D. RICHARDSON  
Commissioner of Insurance

## HEARING AGENDA

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

**September 9, 2016 • 9:30 a.m.**

<b>Location of Hearing:</b> Office of the Division of Insurance 1818 E. College Pkwy., 1 <sup>st</sup> Floor Hearing Room Carson City, NV 89706 (Division Offices located in Suite 103)	<b>Available via Videoconference at:</b> Office of the Division of Insurance 2501 E. Sahara Ave., 3 <sup>rd</sup> Floor Conference Room Las Vegas, NV 89104 (Division Offices located in Suite 302)
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- 1. Call to Order: R071-16.**
- 2. Presentation, Discussion and Adoption of Proposed Regulation. (For Possible Action)**

**LCB File No. R071-16. Publication Cost and Assessment Notification.**  
(NAC 616B)

A REGULATION relating to industrial insurance; revising provisions concerning the pricing and availability of certain materials adopted by reference by the Commissioner of Insurance; revising certain provisions relating to the notice provided by the Commissioner to certain self-insured employers and associations of self-insured employers concerning the obligation to pay certain annual assessments; and providing other matters properly relating thereto.

- 3. Public Comment.**

- 4. Closure: R071-16.**

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- 5. Call to Order: R075-16.**

- 6. Presentation, Discussion and Adoption of Proposed Regulation. (For Possible Action)**

**LCB File No. R075-16. Reporting Requirements of Third Party Administrators.**  
(NAC 683A)

A REGULATION relating to insurance; revising provisions relating to bond filing requirements for persons involved in the sale or administration of insurance; and providing other matters properly relating thereto.

- 7. Public Comment.**

- 8. Closure: R075-16.**

- 9. Adjournment.**

Supporting public material for this meeting may be requested from Sue Bell, Legal Secretary, Nevada Division of Insurance, 1818 E. College Parkway, Carson City, Nevada 89706, by e-mail to [suebell@doi.nv.gov](mailto:suebell@doi.nv.gov), or by calling (775) 687-0704.

Note: Any agenda item may be taken out-of-order; items may be combined for consideration by the public body; and items may be pulled or removed from the agenda 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 Assistant, at (775) 687-0771, no later than five (5) working days before the meeting.

NOTICES FOR THIS MEETING 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 Division of Insurance, 2501 E. Sahara Avenue, Suite 302, Las Vegas, Nevada 89104

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](http://www.nv.gov))

The Nevada State Legislature Website ([www.leg.state.nv.us](http://www.leg.state.nv.us))

The Nevada Division of Insurance Website ([www.doi.nv.gov](http://www.doi.nv.gov))

**PROPOSED REGULATION OF THE  
COMMISSIONER OF INSURANCE**

**LCB File No. R075-16**

June 23, 2016

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

AUTHORITY: §1, NRS 679B.130 and 683A.0857.

A REGULATION relating to insurance; revising provisions relating to bond filing requirements for persons involved in the sale or administration of insurance; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Existing law requires each administrator to file with the Commissioner of Insurance a bond in favor of the State of Nevada in an amount to be determined by the Commissioner. (NRS 683A.0857) Under existing regulations, the amount of the bond required for each administrator pursuant to NRS 683A.0857 must be increased according to a schedule for each \$1,000,000 received and distributed by the administrator during an average month. Existing regulations also require each administrator to file annually with the Commissioner a report stating the total amount of money received and distributed during the preceding fiscal year. (NAC 683A.155) This regulation deletes the annual filing requirement because Senate Bill No. 67 of the 2015 Legislative Session added this reporting requirement to existing statutory provisions governing annual reports which administrators are required to file with the Commissioner.

**Section 1.** NAC 683A.155 is hereby amended to read as follows:

683A.155 1. Except as otherwise provided in subsection 3, and in addition to the amount prescribed by statute, the amount of the bond for each administrator must be increased as follows for each \$1,000,000 ~~received and distributed~~ *of the total amount of money handled* by the administrator within this State during an average month:



Amount <del>{Received and Distributed}</del> <i>of Money Handled</i>	Total Amount of Bond
\$1,000,000 or less .....	\$100,000
More than \$1,000,000, but less than \$2,000,000 .....	200,000
\$2,000,000 or more, but less than \$3,000,000 .....	300,000
\$3,000,000 or more, but less than \$4,000,000 .....	400,000
\$4,000,000 or more, but less than \$5,000,000 .....	500,000
\$5,000,000 or more .....	10 percent of the amount <del>{received and distributed,}</del> <i>of money handled</i> , but not more than \$1,000,000

2. If the Commissioner finds that the increased bonds are unavailable, the Division will accept proof of coverage over \$100,000 in the additional amounts specified in subsection 1 under a fidelity policy and a policy which covers the errors and omissions of the administrator or his or her employees. The policies must be reviewed and approved by the Division and provide for notice to the Division 90 days before their cancellation or nonrenewal. Proof of the increases in the bond or the policies of insurance must be furnished to the Division within 30 days after the increase.

3. If an administrator is not authorized to issue a check or draft and only handles claims for the person employing him or her, the administrator is only required to maintain the bond for \$100,000.

4. For the purposes of this section, the amount of money ~~{received and distributed}~~ *handled* by the administrator during an average month is the total amount of money ~~{received and distributed by him or her}~~ *handled by the administrator on behalf of contracted entities in connection with his or her activities as an administrator* in this State during a fiscal year, divided by 12. ~~{Within 90 days after the end of his or her fiscal year, each administrator shall file with the Commissioner a report stating the total amount of money so received and distributed during the preceding fiscal year. The report:~~

~~— (a) Must be certified by an officer or partner of the administrator, if it is a corporation or partnership; and~~

~~— (b) If there is any change in the required amount of the bond because of an increase or decrease in the amount of money received and distributed by the administrator, must be accompanied by a replacement bond in the appropriate amount.}~~

5. An administrator may submit a certificate of deposit from a financial institution in this State that is insured federally, made payable to the Commissioner of Insurance and the administrator, in lieu of the bond required by NRS 683A.0857. The certificate of deposit must:

(a) State that the amount of the deposit is unavailable for withdrawal except upon the signed authorization of the Division; and

(b) Be accompanied by a statement or letter from the issuing financial institution which verifies that:

(1) The requisite amount of money is being held to satisfy the requirement for a deposit; and

(2) The amount of the deposit is unavailable for withdrawal except upon the signed authorization of the Division.



STATE OF NEVADA DEPARTMENT OF BUSINESS & INDUSTRY  
DIVISION OF INSURANCE

Determination of Necessity - Small Business Impact Statement

LCB File No. R075-16

EFFECTIVE DATE OF REGULATION:

Upon filing with the Nevada Secretary of State

1. BACKGROUND

Senate Bill No. 67 of the 2015 legislative session included a provision to amend NRS 683A.08528. That amendment changed the due date for filing annual reports from a recurrent date of July 1 to a date 90 days from the end of the fiscal year of the administrator. The Division also revised the statute to include a reporting requirement contained in NAC 683A.155, thereby making the reporting requirement in subsection 4 of NAC 683A.155 obsolete and reducing the number of annual filings due from administrators from two to one. Finally, other changes are proposed to NAC 683A.155 to amend certain terminology to match the revisions made to NRS 683A.08528. The amendment to NAC 683A.155 is needed to eliminate the reporting requirement and to change certain terminology to match NRS 683A.08528.

2. DESCRIPTION OF SOLICITATION

Amendment of the regulation is needed to reflect changes made to NRS 683A.08528 during the 2015 legislative session. Small business owners were not solicited for feedback regarding this proposed regulation.

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)

The Division did not communicate with small businesses to determine the impact the proposed regulation would have on their operations. The purpose of the proposed regulation is to update NAC 683A.155 to comply with changes to statute. The statute as passed during the 2015 legislative session contained a provision to reduce the number of reports to be filed by third-party administrators each year. The statute assumed certain cost benefits as a result of the reduction in the number of required reports. The proposed regulation reflects the cost benefit to third-party administrators of all sizes.

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)

6/30/16  
(DATE)

BARBARA D. RICHARDSON  
BARBARA D. RICHARDSON  
Commissioner of Insurance


Small Business Impact Statement

LCB File No. R075-16

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)

6/30/14  
(DATE)

  
BARBARA D. RICHARDSON  
Commissioner of Insurance