

## 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 January 22, 2018**, in the 1<sup>st</sup> Floor Hearing Room, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706. Interested persons may also participate through a simultaneous videoconference conducted in the 4<sup>th</sup> Floor Nevada Room at the Nevada State Business Center/Division of Insurance, 3300 West Sahara Avenue, Suite 275, Las Vegas, Nevada 89102. The purpose of the hearing is to receive comments from all interested persons regarding the adoption, amendment or repeal of regulations pertaining to chapter 683A of the Nevada Administrative Code (“NAC”).

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

**LCB File No. R087-17. Third Party Administrator Parental Guaranty and Notification Requirements.** A regulation relating to insurance; requiring certain applicants for a certificate of registration as an administrator to submit certain financial statements; authorizing certain applicants for a certificate of registration as an administrator to submit the financial statement of the parent company of such an applicant; requiring the financial statements submitted by an applicant for a certificate of registration as an administrator to contain certain information; requiring an administrator to notify the Commissioner of Insurance of certain changes within 30 days after the change occurs; and providing other matters properly relating thereto.

(1) Why is the regulation necessary and what is its purpose?

*Section 1 of the proposed regulation allows Administrators to submit parent company financials statements and a parental guaranty in lieu of the requirement to submit their own financial statements. This standard was added to NRS 683A.08528 during the 2015 Legislative Session. The proposed permanent regulation adds this standard to current regulation to match the statute.*

*Section 2 of the proposed regulation requires Administrators to notify the Commissioner of any change in mailing address or physical location within 30 days of a change. In addition, the proposed regulation requires that an Administrator submit biographical affidavits for any changes in officers, owners, or directors within 30 days of a change. With the speed of electronic communications and the ability to utilize electronic notaries under State of Nevada Law, these changes will improve the ability to regulate Administrator on a timelier basis.*

*Section 3 of the proposed regulation adds a reference to NRS 683A.08522, clarifying the contents of a financial statement required of an applicant for a certificate of registration as an Administrator.*

(2) What are the terms or substance of the proposed regulation?

*The proposed regulation allows Administrators an alternative method of providing evidence of sound financial condition. The proposed regulation also strengthens the requirements for the Commissioner to be notified when a change has occurred in an Administrator's business structure. Section 3 provides clarification regarding the contents of a financial statement required of an applicant for a certificate of registration as an Administrator.*

(3) What is the anticipated impact of the regulation on the problem(s)?

*Current regulation will match the standard added during the 2015 Legislative Session. Section 2 will result in improved notification regarding certain changes to an Administrator's operations. Section 3 will provide clear guidance to potential Administrator applicants.*

(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?

*A guaranty from the parent company of certain Administrators will ensure that an Administrator is financially sound, thereby protecting the public from harm. By providing the Division with timely notice of a change in the mailing address or physical location of an Administrator, the Division will have up to date records which are, in turn, available to the public. Applicants for a certificate of registration as an Administrator will have clear guidance regarding the content of the required financial statements.*

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

a. Public

1. Immediate: *None anticipated.*
2. Long Term: *None anticipated.*

b. Insurance Business

1. Immediate: *None anticipated.*
2. Long Term: *None anticipated.*

c. Small Businesses

1. Immediate: *None anticipated.*
2. Long Term: *None anticipated.*

- d. Small Communities
  - 1. Immediate: *None anticipated.*
  - 2. Long Term: *None anticipated.*
- e. Government Entities
  - 1. Immediate: *None anticipated.*
  - 2. Long Term: *None anticipated.*

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

- a. Public
  - 1. Immediate: *None*
  - 2. Long Term: *None*
- b. Insurance Business
  - 1. Immediate: *None*
  - 2. Long Term: *None*
- c. Small Businesses
  - 1. Immediate: *None*
  - 2. Long Term: *None*
- d. Small Communities
  - 1. Immediate: *None*
  - 2. Long Term: *None*
- e. Government Entities
  - 1. Immediate: *None*
  - 2. Long Term: *None*

(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?

*The adoption of this proposed regulation would not establish a new fee or increase an existing fee.*

(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.

*Analysis was performed by Terri Chambers, Chief Insurance Examiner for the regulation of Third-Party Administrators. She examined existing and proposed regulations, and reviewed the list*

*of all third-party administrators who have requested that the Division consider a parental guaranty in lieu of the financial statement of the administrator. Generally speaking, Administrators who request acceptance of parent company financial statements are part of large corporations that are national or global in size. Ms. Chambers consulted with colleagues and determined that there is little likelihood that the proposed permanent regulation would have an effect on small businesses.*

*Ms. Chambers also performed an analysis of the notification requirements contained in Section 2. In consulting with colleagues and current third-party administrators, Ms. Chambers determined that the proposed permanent regulation would have little or no beneficial or adverse effect on small businesses.*

*Changes proposed in Section 3 would be helpful to businesses of all sizes as it adds clarity regarding the requirements for a certificate of registration as an Administrator.*

(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.

*None identified.*

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

*Not applicable.*

(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.

*Not applicable.*

Persons wishing to comment upon the proposed actions 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 January 15, 2018.** 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 to be adopted, amended or repealed 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 3300 West Sahara Avenue, Suite 275, Las Vegas, Nevada 89102, 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:

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 Main Floor  
101 North Carson Street  
Carson City, Nevada 89701

Nevada Department of Employment,  
Training and Rehabilitation  
2800 E. Saint Louis Avenue  
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 5th 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 Insurance Examiner for 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, no later than five (5) working days before the hearing: 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706, or [suebell@doi.nv.gov](mailto:suebell@doi.nv.gov).

DATED this 13<sup>th</sup> day of December, 2017.

  
\_\_\_\_\_  
BARBARA D. RICHARDSON  
Commissioner of Insurance

## HEARING AGENDA

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

**January 22, 2018 • 9:30 a.m.**

**Location of Hearing:**

Nevada Division of Insurance  
1818 E. College Pkwy., 1<sup>st</sup> 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., 4<sup>th</sup> Floor Nevada Room  
Las Vegas, NV 89102  
(Division Offices located in Suite 275)

1. Open Hearing: R087-17.
2. Presentation, Discussion and Adoption of Proposed Regulation. (For Possible Action)

**LCB File No. R087-17. Third Party Administrator Parental Guaranty and Notification Requirements.** A regulation relating to insurance; requiring certain applicants for a certificate of registration as an administrator to submit certain financial statements; authorizing certain applicants for a certificate of registration as an administrator to submit the financial statement of the parent company of such an applicant; requiring the financial statements submitted by an applicant for a certificate of registration as an administrator to contain certain information; requiring an administrator to notify the Commissioner of Insurance of certain changes within 30 days after the change occurs; and providing other matters properly relating thereto.

3. Public Comment.
4. Close Hearing: R087-17.
5. Open Hearing: R095-17.
6. Presentation, Discussion and Adoption of Proposed Regulation. (For Possible Action)

**LCB File No. R095-17. Financial Matters of Self-Insured Employers and Associations.** A regulation relating to industrial insurance; revising requirements concerning information and security deposits that must be submitted to the Commissioner of Insurance by self-insured employers and associations of self-insured employers; repealing the adoption by reference of certain publications and certain reporting requirements of self-insured employers and associations of self-insured employers; and providing other matters properly relating thereto.

7. Public Comment.
8. Close Hearing: R095-17.

9. Adjournment.

Supporting public material for this hearing 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](mailto: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 hearing: 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706, or [suebell@doi.nv.gov](mailto:suebell@doi.nv.gov).

NOTICES FOR THIS HEARING 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, 3300 W. Sahara Avenue, Suite 275, Las Vegas, Nevada 89102

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](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))



**REVISED PROPOSED REGULATION OF THE  
COMMISSIONER OF INSURANCE**

**LCB File No. R087-17**

December 6, 2017

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

AUTHORITY: §1, NRS 679B.130 and 683A.08522; §2, NRS 679B.130, 683A.08524 and 683A.0892; §3, NRS 679B.130.

A REGULATION relating to insurance; requiring certain applicants for a certificate of registration as an administrator to submit certain financial statements; authorizing certain applicants for a certificate of registration as an administrator to submit the financial statement of the parent company of such an applicant; requiring the financial statements submitted by an applicant for a certificate of registration as an administrator to contain certain information; requiring an administrator to notify the Commissioner of Insurance of certain changes within 30 days after the change occurs; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Existing law authorizes the Commissioner of Insurance to adopt reasonable regulations for the administration of the Nevada Insurance Code or as required to ensure compliance by the Commissioner with any federal law or regulation relating to insurance. (NRS 679B.130)

Existing law requires each application for a certificate of registration as an administrator to include a financial statement that is certified by an officer of the applicant. The financial statement must include: (1) the amount of money the applicant expects to collect from or disburse to residents of this State during the next calendar year; (2) financial information for the 90 days immediately preceding the date the application was filed with the Commissioner; and (3) an income statement and balance sheet for the 2 years immediately preceding the application that are prepared in accordance with generally accepted accounting principles. (NRS 683A.08522) Existing regulations require each applicant for a certificate of registration as an administrator, if the applicant is a newly formed business, to submit, in addition to the financial statement required by existing law, a pro forma balance sheet and a statement listing estimated income and expenses for the first year. (NAC 683A.105) **Section 1** of this regulation requires each applicant for a certificate of registration as an administrator to submit, if the applicant is not a newly

formed business, a financial statement that has been reviewed by an independent certified public accountant.

Existing law authorizes an administrator who is a wholly owned subsidiary of a parent company to submit to the Commissioner, in lieu of providing certain other information to the Commissioner for the annual report that the administrator is required to submit: (1) the financial statement of the parent company that has been audited by an independent certified public accountant; and (2) a parental guaranty which is signed by an officer of the parent company and which guarantees the financial solvency of the administrator. (NRS 683A.08528) **Section 1** authorizes an applicant for a certificate of registration as an administrator to satisfy the requirement to include a financial statement in an application for a certificate of registration as an administrator by submitting the financial statement of the parent company of such an applicant if the financial statement of the parent company: (1) is certified both by an officer of the applicant and by an officer of the parent company; (2) satisfies the requirements set forth in existing law; and (3) has been audited by an independent certified public accountant. **Section 1** further requires an applicant who submits the financial statement of the parent company to: (1) be a wholly owned subsidiary of the parent company; and (2) provide a parental guaranty of performance for a period of not less than 1 year. **Section 2** of this regulation makes conforming changes.

Existing regulations require the financial statement of an administrator to include: (1) a balance sheet that reports the assets, liabilities and net worth of the applicant; (2) an income statement that reports the revenue and expenses of the applicant; (3) a statement of cash flow; and (4) notes to the financial statement. (NAC 683A.131) **Section 1** requires the financial statement of an applicant or parent company to include such information as it applies to the applicant.

Existing law requires each application for a certificate of registration as an administrator to include a notarized affidavit from each person who manages or controls the administrator, including members, directors or officers, that contains certain information. (NRS 683A.08522) Existing regulations require an administrator to notify the Commissioner of any change in its members, owners, directors or officers within 90 days after the change. (NAC 683A.125) **Section 3** of this regulation requires an administrator to notify the Commissioner of any change in its members, owners, directors or officers within 30 days after the change. **Section 3** further requires the administrator to submit a notarized affidavit for each new member, owner, director, officer or any other person who manages or controls the administrator within 30 days after the change.

Existing law requires each application for a certificate of registration as an administrator to include the complete name and address of each office of the administrator, including offices located outside of this State. (NRS 683A.08522) **Section 3** requires an administrator to notify the Commissioner of any change in the physical location, the mailing address or the electronic mail address of an office of the administrator within 30 days after the change.

Existing regulations require an administrator to provide to the Commissioner a copy of each written agreement that the administrator enters into with an insurer or other entity within 90 days after he or she enters into the agreement. (NAC 683A.125) **Section 3** requires an administrator to provide to the Commissioner a copy of each written agreement that the administrator enters into with an insurer or other entity within 30 days after he or she enters into the agreement.

**Section 1.** NAC 683A.105 is hereby amended to read as follows:

683A.105 *1.* Each applicant for a certificate of registration as an administrator shall submit:

~~1.1~~ *(a)* If the applicant is a newly formed business, a pro forma balance sheet and a statement listing estimated income and expenses for the first year, compiled in a form which complies with generally accepted accounting principles.

~~1.2~~ *(b)* *If the applicant is not a newly formed business, a financial statement pursuant to subsection 2 of this section or subsection 1 of NRS 683A.08522, as applicable, that has been reviewed by an independent certified public accountant.*

*(c)* Evidence of the ability of the applicant to pay its obligations when they are due. The Division, in determining an applicant's ability to pay its obligations when due, will consider the capitalization and current financial condition of the applicant and may request credit reports of the applicant and the owners.

*2. Each applicant for a certificate of registration as an administrator may satisfy the requirements set forth in subsection 1 of NRS 683A.08522 by submitting a financial statement of the parent company of the applicant if:*

*(a) The applicant:*

*(1) Is a wholly owned subsidiary of the parent company; and*

*(2) Provides a parental guaranty of performance for a period of not less than 1 year which is signed by an officer of the parent company and which guarantees the financial solvency of the applicant; and*

*(b) The financial statement of the parent company:*

*(1) Is certified by an officer of the applicant and by an officer of the parent company;*

*(2) Satisfies the requirements set forth in subsection 1 of NRS 683A.08522; and*

*(3) Has been audited by an independent certified public accountant.*

*3. The financial statement of an applicant for a certificate of registration as an administrator submitted pursuant to subsection 2 of this section or subsection 1 of NRS 683A.08522, as applicable, must include:*

*(a) A balance sheet that reports the assets, liabilities and net worth of the applicant;*

*(b) An income statement that reports the revenues and expenses of the applicant;*

*(c) A statement of cash flow; and*

*(d) Notes to the financial statement.*

**Sec. 2.** NAC 683A.119 is hereby amended to read as follows:

683A.119 The Commissioner will consider the following to determine whether an administrator or an applicant for a certificate of registration as an administrator is financially unsound pursuant to NRS 683A.08524 or 683A.0892:

1. The administrator or applicant:

(a) Submits a financial statement to the Commissioner, pursuant to NRS 683A.08522 , ~~for~~ 683A.08528 ~~or~~ *or subsection 2 of NAC 683A.105*, reporting:

(1) The sum of its assets is less than the sum of its liabilities;

- (2) A recurring operating loss;
  - (3) Negative cash flow from operations; or
  - (4) A significant decrease in assets within a fiscal year or over a period of years;
- (b) Has defaulted on a loan or restructuring of debt;
  - (c) Has lost key personnel; or
  - (d) Has experienced an uninsured or underinsured catastrophe.
2. The administrator loses more than 50 percent of its contracts to act as an administrator within a fiscal year.
3. Adverse findings reported in examinations concerning the financial condition of the administrator or applicant that the Commissioner determines to be material.
4. Information and reports concerning the administrator or applicant from the Insurance Regulatory Information System of the National Association of Insurance Commissioners.
5. Whether the portfolio of assets of the administrator or applicant, when considered in light of the current economic conditions, is of sufficient value, liquidity or diversity to ensure the ability of the administrator or applicant to meet its outstanding obligations as those obligations mature.
6. An opinion issued by an independent certified public accountant that the administrator or applicant is unable to operate as a going concern.

**Sec. 3.** NAC 683A.125 is hereby amended to read as follows:

683A.125 An administrator shall:

- 1. Notify the Commissioner of any change in its members, owners, directors or officers within ~~90~~ 30 days after the change. *The administrator shall submit a notarized affidavit as*

*described in subsection 6 of NRS 683A.08522 for each new member, owner, director, officer or any other person who manages or controls the administrator within 30 days after the change.*

2. *Notify the Commissioner of any change in the physical location, the mailing address or the electronic mail address of an office of the administrator within 30 days after the change.*

3. Provide to the Commissioner a copy of each written agreement that the administrator enters into with an insurer or other entity within ~~90~~ 30 days after he or she enters into the agreement.

STATE OF NEVADA  
DEPARTMENT OF BUSINESS & INDUSTRY  
DIVISION OF INSURANCE

Determination of Necessity - Small Business Impact Statement  
NRS 233B.0608(1)

Third-Party Administrator Financial and Notification Requirements

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

1. BACKGROUND.

During the 2015 Legislative Session, a new provision was added to NRS 683A.08528 allowing Administrators to submit parent company financial statements and a parental guaranty in lieu of submitting their own financial statements. This proposed permanent regulation will incorporate this change into the current regulation. There are currently no existing regulations that require Administrators to notify the Division of a change of location or mailing address. Section 2 of the proposed permanent regulation strengthens the requirement for Administrators to notify the Commissioner of change in their operations, location or ownership. Current regulation does not specify the contents of a financial statement required of an Administrator. The proposed regulation adds reference to NRS 683A.08522, thereby extending the required content of financial statements to applicants for certificate of registration of Administrators.

2. DESCRIPTION OF SOLICITATION SHOWING A CONCERTED EFFORT. NRS 233B.0608(1).

Public comment will be solicited by e-mailing the proposed regulation, notice(s) of workshop, notice(s) of intent to act upon the regulation to persons on the Division's mailing list of persons or businesses who have requested notification of proposed regulations and to all Administrators currently holding a certificate of registration in Nevada. The documents will be made available on the website of the Division, <http://doi.nv.gov> and mailed to the main library for each county in Nevada. Both a workshop and hearing will be held after proper notice.

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).

Section 1 of the proposed regulation will amend the existing regulation to mirror changes made during the 2015 Legislative Session. Therefore, the economic burden on small business was not considered. The proposed regulation does, however, offer a means by which smaller businesses can qualify and remain qualified as an Administrator through the use of parent company financials and a parental guaranty. Section 2 of the proposed permanent regulation requires all Administrators,

regardless of size, to notify the Commissioner of any change in ownership, operations or location. The change is not anticipated to have an impact on small business and the benefits to the public at large would outweigh any affect the change may have on Administrators of any size. Section 3 is anticipated to have a beneficial effect to employers of all sizes as it provides greater clarity to potential applicants seeking a certificate of registration as an Administrator.

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))

8/14/17  
(DATE)

  
\_\_\_\_\_  
BARBARA D. RICHARDSON  
Commissioner of Insurance



**Small Business Impact Statement**  
**NRS 233B.0608(2)-(4) and 233B.0609**

**Third-Party Administrator Financial and Notification Requirements**

1. SUMMARY OF COMMENTS RECEIVED FROM SMALL BUSINESSES. NRS 233B.0609(1)(a).

As of the date of this certification, no comment has been received from small business, as the proposed regulation has not yet been shared with Administrators. See explanation of analysis below.

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](mailto:suebell@doi.nv.gov).

2. HOW WAS THE ANALYSIS CONDUCTED? NRS 233B.0609(1)(b).

Section 1 of the proposed regulation amends an existing regulation to match changes made to statute during the 2015 Legislative Session. Therefore, no comments were solicited and no analysis was conducted regarding the impact to small businesses. Analysis of Section 2 of the proposed regulation was conducted by Terri Chambers, Chief Insurance Examiner for regulation of third-party administrators. Ms. Chambers has been the chief of the section for 9 years. She examined a list of existing and proposed regulations and determined that the changes proposed in Section 2 would have little or no impact on the way that Administrators conduct their business. All notifications to the Commissioner can be done by electronic mail, and it is anticipated that the requirement to timely notify the Commissioner of any change in an Administrator's ownership, operations or location would have little or no economic impact on Administrators, regardless of size. Section 3 would benefit businesses of all sizes as it provides greater clarification of the requirements of potential applicants seeking certification as an Administrator.

3. ESTIMATED ECONOMIC EFFECT ON SMALL BUSINESSES THE REGULATION IS TO REGULATE. NRS 233B.0609(1)(c).

No adverse or beneficial effects are anticipated.

No direct or indirect effects are anticipated.

4. METHODS CONSIDERED TO REDUCE IMPACT ON SMALL BUSINESSES. NRS 233B.0609(1)(d).

None were considered.

5. ESTIMATED COST OF ENFORCEMENT. NRS 233B.0609(1)(e).

None anticipated.

6. FEE CHANGES. NRS 233B.0609(1)(f).

The proposed regulation does not create a new fee or change an existing fee.

7. DUPLICATIVE PROVISIONS. NRS 233B.0609(1)(g).

The proposed regulation does not duplicate any existing federal, state or local standards.

8. REASONS FOR CONCLUSIONS. NRS 233B.0609(1)(h).

Section 1 of the proposed permanent regulation will amend the current regulation to mirror changes made during the 2015 Legislative Session. Therefore, the economic burden on small business was not considered. The proposed regulation does, however, offer a means by which smaller businesses can qualify and remain qualified as an Administrator through the use of parent company financials and a parental guaranty. Section 2 of the proposed permanent regulation requires all Administrators, regardless of size, to notify the Commissioner of any change in ownership, operations or location. The change is not anticipated to have an impact on small business and the benefits to the public at large would outweigh any affect the change may have on Administrators of any size. Section 3 would benefit businesses of all sizes as it provides greater clarification of the requirements of potential applicants seeking certification as an Administrator.

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))

8/14/17  
(DATE)

BARBARA D. RICHARDSON  
Commissioner of Insurance