

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R156-24

July 23, 2024

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

AUTHORITY: § 1, NRS 679B.130, 694C.170 and 694C.240.

A REGULATION relating to insurance; revising provisions relating to information submitted with an application for licensure of captive insurers; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law requires a captive insurer applying for or renewing a license to transact insurance in this State to include its business plan with its application and to file a copy of an updated business plan with the Commissioner of Insurance when changes are made to the plan. (NRS 694C.240) Existing regulations prohibit a captive insurer from making any material change in the nature of its business plan from that stated in its plan filed with the Commissioner without prior approval of the Commissioner. (NAC 694C.270) Existing regulations also require that any change in information filed with an application for or renewal of a license of a captive insurer, other than a change to its business plan, be submitted to the Commissioner as soon as practicable. (NAC 694C.270) This regulation: (1) revises what constitutes a material change for a captive insurer other than a state-chartered risk retention group; and (2) maintains what constitutes a material change for a captive insurer who is a state-chartered risk retention group. This regulation also requires any change in information filed with an application for or renewal of a license of a captive insurer, other than a change to its business plan, to be submitted to the Commissioner within 60 days after the change rather than as soon as practicable.

Section 1. NAC 694C.270 is hereby amended to read as follows:

694C.270 1. A captive insurer shall not, without the prior approval of the Commissioner, make any material change in the nature of its business from that stated in its plan of operation filed with the Commissioner.

2. *For a captive insurer, other than a state-chartered risk retention group, a material change is any change in the nature of its business that increases the actuarially determined premium by 15 percent or more.*

3. *For a state-chartered risk retention group a material change includes, without limitation:*

(a) The entry into any agreement to cede reinsurance;

(b) The entry into any agreement to assume reinsurance;

(c) The termination of an existing reinsurance treaty, except at its natural expiration as stated within the contract of reinsurance;

(d) The writing of a new line of business;

(e) The exit from an existing line of business;

(f) Any change to limits of coverage written; or

(g) The expansion into a new state of a state-chartered risk retention group.

4. Any change in any other information filed with the application must be filed with the Commissioner ~~as soon as practicable,~~ *within 60 days after the change*, but does not require the prior approval of the Commissioner to make the change.

~~{3. As used in this section, “material change” includes, without limitation:~~

~~—(a) The entry into any agreement to cede reinsurance;~~

~~—(b) The entry into any agreement to assume reinsurance;~~

~~—(c) The termination of an existing reinsurance treaty, except at its natural expiration as stated within the contract of reinsurance;~~

~~—(d) The writing of a new line of business;~~

~~—(e) The exit from an existing line of business;~~

- ~~—(f) Any change to limits of coverage written by the captive insurer; or~~
- ~~—(g) The expansion into a new state of a state-chartered risk retention group.]~~