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Approved Exceptions for Nevada Domestic Risk Retention Groups from certain Laws, Regulations, and Requirements applicable to Liability Insurers

Nevada Revised Statute ("NRS") 695E.140(1)(a) vests the Commissioner of Insurance ("Commissioner") with the authority to grant exceptions of the application of laws, regulations, and requirements for liability insurers to RRGs chartered in this State. Pursuant to this authority, see the attached table showing the approved exceptions.

SCOTT J. KIPPER
Commissioner of Insurance

Area	Requirements That Apply to Traditional Insurers But Not to RRGs	Requirements That Apply Instead to RRGs in This Area
Accounting Standards	**NRS 680A.270(b)(2):** NRS 680A.270(b)(2) requires the Annual Statement to be prepared in accordance with the NAIC *Accounting Practices and Procedures Manual* and the Statements of Statutory Accounting Principles (SSAPs) therein. **NAC 679B.033(1)(b) and (2)(b):** NAC 679B.033(1)(b) and (2)(b) specifically provide that the NAIC *Accounting Practices and Procedures Manual* is adopted by reference with regard to evaluation of the financial condition of an insurer.	**NRS 694C.400:** Pursuant to NRS 694C.400(1), RRGs are subject to filing on a modified GAAP basis, unless otherwise approved by the Commissioner.
Capital and Surplus – Minimum Requirements	**NRS 680A.120** prescribes absolute minimum capital and surplus requirements for liability insurers.	**NRS 694C.250(1)(b)** prescribes absolute minimum capital and surplus requirements for association captive insurers, of which risk-retention groups are licensed in this State.
Examination Timeframes	**None**: **NRS 679B.230**(1) requires examination of liability insurers at least once every 5 years.	**NRS 694C.410:** NRS 694C.410(1) requires examination of RRGs at least once every 3 years, unless the RRG receives an exception from the Commissioner pursuant to NRS 694C.410(2).
Guaranty-Fund Protection	Chapter **687A** of NRS, pertaining to the Nevada Insurance Guaranty Association, applies to liability insurers.	Pursuant to **NRS 695E.200(5)**, a risk-retention group is *prohibited* from joining or contributing financially to the Nevada Insurance Guaranty Association or any other similar association or fund.
Letters of Credit	**NRS 680A.120** prescribes absolute minimum capital and surplus requirements for liability insurers. The Division of Insurance does not consider letters of credit to satisfy these	**NRS 694C.250(2)** provides that a letter of credit is one of two options (the other being cash) for fulfilling minimum capital and surplus requirements. **NRS 694C.250(4)** prescribes

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	requirements for liability insurers.	requirements that a letter of credit must meet to qualify as surplus.
Risk Limitation	NRS 681A.100 provides that "an insurer shall not retain any risk on any one subject of insurance, whether located or to be performed in this state or elsewhere, in an amount exceeding 10 percent of its surplus to policyholders."	NRS 694C.240 requires a captive insurer, including an RRG, to file a business plan within its application and to file updated business plans if any changes are made. NRS 695E.140(3) requires an RRG to submit a plan of operation and revisions to the plan of operation, which are subject to approval by the Commissioner. Pursuant to NRS 695E.080(1), the definition of a "Plan of operation" includes "The coverages, deductibles, limits of coverage, rates and systems of rating classification for each line of insurance the group intends to offer". The Commissioner may disapprove a plan of operation if it contains limits of coverage that are too high relative to an RRG's surplus. NRS 694C.250(3) provides that "The Commissioner may prescribe additional requirements relating to capital or surplus based on the type, volume and nature of the insurance business that is transacted by the captive insurer". NAC 694C.270 provides that a captive insurer shall not make any material change in its plan of operation (including any increase in the risk retained) without the prior approval of the Commissioner. NRS 694C.300(2)(b) provides that a captive insurer "Shall not

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		accept or cede reinsurance, except as otherwise provided in NRS 694C.350." NRS 694C.350 describes criteria for a captive insurer, including a risk-retention group, to accept or cede reinsurance and take credit for reinsurance.
Rate Filings and Standards Regarding Rates	Chapter 686B of NRS and Chapter 686B of NAC prescribe standards for rates for regulated lines of property and casualty insurance (personal lines, workers' compensation, and medical malpractice), including electronic filing requirements via the System for Electronic Rate and Form Filings (SERFF), pursuant to NAC 686B.100. Regulated rates for traditional insurers are subject to review by and prior approval from the Nevada Division of Insurance.	NRS 695E.140(3) requires an RRG to submit a plan of operation and revisions to the plan of operation, which are subject to approval by the Commissioner. Pursuant to NRS 695E.080(1), the definition of a "Plan of operation" includes "The coverages, deductibles, limits of coverage, rates and systems of rating classification for each line of insurance the group intends to offer". In addition, NRS 694C.240 requires a captive insurer, including an RRG, to file a business plan within its application and to file updated business plans if any changes are made.