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**NEVADA COMMENTS ON NONADMITTED INSURANCE MULTI-STATE
AGREEMENT (NIMA)**

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Nevada recommends three improvements to the NIMA draft:

- Nevada recommends that a definition of “Non-Admitted Insurer” be included in Part II, Definitions. Currently, there are references to this term in other definitions, but the term itself remains undefined. While Part II, subsection 6, appears to imply that the meaning of the term in the NRRA would apply to NIMA, “Non-Admitted Insurer” is a sufficiently important term that expressing it explicitly in NIMA would be desirable.

Nevada suggests the following definition of “Non-Admitted Insurer”, drawing upon the wording of the draft Non-Admitted Insurance Compact:

"Non-Admitted Insurer" (a) means, with respect to a State, an insurer not licensed or not authorized but eligible to engage in the business of insurance in such State, or a domestic surplus lines insurer as may be defined by applicable State law; but (b) does not include a risk retention group, as that term is defined in section 2(a)(4) of the Liability Risk Retention Act of 1986 (15 U.S.C. § 3901(a)(4)).

- In Part IV, Section 11 (p. 4), it is stated that “each such contract shall include, but not be limited to, terms prohibiting the Clearinghouse from... accepting gifts or donations...” This appears to be a departure from previous drafts’ intent to allow the Clearinghouse to accept gifts or donations, provided that the Clearinghouse’s independence in performing its duties shall not be compromised. Nevada recommends allowing the Clearinghouse to accept gifts or donations that clearly would not compromise its independence. This would allow greater flexibility in ensuring that the Clearinghouse has the funds necessary to continue to operate in a variety of circumstances.

- The tax allocation formula as currently stated in Annex “B” (p. 9) leaves open the possibility of misinterpretation. The formula currently reads as follows:

Tax Allocation = Net Tax Due to Each State/Net Tax Due All States x Tax Collected

Nevada recommends that the formula be revised to the following (additions in *italics*):

Tax Allocation = (Net Tax Due to Each State/Net Tax Due *to* All States) x Tax Collected

This change does not appear to alter the intent behind the tax allocation formula. However, it clarifies the order of mathematical operations and removes the possibility of the misinterpretation that “Tax Collected” would be multiplied by “Net Tax Due to All States” in the denominator.