

Amendment No. 131

Assembly Amendment to Assembly Bill No. 130 (BDR 25-874)

Proposed by: Assembly Committee on Government Affairs

Amends: Summary: No Title: No Preamble: No Joint Sponsorship: No Digest: Yes

ASSEMBLY ACTION				Initial and Date	SENATE ACTION				Initial and Date
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) *green bold italic underlining* is new language proposed in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill that is proposed to be retained in this amendment; and (6) *green bold underlining* is newly added transitory language.

AAK/WLK



Date: 4/4/2011

A.B. No. 130—Revises provisions relating to affordable housing. (BDR 25-874)



ASSEMBLY BILL NO. 130—ASSEMBLYWOMAN SMITH

FEBRUARY 9, 2011

Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to affordable housing. (BDR 25-874)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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

AN ACT relating to affordable housing; allowing affordable housing entities to participate in a program of joint self-insurance; exempting such a program of joint self-insurance from the Nevada Insurance Code; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Under existing law, any two or more public agencies or nonprofit medical facilities may enter into a cooperative agreement to establish a self-insurance reserve or purchase certain kinds of insurance. (NRS 277.055) **Section 1** of this bill allows any two or more affordable housing entities to establish and participate in a program to jointly self-insure and purchase certain kinds of insurance and establishes provisions to govern such a program. **Section 1** also: (1) exempts such a program from the Nevada Insurance Code; (2) requires certain information relating to the program to be submitted to the Commissioner of Insurance; and (3) authorizes the Commissioner to order an examination, issue a cease and desist order or hold a hearing regarding ~~the program to stop~~ any violation of section 1 of the program or ~~to stop a program from being operated~~ the operation of the program while in an unsafe financial condition.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 315 of NRS is hereby amended by adding thereto a new section to read as follows:

1. Except as otherwise provided in subsection 3, any two or more affordable housing entities may establish and participate in a program to jointly self-insure and jointly purchase insurance or reinsurance for coverage under a plan of:

(a) Casualty insurance, as that term is defined in NRS 681A.020, except for workers' compensation and employer's liability coverage;

(b) Marine and transportation insurance, as that term is defined in NRS 681A.050;

(c) Property insurance, as that term is defined in NRS 681A.060;

(d) Surety insurance, as that term is defined in NRS 681A.070; or

1 (e) Insurance for any combination of the kinds of insurance listed in
2 paragraphs (a) to (d), inclusive.

3 2. A program established pursuant to subsection 1 must be administered by
4 an entity which is organized as a nonprofit corporation, limited-liability company,
5 partnership or trust, whether organized under the laws of this State or another
6 state or operating in another state. A majority of the board of directors or other
7 governing body of the entity administering the program must be affiliated with
8 one or more of the affordable housing entities participating in the program.

9 3. This section does not apply to an affordable housing entity that
10 individually self-insures or participates in a risk pooling arrangement, including
11 a risk retention group or a risk purchasing group, with respect to the kinds of
12 insurance set forth in subsection 1.

13 4. Except as otherwise provided in this section or by specific statute:

14 (a) A program established pursuant to subsection 1 and the entity
15 administering the program:

16 (1) Shall be deemed not to be providing coverage which constitutes
17 insurance; and

18 (2) Are not subject to the provisions of title 57 of NRS; and

19 (b) The entity administering a program established pursuant to subsection 1
20 shall be deemed not to be engaging in the transaction of insurance.

21 5. The entity administering a program established pursuant to subsection 1
22 shall provide any affordable housing entity that seeks to participate in the
23 program with a written notice, in 10-point type or larger, before the affordable
24 housing entity begins participating in the program, that the program is not
25 regulated by the Commissioner and that, if the program or the entity
26 administering the program is found insolvent, a claim under the program is not
27 covered by the Nevada Insurance Guaranty Association Act.

28 6. The entity administering a program established pursuant to subsection 1
29 shall submit to the Commissioner:

30 (a) Within 105 days after the end of the program's fiscal year:

31 (1) An annual financial statement for the program audited by a certified
32 public accountant; and

33 (2) An annual actuarial analysis for the program prepared by an actuary
34 ~~who~~ who meets the qualification standards for issuing statements of actuarial
35 opinion in the United States established by the American Academy of Actuaries
36 or its successor organization; and

37 (b) Within 30 days after:

38 (1) Filing with any other regulatory body, a claims audit report relating
39 to the entity or the program, a copy of the claims audit report filed with the other
40 regulatory body;

41 (2) Issuance by any other regulatory body of a report of examination
42 relating to the entity or the program, a copy of the report of examination issued
43 by the other regulatory body;

44 (3) The effective date of a plan of financing, management and operation
45 for the entity or the program or any material change in such a plan, a copy of the
46 plan or material change; and

47 (4) The effective date of any material change in the scope of regulation
48 of the entity or the program by any other state in which the entity operates, a
49 statement of the material change.

50 7. The Commissioner may order an examination of a program established
51 pursuant to subsection 1 or the entity administering the program based upon any
52 credible evidence that the program or entity is in violation of this section or is
53 operating or being operated while in an unsafe financial condition. Such an

1 examination must be administered in accordance with NRS 679B.230 to
2 679B.300, inclusive, and any regulations adopted pursuant thereto.

3 8. If the Commissioner determines that a program established pursuant to
4 subsection 1 or the entity administering the program is in violation of this section
5 or is operating or being operated while in an unsafe financial condition, the
6 Commissioner may issue and serve upon the entity administering the program an
7 order to cease and desist from the violation or from administering or in any way
8 operating the program.

9 ~~9.~~ 9. The Commissioner may hold a hearing, without a request by any
10 party, to determine whether a program established pursuant to subsection 1 or
11 the entity administering the program is in violation of this section or is operating
12 or being operated while in an unsafe financial condition. A person aggrieved by
13 any act, threatened act or failure of the Commissioner to act, or by any report,
14 rule, regulation or order of the Commissioner relating to this section, may
15 request a hearing. Any hearing held pursuant to this subsection must be held in
16 accordance with NRS 679B.310 to 679B.370, inclusive, and any regulations
17 adopted pursuant thereto.

18 10. The provisions of this section must be liberally construed to grant
19 affordable housing entities maximum flexibility to jointly self-insure and jointly
20 purchase insurance or reinsurance to the extent that a program established
21 pursuant to subsection 1 is being administered and otherwise operated in a safe
22 financial condition and in a sound manner.

23 ~~11.~~ 11. Each entity administering a program established pursuant to
24 subsection 1 shall, on or before January 15 of each odd-numbered year, submit a
25 report to the Director of the Legislative Counsel Bureau for transmittal to the
26 Legislature. The report must include, without limitation, a list of the affordable
27 housing entities participating in the program and any other information the
28 Director deems relevant.

29 12. As used in this section:

30 (a) "Affordable housing" means housing projects in which some of the
31 dwelling units may be purchased or rented, with or without government
32 assistance, on a basis that is affordable to persons of low income.

33 (b) "Affordable housing entity" means:

34 (1) A housing authority created under the laws of this State or another
35 jurisdiction and any agency or instrumentality of a housing authority, including,
36 but not limited to, a legal entity created to enter into an agreement which
37 complies with NRS 277.055;

38 (2) A nonprofit corporation organized under the laws of this State or
39 another state that is engaged in providing affordable housing; or

40 (3) A general or limited partnership or limited-liability company which is
41 engaged in providing affordable housing and which is affiliated with a housing
42 authority described in subparagraph (1) or a nonprofit corporation described in
43 subparagraph (2) if the housing authority or nonprofit corporation:

44 (I) Has, or has the right to acquire, a financial or ownership interest
45 in the partnership or limited-liability company;

46 (II) Has the power to direct the management or policies of the
47 partnership or limited-liability company; or

48 (III) Has entered into a contract to lease, manage or operate the
49 affordable housing owned by the partnership or limited-liability company.

50 (c) "Commissioner" means the Commissioner of Insurance.

1 **Sec. 2.** NRS 315.150 is hereby amended to read as follows:
2 315.150 Unless the context otherwise requires, the definitions contained in
3 NRS 315.160 to 315.300, inclusive, govern the construction of NRS 315.140 to
4 315.7813, inclusive ~~H~~, *and section 1 of this act.*

5 **Sec. 3.** NRS 315.360 is hereby amended to read as follows:
6 315.360 Any housing authority created and existing prior to July 1, 1975,
7 pursuant to the Housing Authorities Law of 1943 or the Housing Law of 1951
8 continues in existence for the purposes of and has all of the powers granted by NRS
9 315.140 to 315.7813, inclusive ~~H~~, *and section 1 of this act.*

10 **Sec. 4.** NRS 679A.160 is hereby amended to read as follows:
11 679A.160 Except as otherwise provided by specific statute, no provision of
12 this Code applies to:

13 1. Fraternal benefit societies, as identified in chapter 695A of NRS, except as
14 stated in chapter 695A of NRS.

15 2. Hospital, medical or dental service corporations, as identified in chapter
16 695B of NRS, except as stated in chapter 695B of NRS.

17 3. Motor clubs, as identified in chapter 696A of NRS, except as stated in
18 chapter 696A of NRS.

19 4. Bail agents, as identified in chapter 697 of NRS, except as stated in NRS
20 680B.025 to 680B.039, inclusive, and chapter 697 of NRS.

21 5. Risk retention groups, as identified in chapter 695E of NRS, except as
22 stated in chapter 695E of NRS.

23 6. Captive insurers, as identified in chapter 694C of NRS, with respect to their
24 activities as captive insurers, except as stated in chapter 694C of NRS.

25 7. Health and welfare plans arising out of collective bargaining under chapter
26 288 of NRS, except that the Commissioner may review the plan to ensure that the
27 benefits are reasonable in relation to the premiums and that the fund is financially
28 sound.

29 **8. *Programs established pursuant to subsection 1 of section 1 of this act and***
30 ***the entities administering those programs, except as stated in section 1 of this act.***

31 **Sec. 5.** NRS 679A.165 is hereby amended to read as follows:

32 679A.165 A person who is required by statute to obtain insurance or any
33 other type of security as a condition of licensure or conducting business must obtain
34 the insurance or other security in the manner set forth in NRS 277.067, 277.069 or
35 277.0695 *or section 1 of this act* or from an insurer who is licensed or otherwise
36 allowed to transact insurance under this title.