



DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

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July 18, 2008

Karen Schutter
National Association of Insurance Commissioners
2301 McGee Street, Suite 800
Kansas City, MO 64108-2662

VIA: E-mail
kschutte@naic.org

Re: Business Entity Licensing
Assignment 08-079

Dear Ms. Schutter:

I have been asked to respond to your June 30, 2008 E-mail soliciting comments on options for simplifying and standardizing the business entity licensing process.

Here are your suggestions, and our comments:

***Simplify the licensing process by eliminating the licensing of business entities by line of authority**

Oppose. Our licenses do list the authorized lines of authority for which an entity is licensed.

We do not collect fees per line of authority on the application. When a line of authority is added to a license we do collect a fee of \$50, plus \$10 for the recovery account. Altering this would require a modification to Nevada statute.

An advantage of tracking this information is that it allows us to send bulletins or information relative to that line of authority only to those licensed to transact such business. We also believe that licensing by line of authority provides additional protection to consumers.

***Simplify the licensing process by eliminating the requirement that the DRP hold the same lines of authority as the business entity**

It is not a requirement that the DRP hold the same lines of authority as the entity in Nevada. However, there should be people within the entity who are authorized to transact any combination of lines of authority for which an entity is licensed.

***Simplify the licensing process by eliminating the requirement for a business entity to track and list each producer affiliated with it**

Oppose. This is a statutory requirement in Nevada. **NRS 683A.365 Authorization of another producer to transact business on own behalf; notification.**

This law provides valuable consumer protection by requiring companies to indicate who is transacting on their behalf, enabling us to identify transactors more easily.

***Simplify the licensing process by eliminating the licensing or registration of each branch location of a business entity**

Oppose. Nevada does not require licensing of each branch location, but does require that an additional location be registered. A \$10 fee is charged, per Nevada statute. This allows us to confirm that there is a DRP at each location – limiting the chances that a branch office will have no licensed individuals at the location at all.

NRS 683A.351(2) requires a producer's records to be available for examination at all times by the Commissioner. Location registration allows us to know where those records will be.

***Simplify the licensing process by eliminating the filing of organizational documents**

This is a requirement of the Nevada Secretary of State. We do not hold up the issuance of a license pending receipt of these documents.

***Simplify the licensing process by eliminating the prior approval of assumed names**

Oppose. Prior approval is required, per **NRS 683A.301 Use of true or fictitious name by applicant for license or licensee.**

NRS 683A.301

2. The Commissioner may disapprove in writing the use of a true name, other than the true name of a natural person who is the applicant or licensee, or a fictitious name of any applicant or licensee, on any of the following grounds:

(a) The name interferes with or is deceptively similar to a name already filed and in use by another licensee.

(b) Use of the name may mislead the public in any respect.

(c) The name states or implies that the applicant or licensee is an insurer, motor club or hospital service plan or is entitled to engage in activities related to insurance not permitted under the license applied for or held.

(d) The name states or implies that the licensee is an underwriter

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This statute provides some protection to the consumer by allowing the Commissioner to disallow names which are misleading, or which are so similar to other names used as to confuse the public.

Some individual counties require a County Clerk filing of a name as well.

***Simplify the licensing process by creating a uniform standard for business entity renewals**

We would approve a uniform standard for business entity renewals based upon issuance date, and utilizing our current three year renewal cycle..

***Move away from a formal licensing process for business entities and implement a simple registration process**

Oppose. This would require changes to Nevada statute, and would limit our authority over entities. This would have a negative impact on our ability to protect insurance consumers.

*** Eliminate the licensing of business entities**

Oppose. This would restrict or eliminate our authority over licensees and would require a change to Nevada Statute. We would lose revenue from licensing, which would have a severe negative effect, on the budgets of the state and the Division.

Thank you for contacting the Division with your inquiry. I appreciate the opportunity to be of service. Please contact me if you have any questions or wish to discuss the matter further.

Sincerely,



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c: Alice A. Molasky-Arman, Commissioner of Insurance
Sally Elloyan, Deputy Commissioner