

ASSEMBLY BILL NO. 304—ASSEMBLYMAN BROWER

MARCH 8, 2001

Referred to Committee on Commerce and Labor

SUMMARY—Limits amount of money that certain resident agents may receive as commission for countersigning policy of insurance. (BDR 57-580)

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 insurance; limiting the amount of money that certain resident agents may receive as a commission for countersigning a policy of insurance; providing that certain policies, endorsements or bonds may be countersigned by the use of a digital signature; and providing other matters properly relating thereto.

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

- 1 **Section 1.** NRS 680A.300 is hereby amended to read as follows:
2 680A.300 1. Except as *otherwise* provided in NRS 680A.310, no
3 authorized insurer may make, write, place, renew or cause to be made,
4 placed or renewed, any policy or duplicate policy of insurance of any kind
5 upon persons, property or risks resident, located or to be performed in this
6 state, except through its ~~duly~~ appointed and licensed agents resident in
7 this state, any one of whom ~~shall~~ *must* countersign the policy.
8 2. ~~Where~~ *If* two or more insurers jointly issue a single policy, the
9 policy may be countersigned, on behalf of all insurers appearing thereon,
10 by a licensed agent resident in this state of any one insurer.
11 3. In any case ~~where~~ *if* it is necessary to execute an emergency bond
12 and a commissioned agent authorized to execute the bond is not present, a
13 manager or other employee of the insurer having authority under a power
14 of attorney may execute the bond ~~in order~~ to produce a valid contract
15 between the insurer and the obligee. The bond must subsequently be
16 countersigned by a resident commissioned agent, who shall make and
17 retain an adequate office record of the transaction.
18 4. ~~Nothing contained in~~ *The provisions of* this section ~~prevents~~ *do*
19 *not prevent the* exercise of the free and unlimited right to negotiate
20 contracts by licensed nonresident agents or brokers outside this state, if the
21 policies, endorsements or evidence of those contracts covering properties
22 or insurable interests in this state are countersigned by a resident agent of



1 this state. ~~Every~~ *Each* such policy or contract must be countersigned by a
2 resident agent.
3 5. On business produced by a licensed nonresident agent or broker,
4 which is countersigned by a resident commissioned agent of this state,
5 there must be a division of the usual commission between the licensed
6 nonresident producing agent or broker and the resident countersigning
7 commissioned agent which must *not* produce for the latter a commission of
8 ~~at least~~ *more than* 5 percent of the premium. No commission or fee is
9 required as to policies with an annual premium of \$250 or less *or if the*
10 *insurer maintains an office in this state that employs at least one salaried*
11 *employee who is licensed pursuant to NRS 683A.090.* The insurer issuing
12 any policy or bond is responsible for payment to the countersigning agent
13 of the fee or commission for the countersignature. ~~Where~~ *If* the licensed
14 nonresident agent or broker or the insurer assuming the risk desires the
15 resident commissioned agent to render additional services during the life of
16 a policy, the compensation to the countersigning commissioned resident
17 agent is a matter of contract between the parties in interest.
18 6. An insurer may use an endorsement to the policy for the sole
19 purpose of countersigning the policy, as required in this section, only if:
20 (a) The endorsement is attached to the policy to which it applies; and
21 (b) The policy insures persons or property in this state and one or more
22 other states.
23 7. *Any policy, endorsement, evidence of a contract or bond specified*
24 *in this section may be countersigned by the use of a digital signature in*
25 *accordance with the provisions of chapter 720 of NRS.*
26 **Sec. 2.** This act becomes effective on July 1, 2001.

