

ASSEMBLY BILL NO. 618—COMMITTEE ON COMMERCE AND LABOR

(ON BEHALF OF DEPARTMENT OF BUSINESS
AND INDUSTRY—INSURANCE)

MARCH 26, 2001

Referred to Committee on Commerce and Labor

SUMMARY—Makes various changes relating to regulation of insurance. (BDR 57-564)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State: Yes.

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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; providing for the regulation of the business of viatical settlements; requiring the commissioner of insurance to adopt regulations governing the use of electronic records and signatures; temporarily authorizing the adoption of regulations to enforce federal law concerning a bill of rights for patients; limiting the disclosure of certain information concerning consumers; providing for the conversion of domestic mutual insurers into domestic stock insurers; providing for the reorganization of domestic mutual insurers into mutual insurance holding companies; making various other changes concerning the regulation of insurance; providing penalties; 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.** Title 57 of NRS is hereby amended by adding thereto a
2 new chapter to consist of the provisions set forth as sections 2 to 52,
3 inclusive, of this act.

4 **Sec. 2.** *As used in sections 2 to 52, inclusive, of this act, unless the*
5 *context otherwise requires, the words and terms defined in sections 3 to*
6 *16, inclusive, of this act have the meanings ascribed to them in those*
7 *sections.*

8 **Sec. 3.** *“Advertising” means a written, electronic or printed*
9 *communication or a communication by recorded telephone message,*
10 *radio, television, the Internet or a similar medium of communication,*
11 *including a film strip, motion picture or videotape, published,*
12 *communicated or otherwise placed before the public to create an interest*
13 *in, or induce a person to sell a policy of life insurance pursuant to, a*
14 *viatical settlement.*



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- 1 **Sec. 4.** *“Broker of viatical settlements” means a person who on*
2 *behalf of a viator and for a fee, commission or other valuable*
3 *consideration offers or attempts to negotiate a viatical settlement between*
4 *the viator and one or more providers of viatical settlements. The term*
5 *does not include an attorney at law, certified public accountant or*
6 *financial planner accredited by a nationally recognized accrediting*
7 *agency who is retained by the viator and whose compensation is not paid*
8 *by a provider or purchaser of viatical settlements.*
- 9 **Sec. 5.** *“Business of viatical settlements” means the offering,*
10 *solicitation, negotiation, procurement, effectuation, purchasing,*
11 *financing, monitoring, tracking, underwriting, selling, transferring,*
12 *pledging or otherwise hypothecating viatical settlements.*
- 13 **Sec. 6.** *“Chronically ill” means:*
14 1. *Being unable to perform at least two activities of daily living, such*
15 *as eating, moving from one place to another, bathing, dressing,*
16 *continence, defecation or urination;*
17 2. *Requiring substantial supervision for protection from threats to*
18 *health and safety because of cognitive impairment; or*
19 3. *Having a level of disability similar to that described in subsection*
20 *1 as determined by the Secretary of Health and Human Services.*
- 21 **Sec. 7.** 1. *“Financing agent” means an underwriter, agent for*
22 *placement, enhancer of credit, lender, purchaser of securities, purchaser*
23 *of a policy from a provider of viatical settlements or other person that*
24 *may enter into a viatical settlement and has direct ownership in a policy*
25 *that is the subject of the viatical settlement but:*
26 (a) *Whose principal activity related to the transaction is providing*
27 *money to effect the viatical settlement; and*
28 (b) *Who has an agreement in writing with one or more licensed*
29 *providers of viatical settlements to finance the acquisition of one or more*
30 *viatical settlements.*
31 2. *The term does not include a nonaccredited investor or a purchaser*
32 *of viatical settlements.*
- 33 **Sec. 8.** *“Policy” means an individual or group policy, group*
34 *certificate, contract or arrangement of life insurance affecting the rights*
35 *of a person, whether or not delivered or issued for delivery in this state.*
- 36 **Sec. 9.** *“Provider of viatical settlements” means a person other than*
37 *a viator who enters into or effectuates a viatical settlement. The term*
38 *does not include:*
39 1. *A bank, savings and loan association, thrift company, credit union*
40 *or other licensed lender that takes an assignment of a policy as security*
41 *for a loan;*
42 2. *The issuer of a policy that provides accelerated benefits pursuant*
43 *to the contract;*
44 3. *An authorized or eligible insurer that provides stop-loss coverage*
45 *to a provider or purchaser of viatical settlements;*
46 4. *A natural person who enters into no more than one agreement in*
47 *a calendar year for the transfer of policies for a value less than the*
48 *expected death benefit;*
49 5. *A financing agent;*



6. *A special organization;*
7. *A trust for a related provider; or*
8. *A purchaser of viatical settlements.*

Sec. 10. *“Purchaser of viatical settlements” means a person who gives a sum of money as consideration for a policy or an interest in the death benefits of a policy, or a person who owns or acquires or is entitled to a beneficial interest in a trust that owns a viatical settlement contract or is the beneficiary of a policy that has been or will be the subject of a viatical settlement contract, for the purpose of deriving an economic benefit. The term does not include:*

1. *A person licensed pursuant to sections 2 to 52, inclusive, of this act;*
2. *An accredited investor or qualified institutional buyer as defined respectively in Regulation D, Rule 501 or Rule 144A of the Federal Securities Act of 1933, as amended;*
3. *A financing agent;*
4. *A special organization; or*
5. *A trust for a related provider.*

Sec. 11. *“Special organization” means an organization formed by a licensed provider of viatical settlements solely to enable the provider to gain access to institutional markets for capital.*

Sec. 12. *“Terminally ill” means having an illness that can reasonably be expected to result in death within 24 months.*

Sec. 13. *“Trust for a related provider” means a trust established by a licensed provider of viatical settlements solely to hold the ownership of or beneficial interests in purchased policies in connection with financing.*

Sec. 14. *“Viatical settlement” means a written agreement for the payment of money, or anything else of value, which is less than the expected death benefit of a policy, in exchange for the viator’s assignment, sale, transfer or devise of the death benefit or ownership of any portion of the policy. The term includes:*

1. *An agreement for a loan or other financing secured primarily by a policy, other than a loan by an insurer pursuant to or secured by the cash value of a policy; and*
2. *An agreement to transfer ownership or change the beneficiary, in the future, regardless of the date of payment to the viator.*

Sec. 15. *“Viaticated policy” means a policy that has been acquired by a provider of viatical settlements pursuant to a viatical settlement.*

Sec. 16. *“Viator” means the owner of a policy or the holder of a certificate of insurance under a policy of group insurance. The term is not limited to an owner who is terminally or chronically ill except where that limitation is expressly provided.*

Sec. 17. *The trustee of a trust for a related provider must agree in writing with the provider of viatical settlements that the provider is responsible for ensuring compliance with all statutory and regulatory requirements and that the trustee will make all records and files related to viatical settlements available to the commissioner as if those records and files were maintained directly by the provider.*



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1 **Sec. 18.** *If there is more than one viator with respect to a single*
2 *policy and they are residents of different states, the legal effect of a*
3 *viatical settlement is governed by the law of the state in which the viator*
4 *having the largest fractional ownership resides. If the viators own equal*
5 *fractions, they may agree in writing to choose the state in which one*
6 *resides.*

7 **Sec. 19.** *1. A person shall not, without first obtaining a license*
8 *from the commissioner, operate in or from this state as a provider or*
9 *broker of viatical settlements.*

10 *2. Application for a license must be made to the commissioner on a*
11 *form prescribed by him, accompanied by the prescribed fee. A license*
12 *may be renewed from year to year on its anniversary by payment of the*
13 *prescribed fee. The license expires if the fee is not paid by that date.*

14 *3. An applicant shall provide information on forms required by the*
15 *commissioner, who may at any time require the applicant to disclose the*
16 *identity of all stockholders, partners, members, officers and employees.*
17 *The commissioner may refuse to issue a license to an organization if he*
18 *is not satisfied that a stockholder, partner, member or officer who may*
19 *materially influence the applicant's conduct satisfies the requirements of*
20 *this chapter.*

21 *4. A license issued to an organization authorizes all partners,*
22 *members, officers and designated employees to act as providers or*
23 *brokers of viatical settlements. Those persons must be named in the*
24 *application or a supplement to it.*

25 **Sec. 20.** *1. Upon the filing of an application and payment of the*
26 *fee, the commissioner shall investigate the applicant, and issue a license*
27 *if he finds that the applicant:*

28 *(a) If a provider of viatical settlements, has set forth a detailed plan of*
29 *operation;*

30 *(b) Is competent and trustworthy and intends to act in good faith in*
31 *the capacity for which the license is sought;*

32 *(c) Has a good reputation in business and, if a natural person, has*
33 *had experience, training or education which qualifies him in that*
34 *capacity;*

35 *(d) If an organization, provides a certificate of good standing from the*
36 *state of its domicile; and*

37 *(e) If a provider or broker of viatical settlements, has included a plan*
38 *to prevent fraud which satisfies the requirements of section 50 of this act.*

39 *2. The commissioner shall not issue a license to a nonresident unless*
40 *a written designation of an agent for service of process, or an irrevocable*
41 *written consent to the commencement of an action against the applicant*
42 *by service of process upon the commissioner, accompanies the*
43 *application.*

44 *3. A provider or broker of viatical settlements shall furnish to the*
45 *commissioner new or revised information concerning partners, members,*
46 *officers, holders of more than 10 percent of its stock, and designated*
47 *employees within 30 days after a change occurs.*



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1 **Sec. 21.** *After notice, and after a hearing if requested, the*
2 *commissioner may suspend, revoke, refuse to issue or refuse to renew a*
3 *license under this chapter if he finds that:*

4 1. *There was material misrepresentation in the application for the*
5 *license;*

6 2. *The licensee or an officer, partner, member or significant*
7 *managerial employee has been convicted of fraudulent or dishonest*
8 *practices, is subject to a final administrative action for disqualification,*
9 *or is otherwise shown to be untrustworthy or incompetent;*

10 3. *A provider of viatical settlements has engaged in a pattern of*
11 *unreasonable payments to viators;*

12 4. *The applicant or licensee has been found guilty of, or pleaded*
13 *guilty or nolo contendere to, a felony or a misdemeanor involving fraud,*
14 *forgery, embezzlement, obtaining money under false pretenses, larceny,*
15 *extortion, conspiracy to defraud or any crime involving moral turpitude,*
16 *whether or not a judgment of conviction has been entered by the court;*

17 5. *A provider of viatical settlements has entered into a viatical*
18 *settlement in a form not approved pursuant to section 22 of this act;*

19 6. *A provider of viatical settlements has failed to honor obligations of*
20 *a viatical settlement;*

21 7. *The licensee no longer meets a requirement for initial licensure;*

22 8. *A provider of viatical settlements has assigned, transferred or*
23 *pledged a viaticated policy to a person other than another provider*
24 *licensed under this chapter, a purchaser of the viatical settlement, a*
25 *special organization or a trust for a related provider;*

26 9. *The applicant or licensee has provided materially untrue*
27 *information to an insurer that issued a policy that is the subject of a*
28 *viatical settlement; or*

29 10. *The applicant or licensee has violated a provision of this chapter.*

30 **Sec. 22.** *A person shall not use a form of viatical settlement or of*
31 *disclosure in this state unless the form has been filed with and approved*
32 *by the commissioner. The commissioner shall disapprove such a form if,*
33 *in his opinion, the settlement or any of its terms is unreasonable,*
34 *contrary to the interests of the public or otherwise misleading or unfair*
35 *to the viator. The commissioner may require the submission of*
36 *advertising material before its use.*

37 **Sec. 23.** 1. *Each licensee under this chapter shall file with the*
38 *commissioner on or before March 1 of each year an annual statement*
39 *containing such information as the commissioner prescribes by*
40 *regulation.*

41 2. *Except as allowed or required by a statute other than this chapter,*
42 *a provider or broker of viatical settlements, an insurer, a producer of*
43 *insurance, an information bureau, a rating agency or any other person*
44 *knowing the identity of an insured shall not disclose that identity as an*
45 *insured to any other person unless the disclosure is:*

46 (a) *Necessary to effect a viatical settlement between the viator and a*
47 *provider of viatical settlements and the viator and the insured have given*
48 *prior written consent to the disclosure;*



1 (b) *Furnished in response to an investigation or examination by the*
2 *commissioner or another governmental officer or agency;*

3 (c) *A term of or condition to the transfer of a policy by one provider of*
4 *viatical settlements to another provider; or*

5 (d) *Necessary to permit a financing agent to finance the purchase of a*
6 *policy by a provider of viatical settlements and the insured has given*
7 *prior written consent to the disclosure.*

8 **Sec. 24.** *The commissioner may examine or investigate a licensee*
9 *under this chapter as often as he considers appropriate. An examination*
10 *will be conducted in the manner provided in NRS 679B.230 to 679B.300,*
11 *inclusive. The commissioner may also examine or investigate any other*
12 *person or business insofar as he considers necessary or material to the*
13 *examination or investigation of the licensee. Instead of an examination*
14 *or investigation under this chapter of a foreign or alien person licensed*
15 *under this chapter, the commissioner may accept a report on*
16 *examination or investigation of the licensee by the equivalent authority*
17 *of the licensee's state of domicile or port of entry.*

18 **Sec. 25.** *1. A person required to be licensed under this chapter*
19 *shall retain for 5 years copies of all:*

20 (a) *Contracts, underwriting documents, forms of policy and*
21 *applications, from the date of the proposal, offer or execution, whichever*
22 *is latest;*

23 (b) *Checks, drafts and other evidence or documentation relating to the*
24 *payment, transfer or release of money, from the date of the transaction;*
25 *and*

26 (c) *Records and documents related to the requirements of this chapter.*

27 *2. This section does not relieve a person of the obligation to produce*
28 *a document described in subsection 1 to the commissioner after the*
29 *expiration of the relevant period if the person has retained the document.*

30 *3. Records required by this section to be retained must be legible and*
31 *complete. They may be retained in any form or by any process that*
32 *accurately reproduces or is a durable medium for the reproduction of the*
33 *record.*

34 **Sec. 26.** *1. With each application for a viatical settlement, a*
35 *provider or broker of viatical settlements shall furnish to the viator at*
36 *least the following disclosures no later than the time the application for*
37 *the settlement is signed by all the parties, in a separate document signed*
38 *by the viator and the provider or broker:*

39 (a) *The possible alternatives to viatical settlement, including any*
40 *accelerated death benefits or loans offered under the viator's policy.*

41 (b) *Some or all of the proceeds of the viatical settlement may be*
42 *taxable under the federal income tax or a state franchise or income tax,*
43 *and assistance should be sought from a professional tax adviser.*

44 (c) *Proceeds of the viatical settlement may be subject to the claims of*
45 *creditors.*

46 (d) *Receipt of proceeds of a viatical settlement may adversely affect*
47 *the viator's eligibility for Medicaid or other governmental benefits, and*
48 *advice should be sought from the appropriate governmental agencies.*



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1 (e) The viator has a right to terminate a viatical settlement within 15
2 days after his receipt of the proceeds, as provided in section 31 of this act,
3 and if the insured dies during that period, the settlement is terminated
4 and all proceeds must be repaid to the provider.

5 (f) Money will be sent to the viator within 3 business days after the
6 provider has received the insurer's or group administrator's
7 acknowledgment that ownership of or interest in the policy has been
8 transferred and the beneficiary has been designated.

9 (g) Entering into a viatical settlement may cause other rights,
10 including conversion and waiver of premium, that may exist under the
11 policy to be forfeited by the viator, and assistance should be sought from
12 a financial adviser.

13 (h) A brochure is provided which describes the process of viatical
14 settlement, in the form prescribed by the National Association of
15 Insurance Commissioners unless the commissioner prescribes a different
16 form.

17 2. The document in which the disclosures required by paragraphs (a)
18 to (g), inclusive, of subsection 1 are made must also contain the
19 following:

20
21 All medical, financial and personal information solicited or
22 obtained by a provider or broker of viatical settlements about an
23 insured, including his identity and that of members of his family, a
24 spouse or other relationship, may be disclosed as necessary to effect
25 the viatical settlement between the viator and the provider. If you
26 are asked to provide this information, you will be asked to consent to
27 the disclosure. Failure to consent may affect your ability to viaticate
28 your policy. The information may be furnished to someone who
29 buys the policy or provides money for the purchase.

30
31 **Sec. 27.** A provider of viatical settlements shall furnish to the viator,
32 no later than the date the viatical settlement is signed by all parties, at
33 least the following disclosures, conspicuously displayed in the viatical
34 settlement or in a separate document signed by the viator and the
35 provider or broker of viatical settlements:

36 1. The affiliation, if any, between the provider and the issuer of the
37 policy to be viaticated.

38 2. The name, address and telephone number of the provider.

39 3. The amount and method of calculating the broker's commission,
40 including anything of value paid or given to the broker for placing the
41 policy.

42 4. If the policy to be viaticated was issued as a joint policy, contains
43 family riders or covers a life other than that of the insured under it, any
44 possible loss of coverage on the other lives under the policy, and that the
45 viator should consult the producer of the insurance or the issuer of the
46 policy for advice concerning the settlement.

47 5. The monetary amount of the current death benefit payable to the
48 provider under the policy and, if known, the availability of any other



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1 *guaranteed benefit, the monetary amount of any benefit for accidental*
2 *death or dismemberment, and the provider's interest in those benefits.*

3 6. *The name, business address and telephone number of the escrow*
4 *agent, and the right of the viator or owner to inspect or receive copies of*
5 *the relevant escrow or trust agreements or related documents.*

6 **Sec. 28.** *If a provider of viatical settlements transfers ownership or*
7 *changes the beneficiary of a viaticated policy, he shall inform the insured*
8 *of the transfer or change within 20 days after it occurs.*

9 **Sec. 29.** 1. *A provider of viatical settlements who enters into a*
10 *settlement shall first obtain:*

11 (a) *If the viator is the insured, a written statement from a licensed*
12 *attending physician that the viator is of sound mind and under no*
13 *constraint or undue influence to enter into a settlement;*

14 (b) *A witnessed document in which the viator represents that he has a*
15 *full and complete understanding of the settlement and of the benefits of*
16 *the policy, acknowledges that he has entered into the settlement freely*
17 *and voluntarily and, if applicable to determine a payment to a person*
18 *terminally or chronically ill, acknowledges that he is terminally or*
19 *chronically ill and that the illness was diagnosed after the policy was*
20 *issued; and*

21 (c) *A document in which the insured consents to the release of his*
22 *medical records to a provider or broker of viatical settlements and the*
23 *insurer that issued the policy covering him.*

24 2. *Within 20 days after a viator executes documents necessary to*
25 *transfer rights under a policy, or enters into an agreement in any form,*
26 *express or implied, to viaticate the policy, the provider of viatical*
27 *settlements shall give written notice to the issuer of the policy that the*
28 *policy has or will become viaticated. The notice must be accompanied by*
29 *a copy of the release of medical records and the application for the*
30 *viatical settlement.*

31 **Sec. 30.** *All medical information solicited or obtained by a licensee*
32 *under this chapter is subject to other laws of this state relating to the*
33 *confidentiality of the information.*

34 **Sec. 31.** *A viatical settlement entered into in this state must reserve*
35 *to the viator an unconditional right to terminate the settlement within 15*
36 *days after he receives the proceeds of the settlement. If the insured dies*
37 *during that period, the settlement is terminated, but the proceeds must be*
38 *repaid to the provider of the viatical settlement.*

39 **Sec. 32.** 1. *A provider of viatical settlements shall instruct the*
40 *viator to send the executed documents required to effect the change in*
41 *ownership or assignment or change of beneficiary of the affected policy*
42 *to a designated independent escrow agent. Within 3 business days after*
43 *the date the escrow agent receives the documents, or within 3 business*
44 *days after the provider receives the documents if by mistake they are sent*
45 *directly to him, the escrow agent shall deposit the proceeds of the*
46 *settlement into an escrow or trust account maintained in a regulated*
47 *financial institution whose deposits are insured by the Federal Deposit*
48 *Insurance Corporation.*



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1 2. Upon deposit of the proceeds in that account, the escrow agent
2 shall deliver to the provider the original documents executed by the
3 viator. Upon the provider's receipt from the insurer of an
4 acknowledgment of the change in ownership or assignment or change of
5 beneficiary of the affected policy, he shall instruct the escrow agent to
6 pay the proceeds of the settlement to the viator.

7 3. Payment to the viator must be made within 3 business days after
8 the date the provider received the acknowledgment from the insurer.
9 Failure to make the payment within that time makes the viatical
10 settlement voidable by the viator for lack of consideration until payment
11 is tendered to and accepted by the viator.

12 **Sec. 33.** 1. Contact with an insured to determine the status of his
13 health after a viatical settlement may be made only by a provider or
14 broker of viatical settlements who is licensed in this state, or its
15 authorized representative, and no oftener than once every 3 months if the
16 insured has a life expectancy of 1 year or more, or once every month if
17 the insured has a life expectancy of less than 1 year. The provider or
18 broker shall explain the procedure for those contacts at the time the
19 settlement is entered into.

20 2. The limitations of subsection 1 do not apply to contacts for
21 purposes other than determining status of health.

22 3. A provider or broker is responsible for the acts of his authorized
23 representative.

24 **Sec. 34.** 1. A viator may not enter into a viatical settlement within
25 2 years after the issuance of the policy to which the settlement relates
26 unless one or more of the following conditions is or has been satisfied:

27 (a) The policy was issued upon the owner's exercise of a right of
28 conversion arising out of a group policy.

29 (b) The owner of the policy is a charitable organization exempt from
30 taxation under 26 U.S.C. § 501(c)(3).

31 (c) The owner of the policy is a business organization.

32 (d) The viator or owner submits to the provider of viatical settlements
33 independent evidence that within the 2-year period:

34 (1) The owner or insured has been diagnosed to have an illness or
35 condition that is life-threatening or requires a course of treatment for at
36 least 2 years, long-term care or health care at home, or any combination
37 of these;

38 (2) The spouse of the owner or insured has died;

39 (3) The owner or insured has divorced his spouse;

40 (4) The owner or insured has retired from full-time employment;

41 (5) The owner or insured has become physically or mentally
42 disabled and a physician determines that the disability precludes him
43 from maintaining full-time employment;

44 (6) The owner of the policy was the employer of the insured and
45 that relationship has terminated;

46 (7) A final judgment or order has been entered or issued by a court
47 of competent jurisdiction, on the application of a creditor or owner of the
48 insured, adjudging the owner or insured bankrupt or insolvent, or
49 approving a petition for reorganization of the owner or insured or



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1 *appointing a receiver, trustee or liquidator for all or a substantial part of*
2 *the assets of the owner or insured;*

3 *(8) The owner of the policy experiences a significant decrease in*
4 *income which is unexpected by him and impairs his reasonable ability to*
5 *pay the premium on the policy; or*

6 *(9) The owner or insured disposes of his ownership in a closely held*
7 *corporation.*

8 *2. The independent evidence must be submitted to the insurer when*
9 *the provider of viatical settlements submits a request to the insurer to*
10 *effect transfer of the policy to him. The insurer shall respond timely to*
11 *the request. This section does not prohibit an insurer from exercising its*
12 *right to contest a policy on the ground of fraud.*

13 *3. If a provider of viatical settlements submits to an insurer a copy of*
14 *the owner's or insured's certification that one of the events described in*
15 *paragraph (d) of subsection 1 has occurred, the certification conclusively*
16 *establishes that the viatical settlement is valid, and the insurer shall*
17 *timely respond to the provider's request to effect a transfer of the policy.*

18 **Sec. 35.** *Sections 35 to 43, inclusive, of this act apply to advertising*
19 *of viatical settlements or related services intended for dissemination in*
20 *this state, including advertising on the Internet which is viewed by*
21 *persons in this state. To the extent that federal regulation establishes*
22 *requirements for disclosure, those sections must be so interpreted as to*
23 *eliminate or minimize conflict with the federal requirements.*

24 **Sec. 36.** *Each licensee under this chapter shall establish and*
25 *continuously maintain a system of control over the content, form and*
26 *method of dissemination of all advertisements of its contracts and*
27 *services. Each advertisement is the responsibility of the licensee as well*
28 *as the person who creates or presents it. A system of control must include*
29 *notification to persons authorized by the licensee who disseminate*
30 *advertisements, at least annually, of the requirements and procedures for*
31 *approval before use of any advertisements not furnished by the licensee.*

32 **Sec. 37.** *An advertisement must be truthful and not misleading in*
33 *fact or by implication. The form and content of an advertisement for*
34 *viatical settlements must be sufficiently complete and clear to avoid*
35 *deception. An advertisement may not have a capacity or tendency to*
36 *mislead or deceive, as determined by the commissioner from the overall*
37 *impression it may reasonably be expected to create upon a person of*
38 *average education or intelligence in the segment of the public to which it*
39 *is directed.*

40 **Sec. 38.** *1. The information required to be disclosed under sections*
41 *35 to 43, inclusive, of this act may not be minimized, obscured, presented*
42 *ambiguously or so intermingled with other text of an advertisement as to*
43 *be confusing or misleading.*

44 *2. An advertisement may not omit material information or use*
45 *language or illustrations if the omission or use has a capacity or*
46 *tendency to, or does, mislead viators as to the nature or extent of any*
47 *benefit, loss covered, premium payable or effect on federal or state taxes.*
48 *Making a viatical settlement available for inspection before it is*
49 *consummated, or offering to refund payment if the viator is not satisfied*



1 *within the period prescribed in section 31 of this act, does not remedy*
2 *misleading statements.*

3 *3. An advertisement may not use the name or title of an insurer or*
4 *policy unless the advertisement has been approved by the insurer.*

5 *4. An advertisement may not state or imply that interest charged on*
6 *an accelerated death benefit or loan on a policy is unfair or in any way*
7 *improper.*

8 *5. The words "free," "no additional cost" or words of similar import*
9 *may not be used with respect to any benefit or service unless true.*

10 **Sec. 39.** *1. A testimonial, appraisal or analysis used in an*
11 *advertisement must be genuine, represent the present opinion of the*
12 *author, apply to the viatical settlement advertised, if any, and be*
13 *reproduced with sufficient completeness to avoid misleading viators. In*
14 *using a testimonial, appraisal or analysis, a licensee under this chapter*
15 *makes the statements contained his own, and the statements must satisfy*
16 *the requirements of sections 35 to 43, inclusive, of this act.*

17 *2. If the person making a testimonial, appraisal, analysis or*
18 *endorsement has a financial interest in the provider of viatical*
19 *settlements or a related organization, or receives a benefit other than*
20 *required wages, that fact must be prominently disclosed in the*
21 *advertisement.*

22 *3. An advertisement may not state or imply that a viatical settlement,*
23 *benefit or service has been approved or endorsed by a group, society or*
24 *other organization unless that is the fact and any relationship between*
25 *the organization and the provider of viatical settlements is disclosed. If*
26 *the organization is owned, controlled or managed by the provider, or*
27 *receives any payment or other consideration from the provider for*
28 *making the endorsement or testimonial, that fact must be disclosed in the*
29 *advertisement.*

30 *4. An advertisement may not contain statistical information unless it*
31 *accurately reflects recent and relevant facts. The source of all statistics*
32 *used in an advertisement must be identified.*

33 **Sec. 40.** *An advertisement may not disparage insurers, providers of*
34 *insurance, other providers or brokers of viatical settlements, policies,*
35 *services or methods of marketing.*

36 **Sec. 41.** *1. The name of the provider of viatical settlements must be*
37 *clearly identified in an advertisement about him or his viatical*
38 *settlements. If a viatical settlement is advertised, it must be identified by*
39 *number or other appropriate description. If an application is part of an*
40 *advertisement, the name of the provider must be shown on the*
41 *application.*

42 *2. An advertisement may not use a trade name, designation of a*
43 *group, name of a parent or particular division of a provider of viatical*
44 *settlements, service mark, slogan or other device or reference without*
45 *disclosing the identity of the provider of viatical settlements licensed*
46 *under this chapter if the advertisement would have the capacity or*
47 *tendency to mislead as to his true identity or create the impression that*
48 *an organization other than the licensee would have a responsibility for*



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1 *the financial obligation under a viatical settlement. The name of the*
2 *licensee must be stated in all advertisements.*

3 **Sec. 42.** 1. *An advertisement may not use a combination of words,*
4 *symbols or physical materials that by their content, phraseology, shape,*
5 *color or other characteristic are so similar to a combination of words,*
6 *symbols or physical materials used by a governmental program or*
7 *agency, or otherwise appear to be of such a nature, that they tend to*
8 *mislead viators into believing that the solicitation is connected with a*
9 *governmental program or agency. An advertisement may not create the*
10 *impression that a provider of viatical settlements, his financial condition*
11 *or business practices, the payment of his claims or the merit, desirability*
12 *or advisability of his viatical settlements is recommended or endorsed by*
13 *a governmental authority.*

14 2. *An advertisement may state that a provider of viatical settlements*
15 *is licensed in the state in which the advertisement appears, if it does not*
16 *imply that competing providers are not so licensed. The advertisement*
17 *may suggest consulting the licensee's web site or communicating with*
18 *the commissioner to ascertain whether the state requires licensing and, if*
19 *so, whether a particular provider or broker of viatical settlements is*
20 *licensed.*

21 **Sec. 43.** 1. *If an advertiser emphasizes the speed with which*
22 *viatication will occur, the advertisement must disclose the average time*
23 *from completed application to date of offer and from acceptance of offer*
24 *to receipt of funds by the viator.*

25 2. *If an advertiser emphasizes the monetary amounts available to*
26 *viators, the advertisement must disclose the average purchase price as a*
27 *fraction of face value obtained by viators who contracted with the*
28 *advertiser during the preceding 6 months.*

29 **Sec. 44.** *It is a category D felony, and the offender shall be punished*
30 *as provided in NRS 193.130, for any person, knowingly or with intent to*
31 *defraud, to do any of the following acts in order to deprive another of*
32 *property or for his own pecuniary gain:*

33 1. *Present, cause to be presented or prepare with knowledge or belief*
34 *that it will be presented, false information to or by a provider or broker of*
35 *viatical settlements, a financing agent, an insurer, a provider of*
36 *insurance or any other person, or to conceal information, as part of, in*
37 *support of or concerning a fact material to:*

38 (a) *An application for the issuance of a policy or viatical settlement;*

39 (b) *The underwriting of a policy or viatical settlement;*

40 (c) *A claim for payment or other benefit under a policy or viatical*
41 *settlement;*

42 (d) *A premium paid on a policy;*

43 (e) *A payment or change of beneficiary or ownership pursuant to a*
44 *policy or viatical settlement;*

45 (f) *The reinstatement or conversion of a policy;*

46 (g) *The solicitation, offer or effectuation of a policy or viatical*
47 *settlement; or*

48 (h) *The issuance of written evidence of a policy or viatical settlement.*

49 2. *In furtherance of a fraud or to prevent detection of a fraud:*



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- 1 (a) Remove, conceal, alter, destroy or sequester from the
2 commissioner assets or records of a licensee under this chapter or other
3 person engaged in the business of viatical settlements;
4 (b) Misrepresent or conceal the financial condition of a licensee, a
5 financing agent, an insurer or other person;
6 (c) Transact the business of viatical settlements in violation of this
7 chapter; or
8 (d) File with the commissioner or analogous officer of another
9 jurisdiction a document containing false information or otherwise
10 conceal information about a material fact from the commissioner or
11 other officer.
- 12 3. Present, cause to be presented or prepare with knowledge or belief
13 that it will be presented to or by a provider or broker of viatical
14 settlements, a financing agent, an insurer, a provider of insurance or any
15 other person, in connection with a viatical settlement or transaction of
16 insurance, a policy fraudulently by the insured or owner or an agent of
17 either.
- 18 4. Embezzle, steal, misappropriate or convert money, premiums,
19 credits or other property of a provider of viatical settlements, a viator, an
20 insurer, an insured, an owner of a policy or other person engaged in the
21 business of viatical settlements or insurance.
- 22 5. Attempt to commit, assist, aid, abet or conspire to commit an act or
23 omission described in subsections 1 to 4, inclusive.
- 24 **Sec. 45.** It is unlawful knowingly or intentionally:
- 25 1. For any person to interfere with the enforcement of the provisions
26 of this chapter or an investigation of a possible violation of those
27 provisions.
- 28 2. For a person engaged in the business of viatical settlements to
29 permit any person convicted of a felony involving dishonesty or breach of
30 trust to participate in that business.
- 31 **Sec. 46.** An application or contract for a viatical settlement, however
32 transmitted, must contain a settlement substantially as follows: “A
33 person who knowingly presents false information in an application for a
34 viatical settlement is guilty of insurance fraud and subject to fine and
35 imprisonment.” The lack of such a statement is not a defense in a
36 prosecution for violation of section 44 of this act.
- 37 **Sec. 47.** 1. A person engaged in the business of viatical settlements
38 who knows or reasonably believes that a violation of section 44 of this act
39 is being, has been or will be committed shall promptly report the facts
40 and circumstances pertaining to the violation to the commissioner.
- 41 2. Any other person who knows or reasonably believes that a
42 violation of section 43 of this act is being, has been or will be committed
43 may furnish to the commissioner the information required by the
44 commissioner.
- 45 **Sec. 48.** 1. Except as otherwise provided in subsection 2, a person
46 furnishing information of the kind described in section 47 of this act is
47 immune from liability and civil action if the information is furnished to
48 or received from:
- 49 (a) The commissioner or his employees, agents or representatives;



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1 (b) Another federal, state or local law enforcement or regulatory
2 officer or his employees, agents or representatives;

3 (c) Another person involved in the prevention or detection of
4 violations of section 44 of this act or similar offenses or his employees,
5 agents or representatives;

6 (d) The National Association of Insurance Commissioners or other
7 regulatory body overseeing life insurance or viatical settlements, or its
8 employees, agents or representatives; or

9 (e) The insurer that issued the policy concerned in the information.

10 2. The immunity provided in subsection 1 does not extend to a
11 statement made with actual malice. In an action brought against a
12 person for filing a report or furnishing other information concerning a
13 violation of section 44 of this act, the plaintiff must plead specifically that
14 the defendant acted with actual malice.

15 3. This section does not supplant or modify any other privilege or
16 immunity at common law or under another statute enjoyed by a person
17 described in subsection 1.

18 **Sec. 49.** 1. A document or information furnished pursuant to
19 section 48 of this act or obtained by the commissioner in an investigation
20 of an actual or suspected violation of section 44 of this act is confidential
21 and privileged, is not a public record and is not subject to discovery or
22 subpoena in a civil action or criminal prosecution.

23 2. Subsection 1 does not prohibit the commissioner from disclosing
24 documents or evidence so furnished or obtained:

25 (a) In an administrative or judicial proceeding to enforce a statute
26 administered by him;

27 (b) To another federal, state or local law enforcement or regulatory
28 officer, another person involved in the prevention or detection of
29 violations of section 44 of this act or similar offenses, or the National
30 Association of Insurance Commissioners; or

31 (c) To a person engaged in the business of viatical settlements who is
32 aggrieved by the violation.

33 3. Disclosure of a document or evidence under subsection 2 does not
34 abrogate or modify the privilege covering it under subsection 1.

35 **Sec. 50.** 1. Each licensee under this chapter shall establish and
36 maintain protective measures against fraud which are reasonably
37 calculated to prevent, detect and assist in the prosecution of violations of
38 section 44 of this act. The commissioner may order, or a licensee may
39 request and the commissioner may approve, modifications of the
40 measures otherwise required under this section, more or less restrictive
41 than those measures, as necessary to protect against fraud. Required
42 measures are employment of or contracting with investigators and
43 submission of a plan to the commissioner which includes:

44 (a) A description of the procedures for detecting and investigating
45 possible violations of section 44 of this act and for resolving
46 inconsistencies between medical records and applications for insurance;

47 (b) A description of the procedures for reporting possible violations to
48 the commissioner;



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1 (c) A description of the plan for educating and training underwriters
2 and other personnel against fraud; and

3 (d) A description or chart of the organizational arrangement of the
4 personnel responsible for detecting and investigating possible violations
5 of section 44 of this act and for resolving inconsistencies between
6 medical records and applications for insurance.

7 2. A plan submitted to the commissioner pursuant to subsection 1 is
8 privileged and confidential, not a public record and not subject to
9 discovery or subpoena in a civil action or criminal prosecution.

10 **Sec. 51.** 1. In addition to the penalties and other means of
11 enforcement provided under this chapter:

12 (a) If a person violates a provision of this chapter or of a regulation
13 adopted under this chapter, the commissioner may seek an injunction
14 and apply for temporary and permanent orders he determines to be
15 necessary to restrain the violator.

16 (b) A person who violates a provision of this chapter is subject to an
17 administrative fine of not more than \$1,000 for each violation.

18 (c) In addition to a criminal penalty imposed, the court shall order
19 restitution to the person aggrieved by the violation.

20 2. A person aggrieved by a violation of this chapter may bring a civil
21 action against the violator to recover the damages suffered.

22 **Sec. 52.** The commissioner may adopt regulations to:

23 1. Establish standards for evaluating the reasonableness of payments
24 under viatical settlements to persons chronically or terminally ill,
25 including the regulation of the rates of discount used to determine the
26 amount paid in exchange for an assignment, transfer, sale or devise of a
27 benefit under a policy.

28 2. Require a bond or otherwise ensure financial accountability of
29 providers and brokers of viatical settlements.

30 3. Govern the relationship of insurers with providers and brokers of
31 viatical settlements during the viatication of a policy.

32 **Sec. 53.** Chapter 679A of NRS is hereby amended by adding thereto
33 the provisions set forth as sections 54 and 55 of this act.

34 **Sec. 54.** "Producer of insurance" means a person required to be
35 licensed under the laws of this state to sell, solicit or negotiate insurance.

36 **Sec. 55.** "Provider of insurance" includes an insurer, producer of
37 insurance, managing general agent, third party administrator,
38 organization composed of or using preferred providers of health care,
39 health maintenance organization, commercial bank, trust company,
40 savings and loan association, credit union, thrift company, financial
41 holding company, affiliate or subsidiary of an insurer or financial
42 holding company, broker-dealer in securities, mortgage lender, and any
43 other person engaged in the business of insurance.

44 **Sec. 56.** NRS 679A.020 is hereby amended to read as follows:

45 679A.020 As used in this code, unless the context otherwise requires,
46 the words and terms defined in NRS 679A.030 to 679A.130, inclusive, *and*
47 *sections 54 and 55 of this act* have the meanings ascribed to them in those
48 sections.



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1 **Sec. 57.** Chapter 679B of NRS is hereby amended by adding thereto
2 the provisions set forth as sections 58 and 59 of this act.

3 **Sec. 58. 1. The commissioner shall adopt regulations governing:**

4 **(a) The use of electronic signatures, and the acceptance and**
5 **transmission of electronic records, in transactions relating to insurance;**
6 **and**

7 **(b) The electronic filing of forms and payment of fees, and the storage**
8 **and reproduction of records, filed with the division.**

9 **2. As used in this section:**

10 **(a) "Electronic" means relating to technology having electrical,**
11 **digital, magnetic, wireless, optical, electromagnetic or similar**
12 **capabilities.**

13 **(b) "Electronic record" means a record created, generated, sent,**
14 **communicated, received or stored by electronic means.**

15 **(c) "Electronic signature" means an electronic sound, symbol or**
16 **process attached to or logically associated with a record and executed or**
17 **adopted by a person with the intent to sign the record.**

18 **(d) "Record" means information that is inscribed on a tangible**
19 **medium or that is stored in an electronic or other medium and is**
20 **retrievable in perceivable form.**

21 **(e) "Transaction" means an action or set of actions occurring**
22 **between two or more persons relating to the transaction of business,**
23 **commercial or governmental affairs.**

24 **Sec. 59. The commissioner may adopt regulations, not inconsistent**
25 **with any provision of NRS, to enforce the provisions of any federal law**
26 **enacted after January 1, 2001, concerning a bill of rights for patients.**

27 **Sec. 60.** NRS 679B.090 is hereby amended to read as follows:

28 679B.090 1. The commissioner may employ such other technical,
29 actuarial, rating, clerical and other assistants and examiners as he may
30 reasonably require for execution of his duties, each of whom must be in the
31 classified service of the state.

32 2. The commissioner may contract for and procure services of
33 examiners and other or additional specialized technical or professional
34 assistance, as independent contractors or for a fee, as he may reasonably
35 require. None of the persons providing those services or assistance on ~~at~~
36 contract or ~~for a fee~~ ~~basis~~ may be in the classified service of the state.

37 **3. The commissioner may contract with a person outside the division**
38 **for administering examinations, processing applications for licenses, and**
39 **collecting fees.**

40 **4. The commissioner may adopt regulations to carry out the**
41 **provisions of subsections 2 and 3.**

42 **Sec. 61.** NRS 679B.150 is hereby amended to read as follows:

43 679B.150 1. The commissioner may:

44 (a) Take measures to enhance the public understanding of insurance
45 coverages purchased by consumers and encourage price competition
46 among insurers and a public understanding of the standards promulgated
47 under paragraph (b).

48 (b) Develop, promulgate and revise as he deems appropriate, standards
49 in each of the several areas of insurance appropriate to be applied to



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1 policies sold in the State of Nevada. The standards ~~shall~~ *must* seek to
2 ensure that policies ~~shall not be~~ *are not* unjust, unfair, inequitable,
3 unfairly discriminatory, misleading, deceptive, obscure or encourage
4 misrepresentation or misunderstanding of the contract.

5 *(c) Develop criteria to determine the suitability of insurance contracts*
6 *and the practices used in the sale of insurance.*

7 2. ~~Nothing in this section shall~~ *This section does not* prohibit an
8 insurer from offering policies encompassing standards more favorable to
9 the insured than those promulgated under this section.

10 **Sec. 62.** NRS 679B.152 is hereby amended to read as follows:

11 679B.152 1. Every insurer or organization for dental care which pays
12 claims on the basis of fees for medical or dental care which are "usual and
13 customary" shall submit to the commissioner a complete description of the
14 method it uses to determine those fees. This information must be kept
15 confidential by the commissioner. The fees determined by the insurer or
16 organization to be the usual and customary fees for that care are subject to
17 the approval of the commissioner as being the usual and customary fees in
18 that locality. *The provisions of this subsection apply to medical or dental*
19 *care provided to a claimant under any contract of insurance.*

20 2. Any contract for group, blanket or individual health insurance and
21 any contract issued by a nonprofit hospital, medical or dental service
22 corporation or organization for dental care, which provides a plan for
23 dental care to its insureds or members which limits their choice of a dentist,
24 under the plan to those in a preselected group, must offer its insureds or
25 members the option of selecting a plan of benefits which does not restrict
26 the choice of a dentist. The selection of that option does not entitle the
27 insured or member to any increase in contributions by his employer or
28 other organization toward the premium or cost of the optional plan over
29 that contributed under the restricted plan.

30 **Sec. 63.** NRS 679B.190 is hereby amended to read as follows:

31 679B.190 1. The commissioner shall carefully preserve in the
32 division and in permanent form all papers and records relating to the
33 business and transactions of the division and shall hand them over to his
34 successor in office.

35 2. Except as otherwise provided in subsections 3 ~~1, 5 and 6,~~ *and 5 to*
36 *9, inclusive*, other provisions of this code and NRS 616B.015, the papers
37 and records must be open to public inspection.

38 3. Any records or information in the possession of the division related
39 to an investigation conducted by the commissioner is confidential unless:

40 (a) The commissioner releases, in the manner that he deems appropriate,
41 all or any part of the records or information for public inspection after
42 determining that the release of the records or information:

43 (1) Will not harm his investigation or the person who is being
44 investigated; or

45 (2) Serves the interests of a policyholder, the shareholders of the
46 insurer or the public; or

47 (b) A court orders the release of the records or information after
48 determining that the production of the records or information will not
49 damage any investigation being conducted by the commissioner.



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1 4. The commissioner may destroy unneeded or obsolete records and
2 filings in the division in accordance with provisions and procedures
3 applicable in general to administrative agencies of this state.

4 5. The commissioner may classify as confidential ~~teertain~~ :

5 (a) *Specified* records and information obtained from a governmental
6 agency ~~to~~;

7 (b) *Documents obtained or received from* other sources upon the
8 express condition that they remain confidential.

9 6. All information and documents in the possession of the division or
10 any of its employees which are related to cases or matters under
11 investigation by the commissioner or his staff are confidential for the
12 period of the investigation and may not be made public unless the
13 commissioner finds the existence of an imminent threat of harm to the
14 safety or welfare of the policyholder, shareholders or the public and
15 determines that the interests of the policyholder, shareholders or the public
16 will be served by publication thereof, in which event he may make a record
17 public or publish all or any part of the record in any manner he deems
18 appropriate.

19 7. *The commissioner may classify as confidential the records of a*
20 *consumer or information relating to a consumer to protect the health,*
21 *welfare or safety of the consumer.*

22 8. *In performing his duties, the commissioner may:*

23 (a) *Share documents, materials or other information, including any*
24 *documents, materials or information classified as confidential, with other*
25 *state, federal and international regulatory or law enforcement agencies*
26 *or with the National Association of Insurance Commissioners and its*
27 *affiliates and subsidiaries if the recipient agrees to maintain the*
28 *confidentiality and privileged status of the documents, materials or other*
29 *information.*

30 (b) *May receive documents, materials or other information, including*
31 *any documents, materials or information otherwise confidential and*
32 *privileged, from other state, federal and international regulatory or law*
33 *enforcement agencies or from the National Association of Insurance*
34 *Commissioners and its affiliates and subsidiaries, and shall maintain as*
35 *confidential or privileged any document, material or information*
36 *received with notice or the understanding that it is confidential or*
37 *privileged under the law of the jurisdiction from which it was received.*

38 (c) *Enter into agreements, consistent with this subsection, governing*
39 *the sharing and use of information.*

40 9. *No waiver of confidentiality or privilege with respect to any*
41 *document, material or information occurs as a result of disclosure to the*
42 *commissioner under this section or of sharing as authorized under this*
43 *chapter.*

44 **Sec. 64.** NRS 679B.220 is hereby amended to read as follows:

45 679B.220 1. The commissioner shall communicate on request of the
46 *regulatory officer for* insurance ~~supervisory official of~~ *in* any state,
47 province or country any information which it is his duty by law to ascertain
48 respecting authorized insurers.

49 2. The commissioner may:



- 1 (a) Be a member of the National Association of Insurance
2 Commissioners or any successor organization;
- 3 (b) Exchange with the association or any successor organization any
4 information, not otherwise confidential, relating to applicants and licensees
5 under this Title;
- 6 (c) Communicate with the association or any successor organization
7 concerning the business of insurance generally; ~~and~~
- 8 (d) *Enter into compacts with the regulatory officers in other states to*
9 *further the uniform treatment of insurers throughout the United States;*
10 *and*
- 11 (e) Participate in and support other cooperative activities of public
12 officers having supervision of the business of insurance.
- 13 **Sec. 65.** NRS 679B.510 is hereby amended to read as follows:
14 679B.510 As used in NRS 679B.510 to 679B.560, inclusive, *and*
15 *section 59 of this act*, unless the context otherwise requires, the words and
16 terms defined in NRS 679B.520, 679B.530 and 679B.540 have the
17 meanings ascribed to them in those sections.
- 18 **Sec. 66.** NRS 680A.320 is hereby amended to read as follows:
19 680A.320 1. For the purposes of this section:
- 20 (a) An "affiliated person" is a person controlled by any combination of
21 the insurer, the parent corporation, a subsidiary or the principal
22 stockholders or officers or directors of any of the foregoing.
- 23 (b) *"Depository institution" has the meaning ascribed to it in section 3*
24 *of the Federal Deposit Insurance Act, 12 U.S.C. § 1813(c)(1).*
- 25 (c) *"Financial holding company" means a bank holding company*
26 *that satisfies the requirements of section 4(l)(1) of the Bank Holding*
27 *Company Act of 1956, 12 U.S.C. § 1841(l)(1).*
- 28 (d) "Health facility" has the meaning ascribed to it in NRS 439A.015.
- 29 ~~(e)~~ (e) A "subsidiary" is a person of which either the insurer and the
30 parent corporation or the insurer or the parent corporation holds practical
31 control.
- 32 2. No insurer may engage directly or indirectly in any transaction or
33 agreement with its parent corporation, *a financial holding company, a*
34 *depository institution*, or ~~with~~ any subsidiary or affiliated person which
35 will result or tend to result in:
- 36 (a) Substitution contrary to the interest of the insurer and through any
37 method of any asset of the insurer with an asset or assets of inferior quality
38 or lower fair market value;
- 39 (b) Deception as to the true operating results of the insurer;
- 40 (c) Deception as to the true financial condition of the insurer;
- 41 (d) Allocation to the insurer of a proportion of the expense of combined
42 facilities or operations which is unfair and unfavorable to the insurer;
- 43 (e) Unfair or excessive charges against the insurer for services,
44 facilities, supplies or reinsurance;
- 45 (f) Unfair and inadequate charges by the insurer for reinsurance,
46 services, facilities or supplies furnished by the insurer to others;
- 47 (g) Payment by the insurer for services, facilities, supplies or
48 reinsurance not reasonably needed by the insurer;



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- 1 (h) Depletion of the insurer's surplus, through payment of dividends or
2 other distribution or withdrawal, below the amount thereof reasonably
3 required for conduct of the insurer's business and maintenance of growth
4 with safety to policyholders; or
5 (i) Payment by the insurer for services or products for which the health
6 facility has charged less than fair market value, unless the reduced charge
7 is reflected in the form of reduced premiums. In determining what
8 constitutes fair market value, consideration must be given to reasonable
9 agreements for the preferential provision of health care, in accordance with
10 regulations adopted by the commissioner. An insurer which pays less than
11 fair market value for services or products in a transaction which is subject
12 to the provisions of this paragraph shall annually file a certification with
13 the commissioner that the reduced payment has been reflected in the form
14 of reduced premiums, together with documentation supporting the
15 certification.
- 16 3. In all transactions between the insurer and its parent corporation, or
17 involving the insurer and any subsidiary or affiliated person, full
18 recognition must be given to the paramount duty and obligation of the
19 insurer to protect the interests of policyholders, both existing and future.
- 20 4. If a health facility is a parent, subsidiary or affiliate of an insurer or
21 of a parent or facility of an insurer, and the insurer purchases medical or
22 any other services or products from the health facility, the health facility
23 may not:
- 24 (a) Attempt artificially to reduce or increase its margin of profit by
25 altering the charges to the insurer.
- 26 (b) Alter its true operating results or financial condition through charges
27 to the insurer for services or products.
- 28 This subsection does not prohibit activities authorized pursuant to
29 paragraph (i) of subsection 2.
- 30 5. If a health facility is found, after notice and a hearing, to have
31 violated the provisions of subsection 4, the commissioner may impose an
32 administrative fine of not more than \$5,000 for each violation.
- 33 **Sec. 67.** NRS 680B.010 is hereby amended to read as follows:
34 680B.010 The commissioner shall collect in advance and receipt for,
35 and persons so served must pay to the commissioner, fees and
36 miscellaneous charges as follows:
- 37 1. Insurer's certificate of authority:
- 38 (a) Filing initial application..... \$2,450
- 39 (b) Issuance of certificate:
- 40 (1) For any one kind of insurance as defined in NRS 681A.010
41 to 681A.080, inclusive 283
- 42 (2) For two or more kinds of insurance as so defined 578
- 43 (3) For a reinsurer 2,450
- 44 (c) Each annual continuation of a certificate 2,450
- 45 (d) Reinstatement pursuant to NRS 680A.180, 50 percent of the
46 annual continuation fee otherwise required.
- 47 (e) Registration of additional title pursuant to NRS 680A.240 50
- 48 (f) Annual renewal of the registration of additional title pursuant
49 to NRS 680A.240 25



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1	2. Charter documents, other than those filed with an application	
2	for a certificate of authority. Filing amendments to articles of	
3	incorporation, charter, bylaws, power of attorney and other	
4	constituent documents of the insurer, each document	\$10
5	3. Annual statement or report. For filing annual statement or	
6	report	\$25
7	4. Service of process:	
8	(a) Filing of power of attorney	\$5
9	(b) Acceptance of service of process	30
10	5. Agents' licenses, Licenses , appointments and renewals +	
11	for producers of insurance:	
12	(a) Resident agents and nonresident agents qualifying under	
13	subsection 3 of NRS 683A.340:	
14	(1) Application and license	78 125
15	(2) Appointment by	
16	(b) Appointment fee for each insurer	5 15
17	(3) (c) Triennial renewal of each license	78 125
18	(4) (d) Temporary license	10
19	(b) Other nonresident agents:	
20	(1) Application and license	138
21	(2) Appointment by each insurer	25
22	(3) Triennial renewal of each license	138
23	6. Brokers' licenses and renewals:	
24	(a) Resident brokers and nonresident brokers qualifying under	
25	subsection 3 of NRS 683A.340:	
26	(1) Application and license	78
27	(2) Triennial renewal of each license	78
28	(b) Other nonresident brokers:	
29	(1) Application and license	258
30	(2) Triennial renewal of each license	258
31	(c) Resident surplus	
32	(e) Modification of an existing license.....	50
33	6. Surplus lines brokers:	
34	(1) (a) Application and license	78 125
35	(2) (b) Triennial renewal of each license	78 125
36	(d) Nonresident surplus lines brokers:	
37	(1) Application and license	258
38	(2) Triennial renewal of each license	258
39	7. Solicitors' licenses, appointments and renewals:	
40	(a) Application and license	78
41	(b) Triennial renewal of each license	78
42	(c) Initial appointment	5
43	8. 7. Managing general agents' licenses, appointments and	
44	renewals:	
45	(a) Resident managing general agents:	
46	(1) Application and license	78 125
47	(2) Initial appointment,	
48	(b) Appointment fee for each insurer	5 15
49	(3) Triennial renewal of each license	78 125



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1	[(b) Nonresident managing general agents:	
2	(1) Application and license	138
3	(2) Initial appointment, each insurer	25
4	(3) Triennial renewal of each license	138
5	9.] 8. Adjusters' licenses and renewals:	
6	(a) Independent and public adjusters:	
7	(1) Application and license	178] \$125
8	(2) Triennial renewal of each license	178] 125
9	(b) Associate adjusters:	
10	(1) Application and license	178] 125
11	(2) Initial appointment	5
12	(3)] Triennial renewal of each license	178] 125
13	10.] 9. Licenses and renewals for appraisers of physical	
14	damage to motor vehicles:	
15	(a) Application and license	178] \$125
16	(b) Triennial renewal of each license	178] 125
17	11.] 10. Additional title and property insurers pursuant to NRS	
18	680A.240:	
19	(a) Original registration	\$50
20	(b) Annual renewal	25
21	12.] 11. Insurance vending machines:	
22	(a) Application and license, for each machine	178] \$125
23	(b) Triennial renewal of each license	178] 125
24	13.] 12. Permit for solicitation for securities:	
25	(a) Application for permit	\$100
26	(b) Extension of permit	50
27	14.] 13. Securities salesmen for domestic insurers:	
28	(a) Application and license	\$25
29	(b) Annual renewal of license	15
30	15.] 14. Rating organizations:	
31	(a) Application and license	\$500
32	(b) Annual renewal	500
33	16.] 15. Certificates and renewals for administrators licensed	
34	pursuant to chapter 683A of NRS:	
35	(a) Resident administrators:	
36	(1)] Application and certificate of registration	178] \$125
37	(2)] (b) Triennial renewal	178] 125
38	[(b) Nonresident administrators:	
39	(1) Application and certificate of registration	138
40	(2) Triennial renewal	138
41	17.] 16. For copies of the insurance laws of Nevada, a fee	
42	which is not less than the cost of producing the copies.	
43	18.] 17. Certified copies of certificates of authority and	
44	licenses issued pursuant to the insurance code	\$10
45	19.] 18. For copies and amendments of documents on file in	
46	the division, a reasonable charge fixed by the commissioner,	
47	including charges for duplicating or amending the forms and for	
48	certifying the copies and affixing the official seal.	



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1	{20-} 19. Letter of clearance for {an agent or broker} a	
2	<i>producer of insurance or other licensee, if requested by someone</i>	
3	<i>other than the licensee</i>	\$10
4	{21-} 20. Certificate of status as a {licensed agent or broker}	
5	<i>producer of insurance or other licensee, if requested by someone</i>	
6	<i>other than the licensee</i>	\$10
7	{22-} 21. Licenses, appointments and renewals for bail agents:	
8	(a) Application and license	{\$78} \$125
9	(b) {Initial appointment by} <i>Appointment for</i> each surety insurer ..	{5} 15
10	(c) Triennial renewal of each license.....	{78} 125
11	{23-} 22. Licenses and renewals for bail enforcement agents:	
12	(a) Application and license	{\$78} \$125
13	(b) Triennial renewal of each license	{78} 125
14	{24-} 23. Licenses, appointments and renewals for general {bail	
15	agents-} <i>agents for bail:</i>	
16	(a) Application and license	{\$78} \$125
17	(b) Initial appointment by each insurer	{5} 15
18	(c) Triennial renewal of each license.....	{78} 125
19	{25-} 24. Licenses and renewals for bail solicitors:	
20	(a) Application and license	{\$78} \$125
21	(b) Triennial renewal of each license	{78} 125
22	{26-} 25. Licenses and renewals for title agents and escrow	
23	officers:	
24	(a) {Resident title agents and escrow officers:	
25	(1-} Application and license	{\$78} \$125
26	(2-} (b) Triennial renewal of each license	{78} 125
27	{(b) Nonresident title agents and escrow officers:	
28	(1-} Application and license	138
29	(2-} Triennial renewal of each license	138
30	(c) <i>Appointment fee for each title insurer.....</i>	15
31	(d) Change in name or location of business or in association	10
32	{27-} 26. Certificate of authority and renewal for a seller of	
33	prepaid funeral contracts	{\$78} \$125
34	{28-} 27. Licenses and renewals for agents for prepaid funeral	
35	contracts:	
36	(a) {Resident agents:	
37	(1-} Application and license	{\$78} \$125
38	(2-} (b) Triennial renewal of each license	{78} 125
39	{(b) Nonresident agents:	
40	(1-} Application and license	138
41	(2-} Triennial renewal of each license	138
42	{29-} 28. Licenses, appointments and renewals for agents for	
43	fraternal benefit societies:	
44	(a) {Resident agents:	
45	(1-} Application and license	{\$78} \$125
46	(2-} Appointment	5
47	(3-} (b) <i>Appointment for each insurer</i>	15
48	(c) Triennial renewal of each license.....	{78} 125
49	{(b) Nonresident agents:	



1	(1) Application and license	138
2	(2) Triennial renewal of each license	138
3	30. 29. Reinsurance intermediary broker or manager:	
4	(a) Resident agents:	
5	(1) Application and license	\$78 \$125
6	(2) (b) Triennial renewal of each license	\$78 125
7	(b) Nonresident agents:	
8	(1) Application and license	138
9	(2) Triennial renewal of each license	138
10	31. 30. Agents for and sellers of prepaid burial contracts:	
11	(a) Resident agents and sellers:	
12	(1) Application and certificate or license	\$78 \$125
13	(2) (b) Triennial renewal	\$78 125
14	(b) Nonresident agents and sellers:	
15	(1) Application and certificate or license	138
16	(2) Triennial renewal	138
17	32. 31. Risk retention groups:	
18	(a) Initial registration and review of an application.....	\$2,450
19	(b) Each annual continuation of a certificate of registration	2,450
20	33. 32. Required filing of forms:	
21	(a) For rates and policies	\$25
22	(b) For riders and endorsements	10
23	33. Viatical settlements:	
24	(a) Provider of viatical settlements:	
25	(1) Application and license.....	\$1,000
26	(2) Annual renewal.....	1,000
27	(b) Broker of viatical settlements:	
28	(1) Application and license.....	500
29	(2) Annual renewal.....	500
30	34. Insurance consultants:	
31	(a) Application and license.....	\$125
32	(b) Triennial renewal.....	125
33	35. Licensee's association with or appointment or sponsorship	
34	by an organization:	
35	(a) Initial appointment, association or sponsorship, for each	
36	organization.....	\$50
37	(b) Renewal of each association or sponsorship	50
38	(c) Annual renewal of appointment.....	15
39	Sec. 68. NRS 682A.100 is hereby amended to read as follows:	
40	682A.100 1. An insurer may invest in preferred or guaranteed stocks	
41	or shares of any solvent institution existing under the laws of the United	
42	States of America, Canada or Mexico, or of any state or province thereof, if	
43	all of the prior obligations and prior preferred stocks, if any, of such the	
44	institution at the date of acquisition of the investment by the insurer are	
45	eligible as investments under this chapter and if the net earnings of such	
46	the institution available for its fixed charges during either of the last 2	
47	years have been, and during each of the last 5 years have averaged, not less	
48	than 1 1/2 times the sum of its average annual fixed charges, if any, its	
49	average annual maximum contingent interest, if any, and its average annual	



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1 preferred dividend requirements. For the purposes of this section ~~such~~
2 ~~computation shall refer~~ *the computation refers* to the fiscal years
3 immediately preceding the date of acquisition of the investment by the
4 insurer, and the term "preferred dividend requirement" ~~shall be deemed to~~
5 ~~mean~~ *means* cumulative or noncumulative dividends, whether paid or not.

6 2. No insurer ~~shall~~ *may* invest in any such preferred or guaranteed
7 stocks in an amount in excess of ~~10~~ *35* percent of ~~any issue or such~~ *the*
8 *particular issue of* guaranteed or preferred ~~stocks~~ *stock* or, subject to
9 subsection 1 of NRS 682A.050 ~~((diversification))~~, more than an amount
10 equal to 10 percent of the insurer's *admitted* assets in any one issue.

11 **Sec. 69.** NRS 682A.110 is hereby amended to read as follows:

12 682A.110 1. An insurer may invest up to ~~25~~ *35* percent of its assets
13 in nonassessable ~~((except as to bank or trust company stocks, and except~~
14 ~~for taxes))~~ common stocks, other than insurance stocks, of any solvent
15 corporation organized and existing under the laws of the United States of
16 America, Canada or Mexico, or of any state or province thereof, *except*
17 *that bank or trust company stocks may be assessable and any stocks may*
18 *be assessable for taxes*, if ~~such~~ *the* corporation has had net earnings
19 available for dividends on ~~such~~ *the* stock in each of the 5 fiscal years next
20 preceding acquisition by the insurer. If the issuing corporation has not been
21 in legal existence for ~~the whole of such~~ *all of the* 5 fiscal years but was
22 formed as a consolidation or merger of two or more businesses of which at
23 least one was in operation on a date 5 years ~~prior to~~ *before* the
24 investment, the test of eligibility of its common stock under this section
25 ~~shall~~ *must* be based upon consolidated pro forma statements of the
26 predecessor or constituent institutions.

27 2. *Any amount invested in a fund or trust under NRS 682A.140 must*
28 *not be included in computing the amounts prescribed in subsection 1.*

29 **Sec. 70.** NRS 682A.130 is hereby amended to read as follows:

30 682A.130 1. An insurer may invest in the stock of ~~its~~ *a* subsidiary
31 insurance corporation formed or acquired by it, or in the stock of ~~its~~ *a*
32 subsidiary business corporation ~~for corporations~~ formed and engaged
33 solely in any one or more of the following businesses:

34 (a) ~~In any~~ *A* business necessary and incidental to the convenient
35 operation of the insurer's insurance business or to the administration of any
36 of its lawful affairs;

37 (b) Providing any actuarial, computer, data processing, accounting,
38 claims, appraisal, collection, sales, loss prevention or safety engineering
39 and similar services;

40 (c) Real property management and development;

41 (d) Premium financing;

42 (e) Financing of agents of the insurer;

43 (f) Acting as investment adviser and principal underwriter or investment
44 adviser or principal underwriter of a management company or management
45 companies (mutual funds), registered as such under the Investment
46 Company Act of 1940;

47 (g) Financial and investment counseling services;

48 (h) Administration of self-insurance plans;



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- 1 (i) Administration of self-insured pension and similar plans, or the self-
2 insured portions of such plans;
3 (j) Securities broker-dealer;
4 (k) Escrow services; ~~for~~
5 (l) Trust services with respect to funds payable or paid by it under its
6 insurance contracts ~~for~~;

7 *(m) Bank, savings and loan association or thrift company; or*

8 *(n) Insurance agency.*

9 2. For the purposes of this section a "subsidiary" is a corporation of
10 which the insurer owns sufficient stock to give it effective control.

11 3. All of the insurer's investments under this section shall be deemed
12 to be common stocks for the purposes of the ~~{25 percent of assets}~~
13 limitation imposed by NRS 682A.110 ~~for~~ *on the percentage of admitted*
14 *assets which may be invested in common stock.*

15 **Sec. 71.** NRS 682A.190 is hereby amended to read as follows:

16 682A.190 An insurer may invest in share or savings accounts of *thrift*
17 *companies*, credit unions or savings and loan associations, or in savings
18 accounts of banks, and in any one such institution only to the extent that
19 the investment is insured by the Federal Deposit Insurance Corporation, the
20 National Credit Union Share Insurance Fund or a private insurer approved
21 pursuant to NRS ~~677.247~~ *or* 678.755.

22 **Sec. 72.** NRS 682A.200 is hereby amended to read as follows:

23 682A.200 1. An insurer may make loans or investments not
24 otherwise expressly permitted under this chapter, in an aggregate amount
25 not over ~~{5}~~ *10* percent of the insurer's *admitted* assets and not over 1
26 percent of ~~{such}~~ *those* assets as to any one such loan or investment, if
27 ~~{such}~~ *the* loan or investment fulfills the requirements of NRS 682A.030
28 and otherwise qualifies as a sound investment. No such loan or investment
29 ~~{shall}~~ *may* be represented by:

30 (a) Any item described in NRS 681B.020, ~~{(assets not allowed)}~~, or any
31 loan or investment otherwise expressly prohibited.

32 (b) Agents' balances, or amounts advanced to or owing by agents,
33 except as to policy loans, mortgage loans and collateral loans otherwise
34 authorized under this chapter.

35 (c) Any category of loans or investments expressly eligible under any
36 other provision of this chapter.

37 (d) Any asset ~~{theretofore}~~ acquired or held by the insurer under any
38 other category of loans or investments eligible under this chapter.

39 2. The insurer shall keep a separate record of all loans and investments
40 made under this section.

41 **Sec. 73.** NRS 682A.240 is hereby amended to read as follows:

42 682A.240 1. A domestic insurer may invest in real property only if
43 used for the purposes or acquired in any manner, and within limits, set
44 forth below:

45 (a) The building in which it has its principal office, the land upon which
46 the building stands, and such other real property as may be requisite for the
47 insurer's convenient accommodation in the transaction of its business. The
48 amount so invested, and apportioned as to space actually so occupied or
49 used, must not aggregate more than 15 percent of the insurer's assets; but



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1 the commissioner may authorize an insurer to increase the investment in
2 such amount as he may determine if, upon proper showing made upon a
3 hearing held by him, he finds that the 15-percent limitation is insufficient
4 to provide reasonable and convenient accommodation for the insurer's
5 business.

6 (b) Real property acquired in satisfaction or part payment of loans,
7 mortgages, liens, judgments, decrees or debts previously owing to the
8 insurer in the due course of its business.

9 (c) Real property acquired in part payment of the consideration on the
10 sale of other real property owned by it, if ~~such~~ *the* transaction has
11 effected a net reduction in the insurer's investments in real property.

12 (d) Real property acquired by gift or devise, or through merger,
13 consolidation or bulk reinsurance of another insurer under this code.

14 (e) Additional real property and equipment incidental thereto, if
15 necessary or convenient for the purpose of enhancing the sale or other
16 value of real property previously acquired or held under this section.
17 ~~Such~~ *The additional* real property and equipment, together with the real
18 property for the enhancement of which it was acquired, must be included
19 together, for the purpose of applicable investment limits, and is subject to
20 disposal under NRS 682A.250 at the same time and under the same
21 conditions as apply to ~~such~~ *the* enhanced real property.

22 (f) Real property, or any interest therein, acquired or held by purchase,
23 lease or otherwise, other than real property to be used primarily for mining,
24 development of oil or mineral resources, recreational, amusement, hotel,
25 motel or club purposes, acquired as an investment for production of
26 income, or acquired to be improved or developed for investment purposes
27 pursuant to an existing program therefor. The insurer may hold, mortgage,
28 improve, develop, maintain, manage, lease, sell, convey and otherwise
29 dispose of real property acquired by it under this section. An insurer ~~shall~~
30 *may* not have at any one time invested in real property under this paragraph
31 more than ~~15~~ *20* percent of its *admitted* assets.

32 2. Total investments of the insurer in real property under this section
33 ~~must~~ *may* not at any time exceed ~~25~~ *35* percent of the insurer's
34 *admitted* assets.

35 **Sec. 74.** Chapter 683A of NRS is hereby amended by adding thereto
36 the provisions set forth as sections 75 to 99, inclusive, of this act.

37 **Sec. 75.** *"Business organization" means a corporation, association,*
38 *partnership, limited liability company, limited liability partnership or*
39 *other legal form of organization.*

40 **Sec. 76.** *"Home state" means the District of Columbia or any state*
41 *or territory of the United States or Canada in which a producer of*
42 *insurance maintains his principal place of residence or principal place of*
43 *business and is licensed to act as a producer of insurance.*

44 **Sec. 77.** *"License" means a document issued by the commissioner*
45 *authorizing a person to act as a producer of insurance for the lines of*
46 *authority specified in the document.*

47 **Sec. 78.** *"Negotiate" means to confer directly with, or offer advice*
48 *directly to, a purchaser or prospective purchaser of a particular contract*
49 *of insurance concerning any of the substantive benefits, terms or*



1 *conditions of the contract, if the person conferring or offering the advice*
2 *sells insurance or obtains insurance from insurers or purchasers.*

3 **Sec. 79.** *"Producer of limited line insurance" means a person who*
4 *sells, solicits or negotiates one or more forms of limited line insurance to*
5 *natural persons through a master, corporate, group or individual policy.*

6 **Sec. 80.** *"Sell" means to exchange a contract of insurance, by any*
7 *means, for money or its equivalent on behalf of an insurer.*

8 **Sec. 81.** *"Solicit" means to attempt to sell insurance or to ask or*
9 *urge a person to apply for a particular kind of insurance from a*
10 *particular insurer.*

11 **Sec. 82.** *"Terminate" means to cancel the relationship between a*
12 *producer of insurance and the insurer or to terminate a producer's*
13 *authority to transact insurance.*

14 **Sec. 83.** *"Uniform application" means the uniform application for*
15 *licensing of producers of insurance prepared by the National Association*
16 *of Insurance Commissioners and adopted by the commissioner.*

17 **Sec. 84.** 1. *A person shall not sell, solicit or negotiate insurance in*
18 *this state for any class of insurance unless he is licensed for that class of*
19 *insurance.*

20 2. *An insurer is exempt from the requirement for licensure as a*
21 *producer of insurance, but this exemption does not extend to an insurer's*
22 *officers, directors, employees, subsidiaries or affiliates.*

23 3. *A person required to be licensed in this state who transacts*
24 *insurance without a license is subject to an administrative fine of not*
25 *more than \$1,000 for each violation.*

26 **Sec. 85.** *The following persons need not be licensed as producers of*
27 *insurance:*

28 1. *An officer, director or employee of an insurer or of a producer of*
29 *insurance if the officer, director or employee does not receive any*
30 *commission on policies written or sold to insure risks residing, located or*
31 *to be performed in this state and:*

32 (a) *The officer, director or employee's activities are executive,*
33 *administrative, managerial, clerical or a combination of these, and are*
34 *only indirectly related to the sale, solicitation or negotiation of*
35 *insurance;*

36 (b) *The officer, director or employee's function relates to*
37 *underwriting, control of losses, inspection or the processing, adjusting,*
38 *investigating or settling of claims on contracts of insurance; or*

39 (c) *The officer, director or employee is acting in the capacity of a*
40 *special agent or supervisor of an agency assisting producers of insurance*
41 *where his activities are limited to providing technical advice and*
42 *assistance to licensed producers and do not include sale, solicitation or*
43 *negotiation of insurance.*

44 2. *A person who secures and furnishes information for the purpose*
45 *of group life insurance, group property and casualty insurance, group*
46 *annuities, or group or blanket accident and health insurance, or for the*
47 *purpose of enrolling natural persons under plans, issuing certificates*
48 *under plans or otherwise assisting in administering plans, or who*
49 *performs administrative services related to mass marketed property and*



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1 *casualty insurance, if no commission is paid to him for the service. As*
2 *used in this subsection, “blanket accident and health insurance” has the*
3 *meaning ascribed to it in NRS 689B.070.*

4 3. *An employer or association or its officers, directors or employees,*
5 *or the trustees of an employees’ trust plan, to the extent that the*
6 *employer, association, officers, directors, employees or trustees are*
7 *engaged in the administration or operation of a program of employees’*
8 *benefits for the employer’s or association’s own employees or the*
9 *employees of its subsidiaries or affiliates, if the program involves the use*
10 *of insurance issued by an insurer and the employer, association, officers,*
11 *directors, employees or trustees are not compensated by the insurer*
12 *issuing the contracts.*

13 4. *Employees of insurers or organizations employed by insurers who*
14 *are engaged in the inspection, rating or classification of risks or in the*
15 *supervision of the training of producers of insurance and are not*
16 *individually engaged in the sale, solicitation or negotiation of insurance.*

17 5. *A person whose activities in this state re limited to advertising,*
18 *without the intent to solicit insurance in this state, through*
19 *communications in printed publications or electronic mass media whose*
20 *distribution is not limited to residents of this state, if he does not sell,*
21 *solicit or negotiate insurance of risks residing, located or to be performed*
22 *in this state.*

23 6. *A salaried full-time employee who counsels or advises his*
24 *employer concerning the interests of the employer, or of the subsidiaries*
25 *or affiliates of the employer, in insurance, if the employee does not sell or*
26 *solicit insurance or receive a commission.*

27 7. *An employee of a producer of insurance or an insurer who*
28 *responds to requests from holders of policies previously issued, if the*
29 *employee is not directly compensated according to the volume of*
30 *premiums that may result from those services and does not solicit*
31 *insurance or offer advice concerning terms or conditions of policies.*

32 **Sec. 86. 1.** *A resident natural person applying for a license as a*
33 *producer of insurance must pass a written examination unless exempt*
34 *under section 90 of this act. The examination must test his knowledge*
35 *concerning the lines of authority for which application is made, the*
36 *duties and responsibilities of a producer and the laws and regulations of*
37 *this state relating to insurance. The commissioner shall adopt*
38 *regulations for developing and conducting examinations required by this*
39 *section.*

40 2. *The commissioner may contract with a person outside the division*
41 *for administering examinations, processing applications, collecting fees*
42 *and performing any other functions he considers appropriate.*

43 3. *Each natural person applying for an examination shall pay a*
44 *nonrefundable fee in an amount prescribed by the commissioner to*
45 *defray the cost of processing the application and administering the*
46 *examination.*

47 4. *An applicant who fails to appear for the examination as scheduled*
48 *or fails to pass the examination must reapply for examination and pay*
49 *the required fee in order to be scheduled for another examination.*



- 1 **Sec. 87. 1.** *The commissioner shall prescribe the form of*
2 *application by a natural person for a license as a resident producer of*
3 *insurance. The applicant must declare, under penalty of refusal to issue,*
4 *or suspension or revocation of, the license, that the statements made in*
5 *the application are true, correct and complete to the best of his*
6 *knowledge and belief. Before approving the application, the*
7 *commissioner must find that the applicant has:*
8 *(a) Attained the age of 18 years;*
9 *(b) Not committed any act that is a ground for refusal to issue, or*
10 *suspension or revocation of, a license;*
11 *(c) Completed a course of study for the lines of authority for which*
12 *application is made, unless the applicant is exempt from this*
13 *requirement;*
14 *(d) Paid the fee prescribed for the license and a fee of \$15 for deposit*
15 *in the insurance recovery account, neither of which may be refunded;*
16 *and*
17 *(e) Successfully passed the examinations for the lines of authority for*
18 *which application is made, unless the applicant is exempt from this*
19 *requirement.*
20 **2.** *A business organization must be licensed as a producer of*
21 *insurance in order to act as such. Application must be made on a form*
22 *prescribed by the commissioner. Before approving the application, the*
23 *commissioner must find that the applicant has:*
24 *(a) Paid the fee prescribed for the license and a fee of \$15 for deposit*
25 *in the insurance recovery account, neither of which may be refunded;*
26 *and*
27 *(b) Designated a natural person licensed as a producer of insurance*
28 *to be responsible for the organization's compliance with the laws and*
29 *regulations of this state relating to insurance.*
30 **3.** *A natural person who is a resident of this state applying for a*
31 *license must furnish a copy of a search concerning him conducted by the*
32 *Federal Bureau of Investigation in its national criminal records, and of a*
33 *search concerning him of the central repository for Nevada records of*
34 *criminal history. The commissioner shall adopt regulations concerning*
35 *the procedures for obtaining this information.*
36 **4.** *The commissioner may require any document reasonably*
37 *necessary to verify information contained in an application.*
38 **Sec. 88. 1.** *Unless the commissioner refuses to issue the license*
39 *under section 93 of this act, he shall issue a license as a producer of*
40 *insurance to a person who has satisfied the requirements of sections 86*
41 *and 87 of this act. A producer may qualify for a license in one or more of*
42 *the lines of authority permitted by statute or regulation, including:*
43 *(a) Life insurance on human lives, which includes benefits from*
44 *endowments and annuities and may include additional benefits from*
45 *death by accident and benefits for dismemberment by accident and for*
46 *disability.*
47 *(b) Health insurance for sickness, bodily injury or accidental death,*
48 *which may include benefits for disability.*



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- 1 (c) *Property insurance for direct or consequential loss or damage to*
2 *property of every kind.*
- 3 (d) *Casualty insurance against legal liability, including liability for*
4 *death, injury or disability and damage to real or personal property.*
- 5 (e) *Surety indemnifying financial institutions or providing bonds for*
6 *fidelity, performance of contracts, or financial guaranty.*
- 7 (f) *Variable annuities, including coverage reflecting the results of a*
8 *separate investment account.*
- 9 (g) *Credit insurance, including life, disability, property,*
10 *unemployment, involuntary unemployment, mortgage life, mortgage*
11 *guaranty, mortgage disability, guaranteed protection of assets, and any*
12 *other form of insurance offered in connection with an extension of credit*
13 *that is limited to wholly or partially extinguishing the obligation which*
14 *the commissioner determines should be considered as limited-line credit*
15 *insurance.*
- 16 (h) *Personal lines, consisting of automobile and motorcycle insurance*
17 *and residential property insurance, including coverage for flood, of*
18 *personal watercraft and of excess liability, written over one or more*
19 *underlying policies of automobile or residential property insurance.*
- 20 (i) *Fixed annuities as a limited line.*
- 21 (j) *Travel and baggage as a limited line.*
- 22 (k) *Rental car agency as a limited line.*
- 23 2. *A license as a producer of insurance remains in effect unless*
24 *revoked, suspended, allowed to expire or otherwise terminated, if the*
25 *license is renewed when due, the fee for renewal and a fee of \$15 for*
26 *deposit in the insurance recovery account are paid for each license and*
27 *each affiliation with a business organization licensed pursuant to*
28 *subsection 2 of section 87 of this act and any requirement for education*
29 *is satisfied by the due date.*
- 30 3. *A natural person who allows his license as a producer of*
31 *insurance to expire may reapply for the same license within 12 months*
32 *after the date renewal was due without passing a written examination,*
33 *but a penalty twice the unpaid renewal fee is required for any renewal fee*
34 *received after the due date.*
- 35 4. *A licensed producer of insurance who is unable to renew his*
36 *license because of military service, extended medical disability or other*
37 *extenuating circumstance may request a waiver of the time limit and of*
38 *an examination, fine or sanction otherwise required or imposed because*
39 *of failure to renew.*
- 40 5. *A license must state the licensee's name, address, personal*
41 *identification number, the date of issuance, the lines of authority and the*
42 *date of expiration and contain any other information the commissioner*
43 *considers necessary. A resident producer shall maintain a place of*
44 *business in this state which is accessible to the public and where he*
45 *principally conducts transactions under his license. The place of*
46 *business may be in his residence. The license must be conspicuously*
47 *displayed in an area of the place of business which is open to the public.*
- 48 6. *A licensee shall inform the commissioner of a change of address,*
49 *in writing or by other means acceptable to the commissioner within 30*



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1 *days after the change. If a licensee changes his address without giving*
2 *written notice and the commissioner is unable to locate the licensee after*
3 *diligent effort, he may revoke the license without a hearing. The mailing*
4 *of a letter by certified mail, return receipt requested, addressed to the*
5 *licensee at his last mailing address appearing on the records of the*
6 *division, and the return of the letter undelivered, constitutes a diligent*
7 *effort by the commissioner.*

8 **Sec. 89. 1.** *Unless the commissioner refuses to issue the license*
9 *under section 94 of this act, the commissioner shall issue a license as a*
10 *producer of insurance to a nonresident person if:*

11 *(a) He is currently licensed as a resident and in good standing in his*
12 *home state;*

13 *(b) He has made the proper request for licensure and paid the fee*
14 *prescribed for the license and a fee of \$15 for deposit in the insurance*
15 *recovery account;*

16 *(c) He has sent to the commissioner the application for licensure that*
17 *he made in his home state, or a completed uniform application; and*

18 *(d) His home state issues nonresident licenses as producers of*
19 *insurance to residents of this state pursuant to substantially the same*
20 *procedure.*

21 **2.** *The commissioner may participate with the National Association*
22 *of Insurance Commissioners or a subsidiary in a centralized registry in*
23 *which licensing and appointment of producers of insurance may be*
24 *effected for all states that require licensing and participate in the*
25 *registry. If he finds that participation is in the public interest, he may*
26 *adopt by regulation any uniform standards and procedures necessary for*
27 *participation, including central collection of fees for licensing and*
28 *appointment that are handled through the registry.*

29 **3.** *A nonresident producer who moves from one state to another state*
30 *shall file a change of address and certification from his new state of*
31 *residence within 30 days after his change of legal residence. No fee or*
32 *application for license is required.*

33 **4.** *A nonresident licensed as a producer for surplus lines in his home*
34 *state must be issued a nonresident license of that kind in this state*
35 *pursuant to subsection 1, subject in all other respects to chapter 685A of*
36 *NRS. A nonresident licensed as a producer for limited lines in his home*
37 *state is entitled to a nonresident license of that kind in this state pursuant*
38 *to subsection 1, granting the same scope of authority as the license issued*
39 *in the home state. As used in this subsection, insurance for limited lines*
40 *is authority granted by the home state which is restricted to less than the*
41 *total authority prescribed for the associated major lines pursuant to*
42 *section 88 of this act.*

43 **Sec. 90. 1.** *An applicant for licensing in this state as a producer of*
44 *insurance who was previously licensed for the same lines of authority in*
45 *another state need not complete any education or examination if he is*
46 *currently licensed in that state or, if the application is received within 90*
47 *days after the cancellation of his license, the other state certifies that he*
48 *was in good standing at the time of cancellation. Alternatively, the*
49 *exemption is available if the records of the National Association of*



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1 *Insurance Commissioners show that the applicant is or was licensed and*
2 *in good standing for the lines of authority requested.*

3 2. *An examination is not required for a producer of insurance who*
4 *confines his activity to insurance categorized as limited line, credit,*
5 *travel, baggage or fixed annuity, or covering vehicles leased for a short*
6 *term.*

7 3. *A person licensed in another state who moves to this state and*
8 *desires to become licensed as a resident producer of insurance with the*
9 *benefit of the exemption provided in subsection 1 must apply for*
10 *licensing within 90 days after establishing legal residence.*

11 **Sec. 91.** 1. *An applicant for a license as a producer of insurance*
12 *who desires to use a name other than his true name as shown on the*
13 *license shall file with the commissioner a certified copy of the certificate*
14 *filed pursuant to chapter 602 of NRS. An incorporated applicant or*
15 *licensee shall file with the commissioner a document showing the*
16 *corporation's true name and all fictitious names under which it conducts*
17 *or intends to conduct business. A licensee shall file promptly with the*
18 *commissioner written notice of any change in or discontinuance of the*
19 *use of a fictitious name.*

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

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

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

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

31 (d) *The name states or implies that the licensee is an underwriter, but:*

32 (1) *A natural person licensed as an agent or broker for life*
33 *insurance may describe himself as an underwriter or "chartered life*
34 *underwriter" if entitled to do so;*

35 (2) *A natural person licensed for property and casualty insurance*
36 *may use the designation "chartered property and casualty underwriter" if*
37 *entitled thereto; and*

38 (3) *An insurance agent or brokers' trade association may use a*
39 *name containing the word "underwriter."*

40 (e) *The licensee has already filed and not discontinued the use of*
41 *more than two names, including the true name.*

42 3. *A licensee shall not use a name after written notice from the*
43 *commissioner that its use violates the provisions of this section. If the*
44 *commissioner determines that the use is justified by mitigating*
45 *circumstances, he may permit, in writing, the use of the name to continue*
46 *for a specified reasonable period upon conditions imposed by him for the*
47 *protection of the public consistent with this section.*

48 4. *Paragraphs (a), (c) and (d) of subsection 2 do not apply to the true*
49 *name of an organization which on July 1, 1965, held under that name a*



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1 *type of license similar to those governed by this chapter, or to a fictitious*
2 *name used on July 1, 1965, by a natural person or organization holding*
3 *such a license, if the fictitious name was filed with the commissioner on*
4 *or before July 1, 1965.*

5 **Sec. 92.** *1. The commissioner may issue a temporary license as a*
6 *producer of insurance to any of the following for 180 days or less without*
7 *requiring an examination if he believes that the temporary license is*
8 *necessary to carry on the business of insurance:*

9 *(a) The surviving spouse, personal representative or guardian of a*
10 *licensed producer who dies or becomes incompetent, to allow adequate*
11 *time for the sale of the business, the recovery or return of the producer,*
12 *or the training and licensing of new personnel to operate the business;*

13 *(b) A member or employee of a business organization licensed as a*
14 *producer, upon the death or disability of the natural person designated in*
15 *it application or license;*

16 *(c) The designee of a licensed producer entering active service in the*
17 *armed forces of the United States; or*

18 *(d) A person in any other circumstance where the commissioner*
19 *believes that the public interest will be best served by issuing the license.*

20 *2. The commissioner may limit by order the authority of a temporary*
21 *licensee as he believes necessary to protect persons insured and the*
22 *public. He may require the temporary licensee to have a suitable sponsor*
23 *who is licensed as a producer of insurance or authorized as an insurer*
24 *and who assumes responsibility for all acts of the temporary licensee,*
25 *and may impose similar requirements to protect persons insured and the*
26 *public. The commissioner may revoke a temporary license by order if the*
27 *interests of persons insured or the public are endangered. A temporary*
28 *license expires when the owner or his personal representative or*
29 *guardian disposes of the business.*

30 **Sec. 93.** *The commissioner may refuse to issue a license or*
31 *certificate pursuant to this chapter or may place any person to whom a*
32 *license or certificate is issued pursuant to this chapter on probation,*
33 *suspend him for not more than 12 months, or revoke or refuse to renew*
34 *his license or certificate, or may impose an administrative fine or take*
35 *any combination of the foregoing actions, for one or more of the*
36 *following causes:*

37 *1. Providing incorrect, misleading, incomplete or partially untrue*
38 *information in his application for a license.*

39 *2. Violating a law regulating insurance, or violating a regulation,*
40 *order or subpoena of the commissioner or an equivalent officer of*
41 *another state.*

42 *3. Obtaining or attempting to obtain a license through*
43 *misrepresentation or fraud.*

44 *4. Misappropriating, converting or improperly withholding money or*
45 *property received in the course of the business of insurance.*

46 *5. Intentionally misrepresenting the terms of an actual or proposed*
47 *contract of or application for insurance.*

48 *6. Conviction of a felony.*



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- 1 7. *Admitting or being found to have committed an unfair trade*
- 2 *practice or fraud.*
- 3 8. *Using fraudulent, coercive or dishonest practices, or demonstrated*
- 4 *incompetence, untrustworthiness or financial irresponsibility in the*
- 5 *conduct of business in this state or elsewhere.*
- 6 9. *Denial, suspension or revocation of a license as a producer of*
- 7 *insurance, or its equivalent, in any other state, territory or province.*
- 8 10. *Forging another's name to an application for insurance or any*
- 9 *other document relating to the transaction of insurance.*
- 10 11. *Improperly using notes or other reference material to complete*
- 11 *an examination for a license related to insurance.*
- 12 12. *Knowingly accepting business related to insurance from an*
- 13 *unlicensed person.*
- 14 13. *Failing to comply with an administrative or judicial order*
- 15 *imposing an obligation of child support.*
- 16 **Sec. 94.** 1. *If the commissioner denies an application for, or*
- 17 *refuses to renew, a license, he shall notify the applicant or licensee and*
- 18 *state in writing the reason for the denial or refusal. The applicant or*
- 19 *licensee may apply in writing, pursuant to NRS 679B.310, for a hearing*
- 20 *before the commissioner to determine the reasonableness of the denial or*
- 21 *refusal. The hearing must be held within 30 days and conducted*
- 22 *pursuant to NRS 679B.330. The applicant or licensee may waive the*
- 23 *requirement to hold the hearing within 30 days, in writing, before a*
- 24 *hearing is held.*
- 25 2. *The commissioner may suspend, revoke or refuse to renew the*
- 26 *license of a business organization if he finds, after hearing, that a*
- 27 *violation by a natural person was known or should have been known by*
- 28 *one or more of the partners, officers or managers acting on behalf of the*
- 29 *organization, the violation was not reported to the commissioner, and no*
- 30 *corrective action was taken.*
- 31 3. *In addition to or in lieu of a denial, suspension or revocation of,*
- 32 *or refusal to renew, a license, an administrative fine of not less than \$25*
- 33 *nor more than \$500 may be imposed for each violation or act. An order*
- 34 *imposing a fine must specify the date, not less than 15 days nor more*
- 35 *than 30 days after the date of the order, before which the fine must be*
- 36 *paid. If the fine is not paid when due, the commissioner shall*
- 37 *immediately revoke the license of a licensee and the fine must be*
- 38 *recovered in a civil action brought on behalf of the commissioner by the*
- 39 *attorney general. The commissioner shall immediately deposit all such*
- 40 *finest collected with the state treasurer for credit to the state general fund.*
- 41 4. *The commissioner retains the authority to enforce the provisions*
- 42 *of, and impose any penalty or pursue any remedy authorized by, this Title*
- 43 *against any person who is under investigation for or charged with a*
- 44 *violation of a provision of this Title even if his license or registration has*
- 45 *been surrendered or has lapsed by operation of law.*
- 46 5. *A licensee must pay all applicable fees, including renewal fees,*
- 47 *and maintain any required education during a period of suspension of*
- 48 *his license.*



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1 **Sec. 95. 1.** *An insurer or a producer of insurance shall not pay a*
2 *commission, brokerage, fee for service or other valuable consideration to*
3 *a person for selling, soliciting or negotiating insurance in this state if his*
4 *activities require him to be licensed under this Title and he is not so*
5 *licensed.*

6 2. *A person shall not accept a commission, brokerage, fee for service*
7 *or other valuable consideration for selling, soliciting or negotiating*
8 *insurance in this state if his activities require him to be licensed under*
9 *this Title and he is not so licensed.*

10 3. *Commissions for renewal and other deferred commissions may be*
11 *paid to a person whose activities required him to be licensed under this*
12 *Title at the time of the sale, solicitation or negotiation and he was so*
13 *licensed at that time.*

14 4. *An insurer or producer of insurance may pay or assign*
15 *commissions, brokerage, fees for service or other valuable considerations*
16 *to an insurance agency or a person who does not sell, solicit or negotiate*
17 *insurance in this state unless the payment would violate the provisions of*
18 *NRS 686A.110 or 686A.120.*

19 **Sec. 96. 1.** *A producer of insurance shall not act as an agent of an*
20 *insurer unless he is appointed as an agent of the insurer. A producer*
21 *who is not acting as an agent of the insurer need not be appointed and is*
22 *an agent of the insured.*

23 2. *To appoint a producer of insurance as its agent, an insurer must*
24 *file, in a form approved by the commissioner, a notice of appointment*
25 *within 15 days after the contract is executed or the first application for*
26 *insurance is submitted. An insurer may appoint a producer to act as*
27 *agent for all or some insurers within its holding company or group by*
28 *filing a single notice of appointment. A notice of appointment may*
29 *include several agents.*

30 3. *Upon receipt of a notice of appointment, the commissioner shall*
31 *determine within 30 days whether the producer of insurance is eligible*
32 *for appointment. If he is not, the commissioner shall so notify the insurer*
33 *within 5 days after the determination is made.*

34 4. *An insurer shall pay an appointment fee and remit an annual*
35 *renewal fee for each producer of insurance appointed as its agent. A*
36 *payment or remittance may include fees for several agents.*

37 5. *For the purposes of this section:*

38 (a) *“Agent of the insured” means a producer of insurance who is*
39 *compensated only by the insured or consumer and receives no*
40 *compensation from an insurer for a transaction of insurance with the*
41 *insured or consumer.*

42 (b) *“Agent of the insurer” means a producer of insurance who is*
43 *compensated by the insurer and sells, solicits or negotiates insurance for*
44 *the insurer.*

45 **Sec. 97. 1.** *An insurer or its authorized representative who*
46 *terminates the appointment, employment or other relationship of a*
47 *producer of insurance to the insurer for any reason shall notify the*
48 *commissioner within 30 days after the effective date of the termination,*
49 *in a form prescribed by the commissioner. The insurer shall provide*



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1 additional information or documents if so requested in writing by the
2 commissioner.

3 2. If the reason for termination is an activity described in section 93
4 of this act as a cause for disciplinary action or the insurer knows that the
5 producer has been found to have engaged in such an activity by a court,
6 governmental agency or self-regulatory organization authorized by law,
7 the insurer or its authorized representative shall notify the commissioner,
8 in a form acceptable to the commissioner, if upon further review or
9 investigation the insurer discovers additional information that would
10 have been reportable originally to the commissioner if the insurer had
11 then known it.

12 3. Within 15 days after notifying the commissioner under subsection
13 1 or 2, the insurer shall mail a copy of the notification to the producer of
14 insurance at his last known address. If the termination was for an
15 activity described in subsection 2, the copy must be sent by certified mail,
16 return receipt requested, or by overnight delivery using a nationally
17 recognized carrier.

18 4. Within 30 days after the producer has received the original or
19 additional notification, he may file written comments concerning the
20 substance of the notification with the commissioner. The producer shall
21 send a copy of the comments, by the same means and at the same time, to
22 the reporting insurer. The comments become a part of the
23 commissioner's file and must accompany every copy of the underlying
24 report that is distributed or disclosed by the commissioner.

25 5. In the absence of actual malice, an insurer, its authorized
26 representative, a producer of insurance, the commissioner, and any
27 organization of which the commissioner is a member which compiles
28 information and makes it available to other commissioners of insurance
29 or to regulatory or law enforcement agencies are not subject to civil
30 liability, and no cause of action arises against any of them or their
31 respective agents or employees, as a result of any statement or
32 information required by or provided pursuant to this section or any
33 statement by a terminating insurer or a producer to another insurer or
34 producer limited to whether a termination for a cause described in
35 subsection 2 was reported to the commissioner, if in the latter case the
36 propriety of termination for that cause is certified in writing by an officer
37 or authorized representative of the insurer or by the producer.

38 6. In an action brought against a person who may have immunity
39 under subsection 5 for making a statement or providing information
40 required by this section or requested by the commissioner under this
41 section, the plaintiff must plead specifically that subsection 5 does not
42 apply because the person making the statement or providing the
43 information did so with actual malice.

44 7. Subsections 5 and 6 do not abrogate or modify any other privilege
45 or immunity under statute or the common law.

46 **Sec. 98.** An insurer or its authorized representative who fails to
47 report as required by section 97 of this act or is found by a court of
48 competent jurisdiction to have reported with actual malice is subject to



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1 *the suspension or revocation of its license, after notice and hearing, and*
2 *may be further punished by a fine under NRS 679A.180.*

3 **Sec. 99.** *A producer of insurance shall report to the commissioner:*

4 *1. Any administrative action taken against him in another*
5 *jurisdiction or by another governmental agency in this state, within 30*
6 *days after the final disposition of the matter. The report must include a*
7 *copy of the complaint filed, the order issued, and any other relevant legal*
8 *documents.*

9 *2. Any criminal prosecution against him in any jurisdiction, within*
10 *30 days after the initial pretrial hearing. The report must include a copy*
11 *of the complaint filed, the order as a result of the pretrial hearing, and*
12 *other relevant legal documents.*

13 **Sec. 100.** NRS 683A.020 is hereby amended to read as follows:

14 683A.020 As used in this code, unless the context otherwise requires,
15 the words and terms defined in NRS 683A.025 to ~~683A.080~~ **683A.060**,
16 inclusive, *and sections 75 to 83, inclusive, of this act*, have the meanings
17 ascribed to them in those sections.

18 **Sec. 101.** NRS 683A.025 is hereby amended to read as follows:

19 683A.025 1. Except as limited by this section, "administrator" means
20 a person who:

21 (a) Directly or indirectly underwrites or collects charges or premiums
22 from or adjusts or settles claims of residents of this state or any other state
23 from within this state in connection with workers' compensation insurance,
24 life or health insurance coverage or annuities, including coverage or
25 annuities provided by an employer for his employees;

26 (b) Administers an internal service fund pursuant to NRS 287.010;

27 (c) Administers a program of self-insurance for an employer;

28 (d) Administers a program which is funded by an employer and which
29 provides pensions, annuities, health benefits, death benefits or other similar
30 benefits for his employees; or

31 (e) Is an insurance company that is licensed to do business in this state
32 or is acting as an insurer with respect to a policy lawfully issued and
33 delivered in a state where the insurer is authorized to do business, if the
34 insurance company performs any act described in paragraphs (a) to (d),
35 inclusive, for or on behalf of another insurer.

36 2. "Administrator" does not include:

37 (a) An employee authorized to act on behalf of an administrator who
38 holds a certificate of registration from the commissioner.

39 (b) An employer acting on behalf of his employees or the employees of
40 a subsidiary or affiliated concern.

41 (c) A labor union acting on behalf of its members.

42 (d) Except as otherwise provided in paragraph (e) of subsection 1, an
43 insurance company licensed to do business in this state or acting as an
44 insurer with respect to a policy lawfully issued and delivered in a state in
45 which the insurer was authorized to do business.

46 (e) A *producer of* life or health insurance ~~agent or broker~~ licensed in
47 this state, when his activities are limited to the sale of insurance.

48 (f) A creditor acting on behalf of his debtors with respect to insurance
49 covering a debt between the creditor and debtor.



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1 (g) A trust and its trustees, agents and employees acting for it, if the
2 trust was established under the provisions of 29 U.S.C. § 186.

3 (h) A trust which is exempt from taxation under section 501(a) of the
4 Internal Revenue Code, 26 U.S.C. § 501(a), its trustees and employees, and
5 a custodian, his agents and employees acting under a custodial account
6 which meets the requirements of section 401(f) of the Internal Revenue
7 Code, 26 U.S.C. § 401(f).

8 (i) A bank, credit union or other financial institution which is subject to
9 supervision by federal or state banking authorities.

10 (j) A company which issues credit cards, and which advances for and
11 collects premiums or charges from credit card holders who have authorized
12 it to do so, if the company does not adjust or settle claims.

13 (k) An attorney at law who adjusts or settles claims in the normal course
14 of his practice or employment, but who does not collect charges or
15 premiums in connection with life or health insurance coverage or with
16 annuities.

17 **Sec. 102.** NRS 683A.060 is hereby amended to read as follows:

18 683A.060 1. A “managing general agent” is a person who:

19 (a) Negotiates and binds ceding reinsurance contracts on behalf of an
20 insurer or manages all or part of the insurance business of an insurer,
21 including the management of a separate division, department of
22 underwriting office; ~~and~~ *or*

23 (b) Acts as an agent for ~~such~~ *the* insurer and with or without the
24 authority, either separately or together with affiliates:

25 (1) Produces, directly or indirectly, and underwrites an amount of
26 gross direct written premiums equal to or more than 5 percent of the
27 policyholder surplus as reported in the last annual statement of the insurer
28 in any one quarter or year; and

29 (2) Adjusts or pays claims in excess of an amount determined by the
30 commissioner or negotiates reinsurance on behalf of the insurer.

31 2. A managing general agent includes a person with authority to
32 appoint and to terminate the appointment of an agent for an insurer.

33 3. For the purposes of this chapter, the following are not managing
34 general agents:

35 (a) An employee of the insurer;

36 (b) A manager of the United States branch of an alien insurer;

37 (c) An attorney authorized by and acting for the subscribers of a
38 reciprocal insurer or interinsurance exchange; and

39 (d) An underwriting manager who, pursuant to a contract, manages all
40 or part of the insurance operations of the insurer, is under common control
41 with the insurer, is subject to the provisions of chapter 692C of NRS and
42 whose compensation is not based on the volume of premiums written or the
43 profit of the business written.

44 **Sec. 103.** NRS 683A.08522 is hereby amended to read as follows:

45 683A.08522 Each application for a certificate of registration as an
46 administrator must include or be accompanied by:

47 1. A financial statement that is certified by an officer of the applicant
48 and must include:



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- 1 (a) The amount of money that the applicant expects to collect from or
2 disburse to residents of this state during the next calendar year;
- 3 (b) Financial information for the 90 days immediately preceding the
4 date the application was filed with the commissioner; and
- 5 (c) An income statement and balance sheet for the 2 years immediately
6 preceding the application that are prepared in accordance with generally
7 accepted accounting principles. The submission by the applicant of his
8 consolidated income statement and balance sheet does not constitute
9 compliance with the provisions of this paragraph.
- 10 2. The documents used to create the business association of the
11 administrator, including ~~[-without limitation,]~~ articles of incorporation,
12 articles of association, a partnership agreement, a trust agreement and a
13 ~~[-shareholder]~~ *shareholders'* agreement.
- 14 3. The documents used to regulate the internal affairs of the
15 administrator, including ~~[-without limitation,]~~ the bylaws, rules or
16 regulations of the administrator.
- 17 4. A certificate of registration issued pursuant to NRS 600.350 for a
18 trade name or trade-mark used by the administrator.
- 19 5. An organizational chart that identifies each person who directly or
20 indirectly controls the administrator and each affiliate of the administrator.
- 21 6. A notarized affidavit from each person who manages or controls the
22 administrator, including ~~[-without limitation,]~~ each member of the board of
23 directors or board of trustees, each officer, partner and member of the
24 business association of the administrator, and each shareholder of the
25 administrator who holds not less than 10 percent of the voting stock of the
26 administrator. The affidavit must include : ~~[-without limitation:-]~~
- 27 (a) The personal history, business record and insurance experience of
28 the affiant;
- 29 (b) Whether the affiant has been investigated by any regulatory
30 authority or has had any license or certificate denied, suspended or revoked
31 in any state; and
- 32 (c) Any other information that the commissioner may require.
- 33 7. The complete name and address of each office of the administrator,
34 including offices located outside this state.
- 35 8. A statement that sets forth whether the administrator has:
- 36 (a) Held a license or certificate to transact any kind of insurance in this
37 state or any other state and whether that license or certificate has been
38 refused, suspended or revoked;
- 39 (b) Been indebted to any person and, if so, the circumstances of that
40 debt; and
- 41 (c) Had an administrative agreement canceled and, if so, the
42 circumstances of that cancellation.
- 43 9. A statement that describes the business plan of the administrator.
44 The statement must include information:
- 45 (a) Concerning the number of persons on the staff of the administrator
46 and the activities proposed in this state or in any other state.
- 47 (b) That demonstrates the capability of the administrator to provide a
48 sufficient number of experienced and qualified persons for the processing
49 of claims, the keeping of records and, if applicable, underwriting.



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1 10. If the applicant intends to solicit new or renewal business, proof
2 that the applicant employs or has contracted with ~~{an agent}~~ *a producer of*
3 *insurance* licensed in this state to solicit and take applications. An
4 applicant who intends to solicit insurance contracts directly or to act as ~~an~~
5 ~~insurance agent~~ *a producer* must provide proof that he is licensed as ~~an~~
6 ~~insurance agent~~ *a producer* in this state.

7 **Sec. 104.** NRS 683A.090 is hereby amended to read as follows:

8 683A.090 1. ~~{A person shall not in this state be, act as or hold~~
9 ~~himself out to be, with respect to subjects of insurance resident, located or~~
10 ~~to be performed in this state or elsewhere, an agent, broker or solicitor~~
11 ~~unless licensed as such under this code.}~~ A managing general agent,
12 whether or not located in this state, shall not be or act as such with respect
13 to the business of an insurer in this state unless licensed as such under this
14 code.

15 2. ~~{An agent, broker or solicitor shall not take an application for,~~
16 ~~procure or place for others any kind of insurance as to which he is not then~~
17 ~~so licensed.}~~

18 ~~—3.— Except as otherwise provided in NRS 683A.440 concerning the~~
19 ~~sharing of commissions, an agent shall not place any insurance with any~~
20 ~~insurer as to which he does not then hold a license and an appointment as~~
21 ~~agent under this code.~~

22 ~~—4.—~~ A person who acts as ~~{an agent, broker or solicitor}~~ *a managing*
23 *general agent* in this state without a license may be assessed an
24 administrative fine of not more than \$1,000 for each violation.

25 ~~{5.— In addition to or in lieu of any applicable denial, suspension or~~
26 ~~revocation of license or administrative fine, any person violating this~~
27 ~~section is guilty of a misdemeanor.}~~

28 **Sec. 105.** NRS 683A.105 is hereby amended to read as follows:

29 683A.105 If a short-term lessor of passenger vehicles licensed
30 pursuant to NRS 482.363 holds a limited ~~{agent's}~~ license *as a producer of*
31 *insurance* issued pursuant to ~~{NRS 683A.260,}~~ *section 89 of this act*, an
32 employee of the short-term lessor may engage in the solicitation and sale of
33 insurance requested by a lessee pursuant to NRS 482.3158 without a
34 license issued pursuant to this chapter if the solicitation and sale of such
35 insurance is done on behalf of, and under the supervision of, the short-term
36 lessor.

37 **Sec. 106.** NRS 683A.110 is hereby amended to read as follows:

38 683A.110 1. For the purposes of this section:

39 (a) "Affiliate" means a person that directly, or indirectly through one or
40 more intermediaries, is controlled by, or is under common control with, a
41 bank.

42 (b) "Bank" means any institution that accepts deposits that the depositor
43 has a legal right to withdraw on demand.

44 (c) *"Financial holding company" means a bank holding company as*
45 *defined in section 4(1)(1) of the Bank Holding Company Act of 1956, 12*
46 *U.S.C. § 1841(l)(1).*

47 (d) "Parent" means a person that owns or controls a bank, directly or
48 indirectly, in whole or in part.



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1 ~~[(d)]~~ (e) “Subsidiary” means a person owned or controlled by a bank,
2 directly or indirectly, in whole or in part.
3 2. A bank ~~{must not directly or indirectly}~~ may be licensed ~~{to sell}~~ as
4 a producer of insurance in this state ~~{except as to}~~ :
5 (a) To the extent permitted by Title V of Public Law 106-102, 15
6 U.S.C. §§ 6801 et seq.; and
7 (b) For credit insurance, as defined in NRS 690A.015, and credit
8 property insurance. ~~{or}~~
9 3. A bank must not be licensed or admitted as an insurer.
10 ~~{3-}~~ 4. The provisions of subsection ~~{2}~~ 3 do not prohibit the licensing
11 by the commissioner ~~{-~~
12 ~~—(a) Of~~ of an affiliate, *financial holding company*, parent or subsidiary
13 of a bank to sell insurance or be admitted as an insurer. ~~{or}~~
14 ~~—(b) Of a bank to sell annuities. As used in this paragraph, “annuity” has~~
15 ~~the meaning ascribed to it in NRS 688A.020.~~
16 **Sec. 107.** NRS 683A.140 is hereby amended to read as follows:
17 683A.140 1. A firm or corporation may be licensed ~~{only as an agent~~
18 ~~or broker, resident or nonresident, or}~~ as a managing general agent.
19 2. A resident firm or corporation which has more than one office in
20 this state is a single licensee for the purposes of being appointed by
21 insurers and the authority of natural persons to act for the firm or
22 corporation. Such a firm or corporation must obtain a copy of its license for
23 each location, but only must obtain one original license as ~~{an agent or~~
24 ~~broker.}~~ a managing general agent.
25 3. For licensing as ~~{an agent or broker.}~~ a managing general agent,
26 each general partner and each natural person to act for the firm, or each
27 natural person to act for the corporation, must be named in the license ~~for~~
28 ~~registered with the commissioner.}~~ and must qualify as an individual
29 licensee. A natural person who is authorized to act for a firm or corporation
30 and who also wishes to be licensed in an individual capacity must obtain a
31 separate license in his own name. The commissioner shall charge
32 appropriate fees for each person who is licensed to act for a firm or
33 corporation and who is named on the license. ~~{or registered with the~~
34 ~~commissioner.}~~
35 ~~—4.— A natural person who is not a resident of this state as provided in~~
36 ~~paragraph (a) of subsection 1 of NRS 683A.130 must not be so named or~~
37 ~~registered as to the license of a resident agent or resident broker, and shall~~
38 ~~not exercise the license powers thereof. A natural person who is a resident~~
39 ~~of this state must not be so named or registered as to the license of a~~
40 ~~nonresident agent or nonresident broker, and shall not exercise the powers~~
41 ~~thereof.~~
42 ~~—5.— A license as a resident agent or resident broker must not be issued to~~
43 ~~a firm or corporation unless it maintains a principal place of business in~~
44 ~~this state, and the transaction of business under the license is specifically~~
45 ~~authorized in the firm’s partnership agreement or the corporation’s articles.~~
46 ~~—6-}~~ 4. The licensee shall promptly notify the commissioner of all
47 changes among its members, directors and officers, and among other
48 persons ~~{designated in or registered as to}~~ named in the license. The
49 licensee shall provide to the commissioner upon request information



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1 concerning officers or owners of the firm or corporation who are not
2 named in the license. ~~for registered with the commissioner.~~

3 **Sec. 108.** NRS 683A.150 is hereby amended to read as follows:

4 683A.150 ~~1.~~ Written application for ~~an agent's, broker's or~~
5 ~~solicitor's]~~ **a managing general agent's** license must be filed with the
6 commissioner by the applicant, accompanied by the applicable fee. ~~shown~~
7 ~~in NRS 680B.010. The application form must be accompanied by the~~
8 ~~applicant's fingerprints, and must require full answers to questions~~
9 ~~reasonably necessary to determine the applicant's:~~

10 ~~— (a) Identity and residence;~~

11 ~~— (b) Business record or occupations for not less than the 2 years next~~
12 ~~preceding, with the name and address of each employer, if any; and~~

13 ~~— (c) Experience or instruction in the kind or kinds of insurance business~~
14 ~~he proposes to transact, and relative to the insurance laws of this state,~~
15 ~~and other facts reasonably required by the commissioner to determine the~~
16 ~~applicant's qualifications for the license applied for.~~

17 ~~— 2. If for an agent's license, the application must state the kinds of~~
18 ~~insurance proposed to be transacted, and be accompanied by a written~~
19 ~~appointment by an authorized insurer or insurers as agent for such kinds of~~
20 ~~insurance, subject to issuance of the license.~~

21 ~~— 3. If for a solicitor's license, the application must be accompanied by~~
22 ~~the written requisition and certification by a licensed resident general lines~~
23 ~~agent or licensed resident broker, showing that the applicant is his bona~~
24 ~~fide employee, or is so employed as a solicitor subject to issuance of the~~
25 ~~license.~~

26 ~~— 4. If the applicant for an agent's or broker's license is a firm or~~
27 ~~corporation, the application must also show the names of all members,~~
28 ~~officers and directors, and must designate each natural person who is to~~
29 ~~exercise the powers of a licensee. Each person who is to exercise the power~~
30 ~~of a licensee shall furnish information as to himself as though he were~~
31 ~~applying personally for a license. The commissioner may require members,~~
32 ~~officers, directors or owners who will not exercise the powers of a licensee~~
33 ~~to submit such information.~~

34 ~~— 5. The application must show whether and where the applicant is now~~
35 ~~or ever was previously licensed as to insurance and whether any such~~
36 ~~license was ever refused, suspended, revoked or renewal or continuance~~
37 ~~refused. The application also must indicate whether any insurer, general~~
38 ~~agent, agent or broker claims the applicant has ever had an agency contract~~
39 ~~canceled, and the facts thereof and, if the applicant is married, like~~
40 ~~information with respect to the applicant's spouse.~~

41 ~~— 6. The application must be verified by the applicant, and an applicant~~
42 ~~for a license under this chapter shall not knowingly misrepresent or~~
43 ~~withhold any fact or information called for in the application form or~~
44 ~~relevant thereto.]~~

45 **Sec. 109.** NRS 683A.350 is hereby amended to read as follows:

46 683A.350 1. Every nonresident licensed by this state as ~~an agent or~~
47 ~~broker pursuant to NRS 683A.340]~~ **a producer of insurance** shall appoint
48 the commissioner in writing as his attorney upon whom may be served all
49 legal process issued in connection with any action or proceeding brought or



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1 pending in this state against or involving the licensee and relating to
2 transactions under his Nevada license. The appointment is irrevocable and
3 continues in force for so long as any such action or proceeding may arise or
4 exist. Duplicate copies of process must be served upon the commissioner
5 or other person in apparent charge of the division during the
6 commissioner's absence, accompanied by payment of the fee for service of
7 process . ~~as specified in NRS 680B.010.~~ Upon such service the
8 commissioner shall promptly forward a copy of the process by certified
9 mail with return receipt requested to the nonresident licensee at his
10 business address last of record with the division. Process served and the
11 copy thereof forwarded as provided in this subsection constitutes for all
12 purposes personal service thereof upon the licensee.

13 2. Every such licensee shall likewise file with the commissioner his
14 written agreement to appear before the commissioner pursuant to notice of
15 hearing, show cause order or subpoena issued by the commissioner and
16 deposited, postage paid, by certified mail with the United States Postal
17 Service, addressed to the licensee at his address last of record in the
18 division, and that upon failure of the licensee so to appear the licensee
19 thereby consents to any subsequent suspension, revocation or refusal of the
20 commissioner to continue the licensee's license.

21 **Sec. 110.** NRS 683A.370 is hereby amended to read as follows:

22 683A.370 1. A licensed ~~resident agent~~ *producer of insurance* or
23 insurer may solicit for and issue personal travel accident insurance policies
24 by means of mechanical vending machines supervised by the ~~agent~~
25 *producer* and placed at airports and similar places of convenience to the
26 traveling public, if the commissioner finds that:

27 (a) The policy provides reasonable coverage and benefits, is suitable for
28 sale and issuance by vending machine, and that use of such a machine in a
29 proposed location would be of material convenience to the public;

30 (b) The type of machine proposed to be used is reasonably suitable for
31 the purpose;

32 (c) Reasonable means are provided for informing prospective
33 purchasers of policy coverages and restrictions;

34 (d) Reasonable means are provided for the refund of money inserted in
35 defective machines and for which insurance so paid for is not received; and

36 (e) The cost of maintaining such a machine at a particular location is
37 reasonable in amount.

38 2. For each machine to be used, the commissioner shall issue to the
39 ~~agent~~ *producer* upon his application a special vending machine license.
40 ~~The license shall specify the name and address of the insurer and agent,~~
41 ~~the name of the policy to be sold, the serial number and operating location~~
42 ~~of the machine.~~ The license ~~shall be~~ *is* subject to annual continuation, to
43 expiration, suspension or revocation coincidentally with that of the ~~agent~~
44 *producer*. The commissioner shall also revoke the license of any machine
45 as to which he finds that the license qualifications no longer exist. ~~The~~
46 ~~license fee shall be as specified in NRS 680B.010 (fee schedule) for each~~
47 ~~license year or part thereof for each respective machine.~~ Proof of the
48 existence of a subsisting license ~~shall~~ *must* be displayed on or about each
49 machine in use in such manner as the commissioner reasonably requires.



1 **Sec. 111.** NRS 683A.376 is hereby amended to read as follows:
2 683A.376 As used in NRS 683A.375 to 683A.379, inclusive:

3 1. "Agent who performs utilization review" includes any person who
4 performs such review except a person acting on behalf of the Federal
5 Government, but only to the extent that the person provides the service for
6 the Federal Government or an agency thereof.

7 2. "Insured" means a natural person who has contracted for or
8 participates in coverage under a policy of insurance, a contract with a
9 health maintenance organization, a plan for hospital, medical or dental
10 services or any other program providing payment, reimbursement or
11 indemnification for the costs of health care for himself, his dependents, or
12 both.

13 3. "Utilization review" means a system that provides, at a minimum,
14 for review of the necessity and appropriateness of the allocation of health
15 care resources and services provided or proposed to be provided to an
16 insured ~~or to any person claiming benefits against a policy of the~~
17 insured. The term does not include responding to requests made by an
18 insured for clarification of his coverage.

19 **Sec. 112.** NRS 683A.383 is hereby amended to read as follows:

20 683A.383 1. A natural person who applies for the issuance or
21 renewal of a certificate of registration as an administrator or a license as
22 ~~an agent, broker, solicitor~~ *a producer of insurance* or managing general
23 agent shall submit to the commissioner the statement prescribed by the
24 welfare division of the department of human resources pursuant to NRS
25 425.520. The statement must be completed and signed by the applicant.

26 2. The commissioner shall include the statement required pursuant to
27 subsection 1 in:

28 (a) The application or any other forms that must be submitted for the
29 issuance or renewal of the certificate of registration or license; or

30 (b) A separate form prescribed by the commissioner.

31 3. A certificate of registration as an administrator or a license as ~~an~~
32 ~~agent, broker, solicitor~~ *a producer of insurance* or managing general
33 agent may not be issued or renewed by the commissioner if the applicant is
34 a natural person who:

35 (a) Fails to submit the statement required pursuant to subsection 1; or

36 (b) Indicates on the statement submitted pursuant to subsection 1 that he
37 is subject to a court order for the support of a child and is not in
38 compliance with the order or a plan approved by the district attorney or
39 other public agency enforcing the order for the repayment of the amount
40 owed pursuant to the order.

41 4. If an applicant indicates on the statement submitted pursuant to
42 subsection 1 that he is subject to a court order for the support of a child and
43 is not in compliance with the order or a plan approved by the district
44 attorney or other public agency enforcing the order for the repayment of
45 the amount owed pursuant to the order, the commissioner shall advise the
46 applicant to contact the district attorney or other public agency enforcing
47 the order to determine the actions that the applicant may take to satisfy the
48 arrearage.



1 **Sec. 113.** NRS 683A.385 is hereby amended to read as follows:
2 683A.385 1. If the commissioner receives a copy of a court order
3 issued pursuant to NRS 425.540 that provides for the suspension of all
4 professional, occupational and recreational licenses, certificates and
5 permits issued to a person who is the holder of a certificate of registration
6 as an administrator or a license as ~~an agent, broker, solicitor,~~ **a producer**
7 **of insurance** or managing general agent, the commissioner shall ~~deem~~
8 **suspend** the certificate of registration or license issued to that person ~~to be~~
9 **suspended** at the end of the 30th day after the date on which the court
10 order was issued unless the commissioner receives a letter issued to the
11 holder of the certificate of registration or license by the district attorney or
12 other public agency pursuant to NRS 425.550 stating that the holder of the
13 certificate of registration or license has complied with the subpoena or
14 warrant or has satisfied the arrearage pursuant to NRS 425.560.

15 2. The commissioner shall reinstate a certificate of registration as an
16 administrator or a license as ~~an agent, broker, solicitor,~~ **a producer of**
17 **insurance** or managing general agent that has been suspended by a district
18 court pursuant to NRS 425.540 if the commissioner receives a letter issued
19 by the district attorney or other public agency pursuant to NRS 425.550 to
20 the person whose certificate of registration or license was suspended
21 stating that the person whose certificate of registration or license was
22 suspended has complied with the subpoena or warrant or has satisfied the
23 arrearage pursuant to NRS 425.560.

24 **Sec. 114.** NRS 683A.387 is hereby amended to read as follows:
25 683A.387 The application of a natural person who applies for the
26 issuance of a certificate of registration as an administrator or a license as
27 ~~an agent, broker, solicitor,~~ **a producer of insurance** or managing general
28 agent must include the social security number of the applicant.

29 **Sec. 115.** NRS 683A.390 is hereby amended to read as follows:
30 683A.390 1. Every ~~general lines agent, general lines broker, life~~
31 ~~agent and health agent,~~ **producer of insurance** shall keep complete records
32 of transactions under his license . ~~and those of his solicitors.~~ The records
33 must show, for each insurance policy placed or countersigned by or
34 through the licensee, not less than the names of the insurer and insured, the
35 number and expiration date of, and premium payable as to, the policy or
36 contract, the names of all other persons from whom business is accepted or
37 to whom commissions are promised or paid, all premiums collected, and
38 such additional information as the commissioner may reasonably require.

39 2. The records must be open to examination of the commissioner at all
40 times, and the commissioner may at any time require the licensee to furnish
41 to him, in such manner or form as he requires, any information kept or
42 required to be kept in those records.

43 3. Records of a particular policy or contract may be destroyed 3 years
44 after expiration of the policy or contract.

45 **Sec. 116.** NRS 683A.400 is hereby amended to read as follows:

46 683A.400 1. All money of others received by any person in any way
47 licensed or acting as ~~an insurance agent, broker, solicitor,~~ **a producer of**
48 **insurance**, surplus lines broker, motor club agent or bail agent under any
49 insurance policy or undertaking of bail ~~, are~~ **is** received and held by ~~the~~



1 ~~person~~ *him* in a fiduciary capacity. Any such person who diverts or
2 appropriates such fiduciary money to his own use is guilty of
3 embezzlement.

4 2. Each such person who does not make immediate remittance of the
5 money to the insurer or other person entitled thereto, shall elect and follow
6 with respect to money received for the account of a particular insurer or
7 person either of the following methods:

8 (a) Remit received premiums, less applicable commissions, if any, and
9 return premiums to the insurer or other person entitled thereto within 15
10 days after receipt; or

11 (b) Establish and maintain in a commercial bank, credit union or other
12 established financial institution depository in this state one or more
13 accounts, separate from accounts holding his general personal, firm or
14 corporate money, and forthwith deposit and retain in the accounts pending
15 transmittal to the insurer or other person entitled thereto, all such
16 premiums, net of applicable commissions, if any, and return premiums.
17 Money belonging to more than one principal may be so deposited and held
18 in the same such account if the amount so held for each principal is readily
19 ascertainable from the records of the depositor. The depositor may
20 commingle with such fiduciary money in a particular account such
21 additional money as he may deem prudent to advance premiums, establish
22 reserves for the payment of return commissions, or for other contingencies
23 arising in his business of receiving and transmitting premiums or return
24 premiums.

25 3. Such a person may commingle with his own money to an unlimited
26 amount money of a particular principal if the principal in writing
27 in advance has specifically waived the segregation requirements of
28 subsection 2.

29 4. Any commingling of money with money of any such person
30 permitted under this section does not alter the fiduciary capacity of ~~such~~
31 *that* person with respect to the money of others.

32 **Sec. 117.** NRS 683A.410 is hereby amended to read as follows:

33 683A.410 1. If within 30 days after the contractual due date of any
34 premium received by him, ~~any agent, broker~~ *a producer of insurance* or
35 surplus lines broker fails to remit the premium to the insurer or agency to
36 whom it is owing, the insurer or agency, as the case may be, shall promptly
37 report ~~such~~ *the* failure to the commissioner in writing.

38 2. The commissioner may suspend the licenses of ~~any such agent,~~
39 ~~broker~~ *the producer* or surplus lines broker so failing to remit, until the
40 remittance has been made or the insurer or agency has filed with the
41 commissioner a release of the indebtedness satisfactory to the
42 commissioner.

43 3. The applicable procedures provided for in ~~NRS 683A.450~~
44 ~~(suspension, revocation, refusal of license) and NRS 683A.460 (certain~~
45 ~~procedure for suspension, revocation of license)~~ *section 93 of this act*
46 apply to suspensions of license under this section. ~~except that the 12-~~
47 ~~month limit of suspension periods provided in NRS 683A.450 does not~~
48 ~~apply.~~



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1 4. If the commissioner, by the admission of the ~~agent, broker~~
2 *producer* or surplus lines broker, or by examination of the records of the
3 ~~agent, broker~~ *producer* or surplus lines broker, determines that the
4 charged failure to remit is true, he may suspend the license without
5 hearing.

6 **Sec. 118.** Chapter 683C of NRS is hereby amended by adding thereto
7 the provisions set forth as sections 119 to 121, inclusive, of this act.

8 **Sec. 119. 1.** *A nonresident who is licensed by this state as an*
9 *insurance consultant shall appoint the commissioner, in writing, as his*
10 *attorney upon whom may be served all legal process issued in connection*
11 *with any action or proceeding brought or pending in this state against or*
12 *involving him and relating to transactions under his Nevada license. The*
13 *appointment is irrevocable and remains in force so long as such an*
14 *action or proceeding exists or may arise. Duplicate copies of process*
15 *must be served upon the commissioner, or other person in apparent*
16 *charge of the division during his absence, accompanied by payment of*
17 *the fee for service of process. Promptly after any such service, the*
18 *commissioner shall forward a copy of the process by certified mail,*
19 *return receipt requested, to the nonresident licensee at his business*
20 *address of most recent record with the division. Process so served and the*
21 *copy so forwarded constitutes personal service upon the licensee for all*
22 *purposes.*

23 *2. Each such nonresident licensee shall also file with the*
24 *commissioner his written promise to appear before the commissioner*
25 *pursuant to notice of hearing, order to show cause, or subpoena issued*
26 *by the commissioner and sent by certified mail to the licensee at his*
27 *business address of most recent record with the division, and that if he*
28 *fails to appear, he thereby consents to any subsequent suspension,*
29 *revocation or refusal to renew his license.*

30 **Sec. 120. 1.** *The commissioner may place an insurance consultant*
31 *on probation, suspend his license for not more than 12 months, or revoke*
32 *or refuse to renew his license, or may impose an administrative fine or*
33 *take any combination of the foregoing actions, for one or more of the*
34 *causes set forth in section 93 in this act.*

35 *2. The provisions of section 94 of this act also apply to an insurance*
36 *consultant.*

37 **Sec. 121. 1.** *Upon suspension, limitation or revocation of the*
38 *license of an insurance consultant, the commissioner shall immediately*
39 *notify the licensee in person or by mail addressed to him at his most*
40 *recent address of record with the division. Notice by mail is effective*
41 *when mailed.*

42 *2. The commissioner shall not again issue a license under this*
43 *chapter to any natural person whose license has been revoked until at*
44 *least 1 year after the revocation has become final, and thereafter not*
45 *until the person again qualifies for it under this chapter. A person whose*
46 *license has been revoked twice is not eligible for any license under this*
47 *Title.*

48 *3. If the license of a business organization is suspended, limited or*
49 *revoked, no member, officer or director of the organization may be*



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1 *licensed, or designated in a license to exercise its powers, during the*
2 *period of suspension or revocation, unless the commissioner determines*
3 *upon substantial evidence that the member, officer or director was not*
4 *personally at fault and did not knowingly aid, abet, assist or acquiesce in*
5 *the matter for which the license was suspended or revoked.*

6 **Sec. 122.** NRS 683C.040 is hereby amended to read as follows:

7 683C.040 A license may be renewed for additional 3-year periods by
8 submitting to the commissioner an application for renewal and:

9 1. If the application is made:

10 (a) On or before the expiration date of the license, ~~the applicable~~
11 renewal fee ~~of \$78~~ and an additional fee of \$15 for deposit in the
12 insurance recovery account; or

13 (b) Not more than 30 days after the expiration date of the license, ~~the~~
14 *the applicable* renewal fee ~~of \$117~~ *plus any late fee required* and an
15 additional fee of \$15 for deposit in the insurance recovery account;

16 2. If the applicant is a natural person, the statement required pursuant
17 to NRS 683C.043; and

18 3. ~~Proof~~ *If the applicant is a resident, proof* of the successful
19 completion of appropriate courses of study required for renewal, as
20 established by the commissioner by regulation.

21 **Sec. 123.** NRS 683C.090 is hereby amended to read as follows:

22 683C.090 ~~The qualifications required for the licensing of a natural~~
23 ~~person pursuant to subsection 1 of NRS 683A.130 also apply to an~~
24 ~~insurance consultant.~~

25 1. *The commissioner shall prescribe the form of application by a*
26 *natural person for a license as an insurance consultant. The applicant*
27 *must declare, under penalty of refusal to issue, or suspension or*
28 *revocation of, the license, that the statements made in the application are*
29 *true, correct and complete to the best of his knowledge and belief. Before*
30 *approving the application, the commissioner must find that the applicant*
31 *has:*

32 (a) *Attained the age of 18 years.*

33 (b) *Not committed any act that is a ground for refusal to issue, or*
34 *suspension or revocation of, a license.*

35 (c) *Paid the fee prescribed for the license and a fee of \$15 for deposit*
36 *in the insurance recovery account, neither of which may be refunded.*

37 (d) *Passed each examination required for the license and successfully*
38 *complete each course of instruction which the commissioner requires by*
39 *regulation, unless he is a resident of another state and holds a similar*
40 *license in that state.*

41 2. *A business organization must be licensed as an insurance*
42 *consultant in order to act as such. Application must be made on a form*
43 *prescribed by the commissioner. Before approving the application, the*
44 *commissioner must find that the applicant has:*

45 (a) *Paid the fee prescribed for the license and a fee of \$15 for deposit*
46 *in the insurance recovery account, neither of which may be refunded;*
47 *and*



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1 *(b) Designated a natural person licensed as an insurance consultant*
2 *to be responsible for the organization's compliance with the laws and*
3 *regulations of this state relating to insurance.*

4 *3. The commissioner may require any document reasonably*
5 *necessary to verify information contained in an application.*

6 *4. A license issued pursuant to this chapter is valid for 3 years after*
7 *the date of issuance or until it is suspended, revoked or otherwise*
8 *terminated.*

9 **Sec. 124.** Chapter 684A of NRS is hereby amended by adding thereto
10 a new section to read as follows:

11 *An adjuster whose license expires is exempt from retaking the*
12 *examination required by NRS 684A.100 if he applies and is relicensed*
13 *within 6 months after the date of expiration.*

14 **Sec. 125.** NRS 684A.040 is hereby amended to read as follows:

15 684A.040 1. No person ~~shall~~ *may* act as, or hold himself out to be,
16 an adjuster or associate adjuster in this state unless then licensed as such
17 under the applicable independent adjuster's license, public adjuster's
18 license or associate adjuster's license, as the case may be, issued under the
19 provisions of this chapter.

20 2. For purposes of this chapter the commissioner may ~~in his~~
21 ~~discretion,~~ issue a limited license to an adjuster handling claims under a
22 contract of one or more of the kinds of insurance defined in NRS 681A.010
23 to 681A.080, inclusive.

24 3. Any person violating the provisions of this section is guilty of a
25 gross misdemeanor.

26 *4. A person who acts as an adjuster in this state without a license is*
27 *subject to an administrative fine of not more than \$1,000 for each*
28 *violation.*

29 **Sec. 126.** NRS 684A.110 is hereby amended to read as follows:

30 684A.110 1. If the commissioner finds that the application is
31 complete, that the applicant has passed all required examinations and is
32 otherwise eligible and qualified for the license as an adjuster, the
33 commissioner shall promptly issue the license. If the commissioner refuses
34 to issue the license, he shall promptly notify the applicant in writing of the
35 refusal, stating the grounds for the refusal.

36 2. All fees paid by an applicant with his application for a license shall
37 be deemed earned when received and may not be refunded.

38 3. An applicant for a license who desires to use a name other than his
39 true name must comply with the provisions of ~~NRS 683A.240,~~ *section 91*
40 *of this act.*

41 **Sec. 127.** NRS 684A.200 is hereby amended to read as follows:

42 684A.200 Nonresidents of this state who are granted licenses as
43 adjusters pursuant to subsection 2 of NRS 684A.070 ~~shall also be~~ *are*
44 *also* subject to NRS 683A.350 . ~~[(nonresident agents, brokers: Service of~~
45 ~~process, agreement to appear)]~~

46 **Sec. 128.** NRS 684A.210 is hereby amended to read as follows:

47 684A.210 1. The commissioner may suspend, revoke, limit or refuse
48 to continue any adjuster's license or associate adjuster's license:

49 (a) For any cause specified in any other provision of this chapter;



1 (b) For any ~~such~~ applicable cause ~~as~~ for revocation of ~~an agent's or~~
2 ~~broker's license under NRS 683A.450;~~ *the license of a producer of*
3 *insurance under section 93 of this act;* or

4 (c) If the licensee has for compensation represented or attempted to
5 represent both the insurer and the insured in the same transaction.

6 2. The license of a firm or corporation may be suspended, revoked,
7 limited or continuation refused for any cause which relates to any
8 individual designated in or with respect to the license to exercise its
9 powers.

10 3. The holder of any license which has been suspended or revoked
11 shall forthwith surrender the license to the commissioner.

12 **Sec. 129.** NRS 684A.220 is hereby amended to read as follows:

13 684A.220 NRS ~~683A.460 (certain procedure for suspension,~~
14 ~~revocation of license), NRS 683A.470 (procedure following suspension,~~
15 ~~revocation) and NRS 683A.480 (return of license to commissioner) shall~~
16 *683A.480 and sections 93 and 94 of this act* also apply to suspension,
17 revocation, limitation or refusal to continue adjusters' licenses and
18 associate adjusters' licenses, except where in conflict with the express
19 provisions of this chapter.

20 **Sec. 130.** NRS 684B.020 is hereby amended to read as follows:

21 684B.020 1. No person ~~shall~~ *may* act as a motor vehicle physical
22 damage appraiser for motor vehicle physical damage claims on behalf of
23 any insurance company or ~~firm or corporation~~ *business organization*
24 engaged in the adjustment or appraisal of motor vehicle claims unless
25 ~~such person~~ *he* has:

26 (a) Secured a license from the commissioner.

27 (b) Paid the applicable license fee.

28 2. Any person who has been engaged in the business as a motor
29 vehicle physical damage appraiser for a period of 2 consecutive years
30 immediately ~~prior to~~ *before* January 1, 1972, ~~shall be granted~~ *is entitled*
31 *to* a license upon application to the commissioner without further
32 qualification.

33 3. The provisions of this section do not apply to:

34 (a) A licensed insurance adjuster.

35 (b) An employee of any authorized insurer, motor club, motor vehicle
36 dealer or automobile body repair shop.

37 *4. A person who acts as a motor vehicle physical damage appraiser*
38 *in this state without a license, unless exempt under subsection 3, is*
39 *subject to an administrative fine of not more than \$1,000 for each*
40 *violation.*

41 **Sec. 131.** NRS 684B.040 is hereby amended to read as follows:

42 684B.040 1. An applicant for a license as a motor vehicle physical
43 damage appraiser must file a written application therefor with the
44 commissioner on forms prescribed and furnished by the commissioner. The
45 applicant must furnish information as to his identity, personal history,
46 experience, financial responsibility, business record and other pertinent
47 matters as reasonably required by the commissioner to determine the
48 applicant's eligibility and qualifications for the license.



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1 2. If the applicant is a natural person, the application must include the
2 social security number of the applicant.

3 3. If the applicant is a ~~{firm or corporation}~~ *business organization*, the
4 application must include the names of all members , ~~{of the firm,~~
5 ~~corporate}~~ officers and ~~{corporate}~~ directors, and must designate each
6 natural person who is to exercise the ~~{license powers. Each such member,~~
7 ~~officer, director and natural person must qualify as an individual licensee.}~~
8 *licensee's powers*. A natural person who is authorized to act for a ~~{firm or~~
9 ~~corporation}~~ *business organization* and who also wishes to be licensed in
10 an individual capacity must obtain a separate license in his own name.

11 4. The application must be accompanied by the applicable license fee .
12 ~~{specified in NRS 680B.010.}~~ The commissioner shall charge a separate
13 fee for each person authorized to act for a ~~{firm or corporation}~~ *business*
14 *organization*.

15 5. An applicant for a license who desires to use a name other than his
16 true name must comply with the provisions of ~~{NRS 683A.240.}~~ *section 91*
17 *of this act*. The commissioner shall not issue a license in a trade name
18 unless the name has been registered pursuant to NRS 600.240 to 600.450,
19 inclusive.

20 6. An applicant for a license shall not willfully misrepresent or
21 withhold any fact or information called for in the application form or in
22 connection with his application. A violation of this subsection is a gross
23 misdemeanor.

24 **Sec. 132.** NRS 684B.110 is hereby amended to read as follows:
25 684B.110 1. The commissioner may suspend, revoke, limit or refuse
26 to continue any motor vehicle physical damage appraiser's license:
27 (a) For any cause specified in any other provision of this chapter;
28 (b) For any such applicable cause as for revocation of ~~{an agent's or~~
29 ~~broker's license under NRS 683A.450;}~~ *the license of a producer of*
30 *insurance under section 93 of this act;* or
31 (c) If the licensee has for compensation represented or attempted to
32 represent both the insurer and the insured in the same transaction.

33 2. The license of a ~~{firm or corporation}~~ *business organization* may be
34 suspended, revoked, limited or continuation refused for any cause which
35 relates to any individual designated in or with respect to the license to
36 exercise its powers.

37 3. The holder of any license which has been suspended or revoked
38 shall forthwith surrender the license to the commissioner.

39 **Sec. 133.** NRS 684B.120 is hereby amended to read as follows:
40 684B.120 NRS ~~{683A.460 (certain procedure for suspension,~~
41 ~~revocation of license), NRS 683A.470 (procedure following suspension,~~
42 ~~revocation) and NRS 683A.480 (return of license to commissioner) shall}~~
43 *683A.480 and sections 93 and 94 of this act* also apply to suspension,
44 revocation, limitation or refusal to continue motor vehicle physical damage
45 appraiser's licenses, except where in conflict with the express provisions of
46 this chapter.

47 **Sec. 134.** NRS 685A.220 is hereby amended to read as follows:
48 685A.220 In addition to those referred to in other provisions of ~~{the~~
49 ~~Surplus Lines Law,}~~ *this chapter*, the following provisions of chapter 683A



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1 of NRS , ~~[(agents, brokers and solicitors) shall,]~~ to the extent applicable
2 and not inconsistent with the express provisions of this chapter, also apply
3 to surplus lines brokers:

- 4 1. ~~[NRS 683A.270 (continuation, expiration of license);~~
5 ~~—2.] NRS 683A.400 ; [(fiduciary funds);~~
6 ~~—3.] 2. NRS 683A.410 ; [(failure to remit premiums);~~
7 ~~—4. NRS 683A.450 (suspension, revocation, refusal of license);~~
8 ~~—5. NRS 683A.460 (certain procedure for suspension, limitation or~~
9 ~~revocation of license);~~
10 ~~—6. NRS 683A.470 (procedure following suspension, revocation);~~
11 ~~—7. NRS 683A.480 (return of license to commissioner); and~~
12 ~~—8.] 3. Section 94 of this act;~~
13 4. *Section 95 of this act;*
14 5. *Section 99 of this act;*
15 6. *NRS 683A.480; and*
16 7. NRS 683A.490 . ~~[(penalties).]~~

17 **Sec. 135.** Chapter 686A of NRS is hereby amended by adding thereto
18 a new section to read as follows:

19 1. *Disclosure of nonpublic personal information in a manner*
20 *contrary to the provisions of subchapter 1 of Title V of Public Law 106-*
21 *102, 15 U.S.C. §§ 6801-6809 is an unfair act or practice in the business*
22 *of insurance within the meaning of this chapter.*

23 2. *As used in this section “nonpublic personal information” has the*
24 *meaning ascribed to it in 15 U.S.C. § 6809(4).*

25 3. *The commissioner shall adopt regulations necessary to carry out*
26 *the provisions of this section.*

27 **Sec. 136.** NRS 686A.010 is hereby amended to read as follows:

28 686A.010 The purpose of NRS 686A.010 to 686A.310, inclusive, *and*
29 *section 135 of this act* is to regulate trade practices in the business of
30 insurance in accordance with the intent of Congress as expressed in the Act
31 of Congress approved March 9, 1945, being c. 20, 59 Stat. 33, also
32 designated as 15 U.S.C. §§ 1011 to 1015, inclusive, ~~[by defining, or~~
33 ~~providing for the determination of, all such practices in this state which~~
34 ~~constitute unfair methods of competition or unfair or deceptive acts or~~
35 ~~practices and by prohibiting the trade practices so defined or determined.]~~
36 *and Title V of Public Law 106-102, 15 U.S.C. §§ 6801 et seq.*

37 **Sec. 137.** NRS 686A.520 is hereby amended to read as follows:

38 686A.520 1. The provisions of NRS ~~[683A.450 to 683A.480,~~
39 ~~inclusive, and] 683A.480 and sections 93, 94 and 99 of this act and NRS~~
40 686A.010 to 686A.310, inclusive, apply to companies.

41 2. For the purposes of subsection 1, unless the context requires that a
42 section apply only to insurers, any reference in those sections to “insurer”
43 must be replaced by a reference to “company.”

44 **Sec. 137.5.** NRS 687A.033 is hereby amended to read as follows:

45 687A.033 1. “Covered claim” means an unpaid claim or judgment,
46 including a claim for unearned premiums, which arises out of and is within
47 the coverage of an insurance policy to which this chapter applies issued by
48 an insurer which becomes an insolvent insurer, if one of the following
49 conditions exists:



- 1 (a) The claimant or insured, if a natural person, is a resident of this state
2 at the time of the insured event.
- 3 (b) The claimant or insured, if other than a natural person, maintains its
4 principal place of business in this state at the time of the insured event.
- 5 (c) The property from which the first party property damage claim
6 arises is permanently located in this state.
- 7 (d) The claim is not a covered claim pursuant to the laws of any other
8 state and the premium tax imposed on the insurance policy is payable in
9 this state pursuant to NRS 680B.027.
- 10 2. The term does not include:
- 11 (a) An amount that is directly or indirectly due a reinsurer, insurer,
12 insurance pool or underwriting association, as recovered by subrogation,
13 indemnity or contribution, or otherwise.
- 14 (b) That part of a loss which would not be payable because of a
15 provision for a deductible or a self-insured retention specified in the policy.
- 16 (c) Except as otherwise provided in this paragraph, any claim filed with
17 the association after:
- 18 (1) Eighteen months after the date of the order of liquidation; or
19 (2) The final date set by the court for the filing of claims against the
20 liquidator or receiver of the insolvent insurer,
21 whichever is earlier. The provisions of this paragraph do not apply to a
22 claim for workers' compensation that is reopened pursuant to the
23 provisions of NRS 616C.390.
- 24 (d) A claim filed with the association for a loss that is incurred but is
25 not reported to the association before the expiration of the period specified
26 in subparagraph (1) or (2) of paragraph (c).
- 27 (e) An obligation to make a supplementary payment for adjustment or
28 attorney's fees and expenses, court costs or interest and bond premiums
29 incurred by the insolvent insurer before the appointment of a liquidator,
30 unless the expenses would also be a valid claim against the insured.
- 31 (f) A first party or third party claim brought by or against an insured, if
32 the aggregate net worth of the insured and any affiliate of the insured, as
33 determined on a consolidated basis, is more than \$25,000,000 on
34 December 31 of the year immediately preceding the date the insurer
35 becomes an insolvent insurer. *The provisions of this paragraph do not*
36 *apply to a claim for workers' compensation.*
- 37 **Sec. 138.** NRS 689.065 is hereby amended to read as follows:
38 689.065 "Net purchase price" means the ~~{net amount of the}~~ purchase
39 price, *including interest earned on the trust funds attributable to the*
40 *buyer*, remaining after deduction of the sales commission.
- 41 **Sec. 139.** NRS 689.160 is hereby amended to read as follows:
42 689.160 1. The provisions of NRS ~~{683A.450 to 683A.480,~~
43 ~~inclusive, and}~~ *683A.480 and sections 93, 94 and 99 of this act and NRS*
44 *686A.010 to 686A.310, inclusive, apply to agents and sellers.*
- 45 2. For the purposes of subsection 1, unless the context requires that a
46 section apply only to insurers, any reference in those sections to "insurer"
47 must be replaced by a reference to "agent" and "seller."
- 48 3. The provisions of NRS 679B.230 to 679B.300, inclusive, apply to
49 sellers. Unless the context requires that a provision apply only to insurers,



1 any reference in those sections to “insurer” must be replaced by a reference
2 to “seller.”

3 **Sec. 140.** NRS 689.225 is hereby amended to read as follows:

4 689.225 1. It is unlawful for any person to solicit the sale of a
5 prepaid contract in this state on behalf of a seller unless he holds a valid
6 agent’s license issued by the commissioner.

7 2. This section does not apply to a seller who holds a valid seller’s
8 certificate of authority.

9 *3. A person who solicits the sale of a prepaid contract in this state*
10 *without a license is subject to an administrative fine of not more than*
11 *\$1,000 for each violation.*

12 **Sec. 141.** NRS 689.355 is hereby amended to read as follows:

13 689.355 1. Except as *otherwise* provided in subsection 2, if the buyer
14 moves to another geographic area beyond the normal facilities of the seller
15 and performers under the prepaid contract, the contract automatically
16 terminates upon the buyer’s written notice to the seller and trustee of his
17 move and of his desire to terminate the contract. The trustee, as soon as
18 reasonably possible after receipt of the notice, shall refund to the buyer all
19 money in the trust fund , *including earned interest*, held ~~for~~ *for* the
20 buyer’s account.

21 2. If the contract continues in force and the buyer is not in default
22 thereunder, upon the demise of the contract beneficiary, the contract
23 automatically terminates. Upon termination, the seller shall refund to the
24 buyer or to his representative or estate, or transfer to a substituted
25 performer, if any, all money paid on the contract.

26 **Sec. 142.** NRS 689.365 is hereby amended to read as follows:

27 689.365 1. An executory prepaid contract automatically terminates if
28 the seller or any performer under the contract goes out of business, dies,
29 becomes insolvent or bankrupt, makes an assignment for the benefit of
30 creditors or is otherwise unable to fulfill the obligations under the contract
31 unless, within 30 days after the going out of business, death, insolvency or
32 bankruptcy of the seller, or within any extension of time granted by the
33 commissioner, the contract is assigned to a holder of a valid seller’s
34 certificate of authority who agrees in writing to accept the liabilities under
35 the contract and agrees to fulfill all obligations set forth therein.

36 2. Upon any such termination, the money in the trust fund , *including*
37 *earned interest*, held by the trustee for the account of the buyer must be
38 distributed by the trustee to the buyer or to a qualified seller or performer
39 assuming the outstanding contractual liabilities, as authorized by the
40 commissioner.

41 **Sec. 143.** NRS 689.485 is hereby amended to read as follows:

42 689.485 1. It is unlawful for any cemetery authority, or any person
43 on behalf of a cemetery authority, to offer or sell any burial merchandise or
44 services under a prepaid contract unless the cemetery authority has been
45 issued a seller’s permit by the commissioner.

46 2. Subsection 1 does not apply to cemeteries owned and operated by
47 governmental agencies.

48 *3. A person who offers or sells any burial merchandise or services*
49 *under a prepaid contract in this state in violation of the provisions of this*



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1 *section is subject to an administrative fine of not more than \$1,000 for*
2 *each violation.*

3 **Sec. 144.** NRS 689.515 is hereby amended to read as follows:

4 689.515 1. It is unlawful for any person to solicit the sale of a
5 prepaid contract in this state on behalf of a seller unless he holds a valid
6 agent's license issued by the commissioner.

7 2. This section does not apply to a seller who holds a valid seller's
8 permit.

9 *3. A person who solicits the sale of a prepaid contract in this state*
10 *without a license or seller's permit is subject to an administrative fine of*
11 *not more than \$1,000 for each violation.*

12 **Sec. 145.** NRS 689.575 is hereby amended to read as follows:

13 689.575 1. Except as *otherwise* provided in subsection 2, if the buyer
14 moves to another geographic area beyond the normal service facilities of
15 the seller and performers under the prepaid burial merchandise and service
16 contract, the contract automatically terminates upon the buyer's written
17 notice to the seller and trustee of his move and of his desire to terminate
18 the contract. The trustee, as soon as reasonably possible after receipt of the
19 notice, shall refund to the buyer all money , *including earned interest*, in
20 the trust fund held ~~to~~ *for* the buyer's account.

21 2. If the contract continues in force and the buyer is not in default
22 thereunder, upon the demise of the buyer, the contract automatically
23 terminates. Upon termination, the seller shall:

24 (a) Furnish the merchandise and perform or arrange to perform the
25 services;

26 (b) Make arrangements for the fulfillment of the agreement on a dollar-
27 for-dollar basis with another performer serving the area to which the buyer
28 has moved; or

29 (c) Refund to the buyer or his representative or estate, or transfer to a
30 substituted performer, all money , *including earned interest*, in the trust
31 fund held ~~to~~ *for* the buyer's account.

32 3. The cemetery authority shall include a provision in each prepaid
33 contract substantially stating: "If the purchaser defaults in making any
34 payment under this contract, the cemetery authority may terminate the
35 contract and is entitled to retain as damages not more than 40 percent of the
36 total purchase price. The balance remaining, if any, must be refunded to the
37 purchaser."

38 **Sec. 146.** NRS 689.580 is hereby amended to read as follows:

39 689.580 1. An executory prepaid contract automatically terminates if
40 the seller or any performer under the contract goes out of business, dies,
41 becomes insolvent or bankrupt, makes an assignment for the benefit of
42 creditors or is otherwise unable to fulfill the obligations under the contract,
43 unless the successors or assignees of the business agree to accept all
44 liability and to fulfill all obligations as originally set forth in the contract.

45 2. Upon any such termination, the money in the trust fund , *including*
46 *earned interest*, held by the trustee for the account of the buyer must be
47 distributed by the trustee to the buyer or to a qualified seller or performer
48 assuming the outstanding contractual liabilities, as authorized by the
49 commissioner.



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1 **Sec. 147.** NRS 689.595 is hereby amended to read as follows:
2 689.595 1. The provisions of NRS ~~683A.450 to 683A.480,~~
3 ~~inclusive, and 683A.480 and sections 93, 94 and 99 of this act and NRS~~
4 686A.010 to 686A.310, inclusive, apply to agents and sellers.

5 2. For the purposes of subsection 1, unless the context requires that a
6 section apply only to insurers, any reference in those sections to "insurer"
7 must be replaced by a reference to "agent" and "seller."

8 3. The provisions of NRS 679B.230 to 679B.300, inclusive, apply to
9 sellers. Unless the context requires that a provision apply only to insurers,
10 any reference in those sections to "insurer" must be replaced by a reference
11 to "seller."

12 **Sec. 148.** NRS 689A.041 is hereby amended to read as follows:

13 689A.041 1. ~~Any~~ A policy of health insurance which provides
14 coverage for the surgical procedure known as a mastectomy must also
15 provide commensurate coverage for ~~at least two prosthetic devices and for~~
16 ~~reconstructive surgery incident to the mastectomy. Except as otherwise~~
17 ~~provided in subsection 2, this coverage must be subject to the same terms~~
18 ~~and conditions that apply to the coverage for the mastectomy.~~ :

19 (a) *Reconstruction of the breast on which the mastectomy has been*
20 *performed;*

21 (b) *Surgery and reconstruction of the other breast to produce a*
22 *symmetrical structure; and*

23 (c) *Prostheses and physical complications for all stages of*
24 *mastectomy, including lymphedemas.*

25 2. *The provision of services must be determined by the attending*
26 *physician and the patient.*

27 3. *The plan or issuer may require deductibles and coinsurance*
28 *payments if they are consistent with those established for other benefits.*

29 4. *Written notice of the availability of the coverage must be given*
30 *upon enrollment and annually thereafter. The notice must be sent to all*
31 *participants:*

32 (a) *In the next mailing made by the plan or issuer to the participant or*
33 *beneficiary; or*

34 (b) *As part of any annual information packet sent to the participant or*
35 *beneficiary,*
36 *whichever is earlier.*

37 5. *A plan or issuer may not:*

38 (a) *Deny eligibility, or continued eligibility, to enroll or renew*
39 *coverage, in order to avoid the requirements of subsections 1 to 4,*
40 *inclusive; or*

41 (b) *Penalize, or limit reimbursement to, a provider of care, or provide*
42 *incentives to a provider of care, in order to induce the provider not to*
43 *provide the care listed in subsections 1 to 4, inclusive.*

44 6. *A plan or issuer may negotiate rates of reimbursement with*
45 *providers of care.*

46 7. *If reconstructive surgery is begun within 3 years after a mastectomy,*
47 *the amount of the benefits for that surgery must equal the amounts*
48 *provided for in the policy at the time of the mastectomy. If the surgery is*
49 *begun more than 3 years after the mastectomy, the benefits provided are*



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1 subject to all of the terms, conditions and exclusions contained in the
2 policy at the time of the reconstructive surgery.

3 ~~13-1~~ 8. A policy subject to the provisions of this chapter which is
4 delivered, issued for delivery or renewed on or after October 1, ~~1989,~~
5 2001, has the legal effect of including the coverage required by this
6 section, and any provision of the policy or the renewal which is in conflict
7 with this section is void.

8 ~~14-1~~ 9. For the purposes of this section, “reconstructive surgery”
9 means a surgical procedure performed following a mastectomy on one
10 breast or both breasts to reestablish symmetry between the two breasts. The
11 term includes ~~1, but is not limited to,~~ augmentation mammoplasty,
12 reduction mammoplasty and mastopexy.

13 **Sec. 149.** NRS 689A.500 is hereby amended to read as follows:

14 689A.500 “Converted policy” means a basic or standard health benefit
15 plan issued in accordance with NRS 689B.120 to ~~689B.240,~~ 689B.210,
16 inclusive, and 689B.590.

17 **Sec. 150.** Chapter 689B of NRS is hereby amended by adding thereto
18 the provisions set forth as sections 151, 152 and 153 of this act.

19 **Sec. 151.** *“Blanket accident and health insurance” has the meaning*
20 *ascribed to it in NRS 689B.070.*

21 **Sec. 152.** 1. *An insurer shall provide to each policyholder, or*
22 *producer of insurance acting on behalf of a policyholder, on a form*
23 *approved by the commissioner, a summary of the coverage provided by*
24 *each policy of group or blanket health insurance offered by the insurer.*
25 *The summary must disclose any:*

26 (a) *Significant exception, reduction or limitation that applies to the*
27 *policy;*

28 (b) *Restriction on payment for care in an emergency, including*
29 *related definitions of emergency and medical necessity;*

30 (c) *Right of the insurer to change the rate of premium and the factors,*
31 *other than claims experienced, which affect changes in rate;*

32 (d) *Provisions relating to renewability;*

33 (e) *Provisions relating to preexisting conditions; and*

34 (f) *Other information that the commissioner finds necessary for full*
35 *and fair disclosure of the provisions of the policy.*

36 2. *The language of the disclosure must be easily understood. The*
37 *disclosure must state that it is only a summary of the policy and that the*
38 *policy should be read to ascertain the governing contractual provisions.*

39 3. *The commissioner shall not approve a proposed disclosure that*
40 *does not satisfy the requirements of this section and of applicable*
41 *regulations.*

42 4. *In addition to the disclosure, the insurer shall provide information*
43 *about guaranteed availability of basic and standard plans for benefits to*
44 *an eligible person.*

45 5. *The insurer shall provide the summary before the policy is issued.*

46 **Sec. 153.** *An insurer providing blanket health insurance shall make*
47 *all information concerning rates available to the commissioner upon*
48 *request. The information is proprietary, constitutes a trade secret, and*
49 *may not be disclosed by the commissioner to any person outside the*



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division except as agreed by the insurer or ordered by a court of competent jurisdiction.

Sec. 154. NRS 689B.010 is hereby amended to read as follows:

689B.010 1. This chapter may be cited as the Group or Blanket Health Insurance Law.

2. This chapter applies only to group health insurance contracts and to blanket *accident and* health insurance contracts as provided ~~for~~ in this chapter.

Sec. 155. NRS 689B.0375 is hereby amended to read as follows:

689B.0375 1. ~~Any~~ *A* policy of group health insurance which provides coverage for the surgical procedure known as a mastectomy must also provide commensurate coverage for ~~at least two prosthetic devices and for reconstructive surgery incident to the mastectomy. Except as otherwise provided in subsection 2, this coverage must be subject to the same terms and conditions that apply to the coverage for the mastectomy.~~ :

(a) Reconstruction of the breast on which the mastectomy has been performed;

(b) Surgery and reconstruction of the other breast to produce a symmetrical structure; and

(c) Prostheses and physical complications for all stages of mastectomy, including lymphedemas.

2. *The provision of services must be determined by the attending physician and the patient.*

3. *The plan or issuer may require deductibles and coinsurance payments if they are consistent with those established for other benefits.*

4. *Written notice of the availability of the coverage must be given upon enrollment and annually thereafter. The notice must be sent to all participants:*

(a) In the next mailing made by the plan or issuer to the participant or beneficiary; or

(b) As part of any annual information packet sent to the participant or beneficiary, whichever is earlier.

5. *A plan or issuer may not:*

(a) Deny eligibility, or continued eligibility, to enroll or renew coverage, in order to avoid the requirements of subsections 1 to 4, inclusive; or

(b) Penalize, or limit reimbursement to, a provider of care, or provide incentives to a provider of care, in order to induce the provider not to provide the care listed in subsections 1 to 4, inclusive.

6. *A plan or issuer may negotiate rates of reimbursement with providers of care.*

7. If reconstructive surgery is begun within 3 years after a mastectomy, the amount of the benefits for that surgery must equal those amounts provided for in the policy at the time of the mastectomy. If the surgery is begun more than 3 years after the mastectomy, the benefits provided are subject to all of the terms, conditions and exclusions contained in the policy at the time of the reconstructive surgery.



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1 ~~13-1~~ 8. A policy subject to the provisions of this chapter which is
2 delivered, issued for delivery or renewed on or after October 1, ~~1989,~~
3 ~~2001,~~ has the legal effect of including the coverage required by this
4 section, and any provision of the policy or the renewal which is in conflict
5 with this section is void.

6 ~~14-1~~ 9. For the purposes of this section, "reconstructive surgery"
7 means a surgical procedure performed following a mastectomy on one
8 breast or both breasts to reestablish symmetry between the two breasts. The
9 term includes ~~1, but is not limited to,~~ augmentation mammoplasty,
10 reduction mammoplasty and mastopexy.

11 **Sec. 156.** NRS 689B.070 is hereby amended to read as follows:
12 689B.070 "Blanket *accident and* health insurance" is that form of
13 *accident insurance*, health insurance, *or both*, covering groups of persons
14 as enumerated in one of the following subsections under a policy or
15 contract issued to:

16 1. Any common carrier or to any operator, owner or lessee of a means
17 of transportation, who or which shall be deemed the policyholder, covering
18 a group of persons who may become passengers defined by reference to
19 their travel status on ~~1such1~~ *the* common carrier or ~~1such1~~ means of
20 transportation.

21 2. An employer, who shall be deemed the policyholder, covering any
22 group of employees, dependents or guests, defined by reference to
23 specified hazards incident to an activity or activities or operations of the
24 policyholder.

25 3. A college, school or other institution of learning, a school district or
26 districts, or school jurisdictional unit, or to the head, principal or governing
27 board of any such educational unit, who or which shall be deemed the
28 policyholder, covering students, teachers or employees.

29 4. A religious, charitable, recreational, educational or civic
30 organization, or branch thereof, which shall be deemed the policyholder,
31 covering any group of members or participants defined by reference to
32 specified hazards incident to an activity or activities or operations
33 sponsored or supervised by ~~1such1~~ *the* policyholder.

34 5. A sports team, camp or sponsor thereof, which shall be deemed the
35 policyholder, covering members, campers, employees, officials or
36 supervisors.

37 6. A volunteer fire department, organization providing first aid,
38 organization for emergency management or other such volunteer
39 organization, which shall be deemed the policyholder, covering any group
40 of members or participants defined by reference to specified hazards
41 incident to an activity or activities or operations sponsored or supervised
42 by ~~1such1~~ *the* policyholder.

43 7. A newspaper or other publisher, which shall be deemed the
44 policyholder, covering its carriers.

45 8. An association, including a labor union, which has a constitution
46 and bylaws and which has been organized and is maintained in good faith
47 for purposes other than that of obtaining insurance, which shall be deemed
48 the policyholder, covering any group of members or participants defined



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1 by reference to specified hazards incident to an activity or activities or
2 operations sponsored or supervised by ~~such~~ the policyholder.

3 9. Cover any other risk or class of risks which, in the discretion of the
4 commissioner, may be properly eligible for blanket **accident and** health
5 insurance. The discretion of the commissioner may be exercised on the
6 basis of an individual risk or class of risks, or both.

7 **Sec. 157.** NRS 689B.080 is hereby amended to read as follows:

8 689B.080 Any insurer authorized to write health insurance in this
9 state, including a nonprofit corporation for hospital, medical or dental
10 services that has a certificate of authority issued pursuant to chapter 695B
11 of NRS, may issue blanket **accident and** health insurance. No blanket
12 policy, except as provided in subsection 4 of NRS 687B.120, may be
13 issued or delivered in this state unless a copy of the form thereof has been
14 filed in accordance with NRS 687B.120. Every blanket policy must contain
15 provisions which in the opinion of the commissioner are not less favorable
16 to the policyholder and the individual insured than the following:

17 1. A provision that the policy, including endorsements and a copy of
18 the application, if any, of the policyholder and the persons insured
19 constitutes the entire contract between the parties, and that any statement
20 made by the policyholder or by a person insured is in the absence of fraud
21 a representation and not a warranty, and that no such statements may be
22 used in defense to a claim under the policy, unless contained in a written
23 application. The insured, his beneficiary or assignee has the right to make a
24 written request to the insurer for a copy of an application, and the insurer
25 shall, within 15 days after the receipt of a request at its home office or any
26 branch office of the insurer, deliver or mail to the person making the
27 request a copy of the application. If a copy is not so delivered or mailed,
28 the insurer is precluded from introducing the application as evidence in any
29 action based upon or involving any statements contained therein.

30 2. A provision that written notice of sickness or of injury must be
31 given to the insurer within 20 days after the date when the sickness or
32 injury occurred. Failure to give notice within that time does not invalidate
33 or reduce any claim if it is shown that it was not reasonably possible to
34 give notice and that notice was given as soon as was reasonably possible.

35 3. A provision that the insurer will furnish to the claimant or to the
36 policyholder for delivery to the claimant such forms as are usually
37 furnished by it for filing proof of loss. If the forms are not furnished before
38 the expiration of 15 days after giving written notice of sickness or injury,
39 the claimant shall be deemed to have complied with the requirements of the
40 policy as to proof of loss upon submitting, within the time fixed in the
41 policy for filing proof of loss, written proof covering the occurrence, the
42 character and the extent of the loss for which claim is made.

43 4. A provision that in the case of a claim for loss of time for disability,
44 written proof of the loss must be furnished to the insurer within 90 days
45 after the commencement of the period for which the insurer is liable, and
46 that subsequent written proofs of the continuance of the disability must be
47 furnished to the insurer at such intervals as the insurer may reasonably
48 require, and that in the case of a claim for any other loss, written proof of
49 the loss must be furnished to the insurer within 90 days after the date of the



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1 loss. Failure to furnish such proof within that time does not invalidate or
2 reduce any claim if it is shown that it was not reasonably possible to
3 furnish proof and that the proof was furnished as soon as was reasonably
4 possible.

5 5. A provision that all benefits payable under the policy other than
6 benefits for loss of time will be payable immediately upon receipt of
7 written proof of loss, and that, subject to proof of loss, all accrued benefits
8 payable under the policy for loss of time will be paid not less frequently
9 than monthly during the continuance of the period for which the insurer is
10 liable, and that any balance remaining unpaid at the termination of that
11 period will be paid immediately upon receipt of proof.

12 6. A provision that the insurer at its own expense has the right and
13 opportunity to examine the person of the insured when and so often as it
14 may reasonably require during the pendency of claim under the policy and
15 also the right and opportunity to make an autopsy where it is not prohibited
16 by law.

17 7. A provision, if applicable, setting forth the provisions of NRS
18 689B.035.

19 8. A provision for benefits for expense arising from care at home or
20 health supportive services if that care or service was prescribed by a
21 physician and would have been covered by the policy if performed in a
22 medical facility or facility for the dependent as defined in chapter 449 of
23 NRS.

24 9. A provision that no action at law or in equity may be brought to
25 recover under the policy before the expiration of 60 days after written
26 proof of loss has been furnished in accordance with the requirements of the
27 policy and that no such action may be brought after the expiration of 3
28 years after the time written proof of loss is required to be furnished.

29 **Sec. 158.** NRS 689B.130 is hereby amended to read as follows:

30 689B.130 Subject to the conditions set forth in NRS 689B.120 to
31 ~~689B.240,~~ **689B.210**, inclusive, the conversion privilege must also be
32 made available:

33 1. To the surviving spouse, if any, upon the death of the employee or
34 member, with respect to the spouse and any child whose coverage under
35 the group policy is terminated by reason of ~~such~~ **the** death, or if there is
36 no surviving spouse, to each surviving child whose coverage under the
37 group policy terminates by reason of ~~such~~ **the** death, or, if the group
38 policy provides for continuation of dependents' coverage following the
39 employee's or member's death, at the end of the continued coverage;

40 2. To the spouse of the employee or member upon termination of
41 coverage of the spouse while the employee or member remains insured
42 under the group policy, if the spouse ceases to be a qualified family
43 member under the group policy, and to any child whose coverage under the
44 group policy terminates at the same time; or

45 3. To a child solely with respect to himself upon termination of his
46 coverage because he ceases to be a qualified family member under the
47 group policy, if a conversion privilege is not otherwise provided with
48 respect to the termination.



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1 **Sec. 159.** NRS 689B.150 is hereby amended to read as follows:
2 689B.150 ~~{-}~~ A person who is entitled to a converted policy must be
3 given his choice of ~~{at least three types of policies offering benefits on an~~
4 ~~expense incurred basis.~~

5 ~~— 2. — At least one choice among the three types of policies must include~~
6 ~~major medical or catastrophic benefits if they were provided under the~~
7 ~~group policy.~~

8 ~~— 3. — For those insureds eligible for Medicare, the insurer may provide a~~
9 ~~supplement to Medicare as the converted policy.~~ *a basic or standard*
10 *health benefit plan in the manner provided in NRS 689B.590.*

11 **Sec. 160.** NRS 689B.180 is hereby amended to read as follows:

12 689B.180 The insurer shall:

13 1. Issue the converted policy , *as described in NRS 689B.590*, without
14 evidence of insurability;

15 2. ~~{Base}~~ *Establish* the premium on the converted policies ~~{for the first~~
16 ~~12 months, and subsequent renewals, upon the insurer's table of premium~~
17 ~~rates applicable to the age and class of risk of each person to be covered~~
18 ~~under the policy and to the type and amount of insurance provided. The~~
19 ~~frequency of premium payments must be the same as is customarily~~
20 ~~required by the insurer for the policy form and plan selected except that~~
21 ~~premium payments must not be required more often than quarterly.}~~ *in the*
22 *manner provided in subsections 3, 4 and 5, or pursuant to subsection 6,*
23 *of NRS 689B.590, and may not require that premiums be paid annually,*
24 *semi-annually or quarterly unless so requested by the employee, a*
25 *member or a dependent;*

26 3. Provide that the effective date of the converted policy is 12:01 a.m.
27 on the day after the termination of insurance under the group policy; and

28 4. Provide that the converted policy covers the employee or member
29 and his dependents who were covered by the group policy on the date of its
30 termination. ~~{At the option of the insurer, a}~~ *A* separate converted policy
31 may be issued to cover any dependent.

32 **Sec. 161.** NRS 689B.250 is hereby amended to read as follows:

33 689B.250 Every insurer under a group health insurance contract or a
34 blanket *accident and* health insurance contract and every state agency, for
35 its records shall accept from:

36 1. A hospital the Uniform Billing and Claims Forms established by the
37 American Hospital Association in lieu of its individual billing and claims
38 forms.

39 2. An individual who is licensed to practice one of the health
40 professions regulated by Title 54 of NRS such uniform health insurance
41 claims forms as the commissioner shall prescribe, except in those cases
42 where the commissioner has excused uniform reporting.

43 **Sec. 162.** NRS 689B.340 is hereby amended to read as follows:

44 689B.340 As used in NRS 689B.340 to 689B.600, inclusive, unless
45 the context otherwise requires, the words and terms defined in NRS
46 689B.350 to 689B.460, inclusive, *and section 151 of this act* have the
47 meanings ascribed to them in those sections.



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1 **Sec. 163.** NRS 689B.380 is hereby amended to read as follows:
2 689B.380 “Creditable coverage” means health benefits or coverage
3 provided to a person pursuant to:

- 4 1. A group health plan;
- 5 2. A health benefit plan;
- 6 3. Part A or Part B of Title XVIII of the Social Security Act, 42 U.S.C.
7 §§ 1395c et seq., also known as Medicare;
- 8 4. Title XIX of the Social Security Act, 42 U.S.C. §§ 1396 et seq., also
9 known as Medicaid, other than coverage consisting solely of benefits under
10 section 1928 of that Title, 42 U.S.C. § 1396s;
- 11 5. The Civilian Health and Medical Program of Uniformed Services,
12 CHAMPUS, 10 U.S.C. §§ 1071 et seq.;
- 13 6. A medical care program of the Indian Health Service or of a tribal
14 organization;
- 15 7. A state health benefit risk pool;
- 16 8. A health plan offered pursuant to the Federal Employees Health
17 Benefits Program, FEHBP, 5 U.S.C. §§ 8901 et seq.;
- 18 9. A public health plan as defined in 45 C.F.R. § 146.113, authorized
19 by the Public Health Service Act, 42 U.S.C. § 300gg(c)(1)(I);
- 20 10. A health benefit plan under section 5(e) of the Peace Corps Act, 22
21 U.S.C. § 2504(e);
- 22 11. The children’s health insurance program established pursuant to 42
23 U.S.C. §§ 1397aa to 1397jj, inclusive;
- 24 12. A short-term health insurance policy; or
- 25 13. A blanket ~~student~~ accident and health insurance policy.

26 **Sec. 164.** NRS 689B.490 is hereby amended to read as follows:

27 689B.490 1. For the purpose of determining the period of creditable
28 coverage of a person accumulated under a health benefit plan , *blanket*
29 *accident and health insurance* or group health insurance, the insurer shall
30 provide written certification on a form prescribed by the commissioner of
31 coverage to the person which certifies the length of:

32 (a) The period of creditable coverage that the person accumulated under
33 the plan and any coverage under any provision of the Consolidated
34 Omnibus Budget Reconciliation Act of 1985, as that act existed on July 16,
35 1997, relating to the continuation of coverage; and

36 (b) Any waiting and affiliation period imposed on the person pursuant
37 to that coverage.

38 2. The certification of coverage must be provided to the person who
39 was insured:

40 (a) At the time that he ceases to be covered under the plan, if he does
41 not otherwise become covered under any provision of the Consolidated
42 Omnibus Budget Reconciliation Act of 1985, as that act existed on July 16,
43 1997, relating to the continuation of coverage;

44 (b) If he becomes covered under such a provision, at the time that he
45 ceases to be covered by that provision; and

46 (c) Upon request, if the request is made not later than 24 months after
47 the date on which he ceased to be covered as described in paragraphs (a)
48 and (b).



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1 **Sec. 165.** NRS 689B.500 is hereby amended to read as follows:

2 689B.500 1. Except as otherwise provided in this section, a carrier
3 that issues a group health plan or coverage under *blanket accident and*
4 *health insurance or* group health insurance shall not deny, exclude or limit
5 a benefit for a preexisting condition for:

6 (a) More than 12 months after the effective date of coverage if the
7 employee *or other insured* enrolls through open enrollment or after the
8 first day of the waiting period for that enrollment, whichever is earlier; or

9 (b) More than 18 months after the effective date of coverage for a late
10 enrollee.

11 A carrier may not define a preexisting condition more restrictively than
12 that term is defined in NRS 689B.450.

13 2. The period of any exclusion for a preexisting condition imposed by
14 a group health plan or coverage under *blanket accident and health*
15 *insurance or* group health insurance on a person to be insured in
16 accordance with the provisions of this chapter must be reduced by the
17 aggregate period of creditable coverage of that person, if the creditable
18 coverage was continuous to a date not more than 63 days before the
19 effective date of the coverage. The period of continuous coverage must not
20 include:

21 (a) Any waiting period for the effective date of the new coverage
22 applied by the employer or the carrier; or

23 (b) Any affiliation period not to exceed 60 days for a new enrollee and
24 90 days for a late enrollee required before becoming eligible to enroll in
25 the group health plan.

26 3. A health maintenance organization authorized to transact insurance
27 pursuant to chapter 695C of NRS that does not restrict coverage for a
28 preexisting condition may require an affiliation period before coverage
29 becomes effective under a plan of insurance if the affiliation period applies
30 uniformly to all employees *or other persons insured* and without regard to
31 any health status-related factors. During the affiliation period, the carrier
32 shall not collect any premiums for coverage of the employee ~~H~~ *or other*
33 *insured*.

34 4. An insurer that restricts coverage for preexisting conditions shall not
35 impose an affiliation period.

36 5. A carrier shall not impose any exclusion for a preexisting condition:

37 (a) Relating to pregnancy.

38 (b) In the case of a person who, as of the last day of the 30-day period
39 beginning on the date of his birth, is covered under creditable coverage.

40 (c) In the case of a child who is adopted or placed for adoption before
41 attaining the age of 18 years and who, as of the last day of the 30-day
42 period beginning on the date of adoption or placement for adoption,
43 whichever is earlier, is covered under creditable coverage. The provisions
44 of this paragraph do not apply to coverage before the date of adoption or
45 placement for adoption.

46 (d) In the case of a condition for which medical advice, diagnosis, care
47 or treatment was recommended or received for the first time while the
48 covered person held creditable coverage, and the medical advice,
49 diagnosis, care or treatment was a benefit under the plan, if the creditable



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1 coverage was continuous to a date not more than 63 days before the
2 effective date of the new coverage.

3 The provisions of paragraphs (b) and (c) do not apply to a person after the
4 end of the first 63-day period during all of which the person was not
5 covered under any creditable coverage.

6 6. As used in this section, “late enrollee” means an eligible employee,
7 or his dependent, who requests enrollment in a group health plan following
8 the initial period of enrollment, if that initial period of enrollment is at least
9 30 days, during which the person is entitled to enroll under the terms of the
10 health benefit plan. The term does not include an eligible employee or his
11 dependent if:

12 (a) The employee or dependent:

13 (1) Was covered under creditable coverage at the time of the initial
14 enrollment;

15 (2) Lost coverage under creditable coverage as a result of cessation of
16 contributions by his employer, termination of employment or eligibility,
17 reduction in the number of hours of employment, involuntary termination
18 of creditable coverage, or death of, or divorce or legal separation from, a
19 covered spouse; and

20 (3) Requests enrollment not later than 30 days after the date on which
21 his creditable coverage was terminated or on which the change in
22 conditions that gave rise to the termination of the coverage occurred.

23 (b) The employee enrolls during the open enrollment period, as
24 provided in the contract or as otherwise specifically provided by specific
25 statute.

26 (c) The employer of the employee offers ~~{multiple}~~ *several* health
27 benefit plans and the employee elected a different plan during an open
28 enrollment period.

29 (d) A court has ordered coverage to be provided to the spouse or a
30 minor or dependent child of an employee under a health benefit plan of the
31 employee and a request for enrollment is made within 30 days after the
32 issuance of the court order.

33 (e) The employee changes status from not being an eligible employee to
34 being an eligible employee and requests enrollment, subject to any waiting
35 period, within 30 days after the change in status.

36 (f) The person has continued coverage in accordance with the
37 Consolidated Omnibus Budget Reconciliation Act of 1985, Public Law 99-
38 272, and that coverage has been exhausted.

39 **Sec. 166.** NRS 689B.550 is hereby amended to read as follows:

40 689B.550 1. A carrier shall not place any restriction on a person or
41 his dependent as a condition of being a participant in or a beneficiary of a
42 policy of *blanket accident and health insurance or* group health insurance
43 that is inconsistent with the provisions of this chapter.

44 2. A carrier that offers coverage under a policy of *blanket accident*
45 *and health insurance or* group health insurance pursuant to this chapter
46 shall not establish rules of eligibility, including ~~{, but not limited to,}~~ rules
47 which define applicable waiting periods, for the initial or continued
48 enrollment under ~~{the}~~ *a* group health plan offered by the carrier that are
49 based on the following factors relating to the employee or his dependent:



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- 1 (a) Health status.
- 2 (b) Medical condition, including physical and mental illnesses, or both.
- 3 (c) Claims experience.
- 4 (d) Receipt of health care.
- 5 (e) Medical history.
- 6 (f) Genetic information.
- 7 (g) Evidence of insurability, including conditions which arise out of acts
- 8 of domestic violence.
- 9 (h) Disability.

10 3. Except as otherwise provided in NRS 689B.500, the provisions of

11 subsection 1 do not:

12 (a) Require a carrier to provide particular benefits other than those that

13 would otherwise be provided under the terms of the *blanket health and*

14 *accident insurance or* group health insurance or coverage; or

15 (b) Prevent a carrier from establishing limitations or restrictions on the

16 amount, level, extent or nature of the benefits or coverage for similarly

17 situated persons.

18 4. As a condition of enrollment or continued enrollment under a policy

19 of *blanket accident and health insurance or* group health insurance, a

20 carrier shall not require an employee to pay a premium or contribution that

21 is greater than the premium or contribution for a similarly situated person

22 covered by similar coverage on the basis of any factor described in

23 subsection 2 in relation to the employee or his dependent.

24 5. ~~Nothing in this section:~~

25 ~~—(a) Restricts~~ *This section does not:*

26 (a) ~~Restrict~~ *Prevent* the amount that an employer or employee may be charged

27 for coverage by a carrier;

28 (b) ~~Prevents~~ *Prevent* a carrier from establishing premium discounts or

29 rebates or from modifying otherwise applicable copayments or deductibles

30 in return for adherence by the insured person to programs of health

31 promotion and disease prevention; or

32 (c) ~~Precludes~~ *Preclude* a carrier from establishing rules relating to

33 employer contribution or group participation when offering health

34 insurance coverage to small employers in this state.

35 **Sec. 166.5.** NRS 690C.160 is hereby amended to read as follows:

36 690C.160 1. A provider who wishes to issue, sell or offer for sale

37 service contracts in this state must submit to the commissioner:

38 (a) A registration application on a form prescribed by the commissioner;

39 (b) Proof that he has complied with the requirements for security set

40 forth in NRS 690C.170;

41 (c) A copy of each type of service contract he proposes to issue, sell or

42 offer for sale;

43 (d) The name, address and telephone number of each administrator with

44 whom the provider intends to contract; and

45 (e) A fee of \$1,000.

46 2. In addition to the fee required by subsection 1, a provider must pay

47 a fee of \$25 for each type of service contract he files with the

48 commissioner.



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1 3. A certificate of registration is valid for 1 year after the date the
2 commissioner issues the certificate to the provider. A provider may renew
3 his certificate of registration if, before the certificate expires, he submits to
4 the commissioner an application on a form prescribed by the commissioner
5 and a fee of ~~1500.~~ **1,000.**

6 **Sec. 167.** NRS 692A.1045 is hereby amended to read as follows:

7 692A.1045 1. The commissioner shall establish by regulation the
8 fees to be paid by title agents and title insurers for ~~the~~ **their** supervision
9 and examination ~~of such agents and insurers~~ by the commissioner or his
10 representative.

11 2. In establishing the fees pursuant to subsection 1, the commissioner
12 shall consider:

- 13 (a) The complexity of the various examinations to which the fees apply;
14 (b) The skill required to conduct such examinations;
15 (c) The expenses associated with conducting such examinations and
16 preparing reports; and
17 (d) Any other factors the commissioner deems relevant.

18 3. The commissioner shall, with the approval of the commissioner of
19 financial institutions, adopt regulations prescribing the standards for
20 determining whether a title insurer or title agent has maintained adequate
21 supervision of a title agent or ~~title~~ **escrow** officer pursuant to the
22 provisions of this chapter.

23 **Sec. 168.** NRS 692A.270 is hereby amended to read as follows:

24 692A.270 The provisions of NRS 683A.400, 683A.410 ~~683A.480 and~~
25 ~~683A.450 to 683A.490, inclusive.~~ **683A.490, and sections 93, 94 and 99**
26 **of this act** apply to title insurers, title agents and escrow officers.

27 **Sec. 169.** Chapter 692C of NRS is hereby amended by adding thereto
28 a new section to read as follows:

29 *An insurer, financial holding company, depository institution or*
30 *affiliate of any of them which proposes an acquisition or change or*
31 *continuation of control of an insurer domiciled in this state shall give*
32 *notice to the commissioner of the proposed action no later than 60 days*
33 *before the proposed action is to become effective. During this period the*
34 *commissioner may collect, review and act upon applications and other*
35 *documents or reports relating to the proposed action under his authority*
36 *conferred by this Title.*

37 **Sec. 170.** NRS 692C.140 is hereby amended to read as follows:

38 692C.140 In addition to making investments in common stock,
39 preferred stock, debt obligations and other securities permitted under
40 chapter 682A of NRS, a domestic insurer may invest:

41 1. In common stock, preferred stock, debt obligations and other
42 securities of one or more subsidiaries, amounts which do not exceed the
43 lesser of ~~15~~ **10** percent of ~~such~~ **the** insurer's assets or 50 percent of ~~such~~
44 ~~insurer's~~ **its** surplus as regards policyholders, ~~provided~~ **if** the insurer's
45 surplus as regards policyholders remains at a reasonable level in relation to
46 the insurer's outstanding liabilities and adequate to its financial needs. In
47 calculating the amount of such investments ~~there shall~~ **the following must**
48 be included:



1 (a) Total ~~{moneys}~~ *money* or other consideration expended and
2 obligations assumed in the acquisition or formation of a subsidiary,
3 including all organizational expenses and contributions to capital and
4 surplus of ~~{such}~~ *the* subsidiary whether or not represented by the purchase
5 of capital stock or issuance of other securities; and

6 (b) All amounts expended in acquiring additional common stock,
7 preferred stock, debt obligations and other securities and all contributions
8 to the capital or surplus of a subsidiary ~~{subsequent to}~~ *after* its acquisition
9 or formation.

10 2. Any amount in common stock, preferred stock, debt obligations and
11 other securities of one or more subsidiaries, ~~{provided}~~ *if* the insurer's total
12 liabilities, as calculated for the National Association of Insurance
13 ~~{Commissioners}~~ *Commissioners'* annual statement purposes, are less than
14 10 percent of assets and ~~{provided}~~ *if* the insurer's surplus remains as
15 regards policyholders, considering such investment as if it were a
16 disallowed asset, at a reasonable level in relation to the insurer's
17 outstanding liabilities and adequate to its financial needs.

18 3. Any amount in common stock, preferred stock, debt obligations and
19 other securities of one or more subsidiaries ~~{provided}~~ *if* each subsidiary
20 agrees to limit its investments in any asset so that ~~{such}~~ *those* investments
21 will not cause the amount of the total investment of the insurer to exceed
22 any of the investment limitations specified in subsection 1 or in chapter
23 682A of NRS. For the purpose of this subsection, "total investment of the
24 insurer" includes any direct investment by the insurer in an asset and the
25 insurer's proportionate share of any investment in an asset by any
26 subsidiary of the insurer, which ~~{shall}~~ *must* be calculated by multiplying
27 the amount of the subsidiary's investment by the percentage of the
28 insurer's ownership of ~~{such}~~ *the* subsidiary.

29 4. Any amount in common stock, preferred stock, debt obligations or
30 other securities of one or more subsidiaries, with the approval of the
31 commissioner, ~~{provided}~~ *if* the insurer's surplus as regards policyholders
32 remains at a reasonable level in relation to the insurer's outstanding
33 liabilities and adequate to its financial needs.

34 5. Any amount in the common stock, preferred stock, debt obligations
35 or other securities of any subsidiary exclusively engaged in holding title to
36 or holding title to and managing or developing real or personal property, if
37 after considering as a disallowed asset so much of the investment as is
38 represented by subsidiary assets which if held directly by the insurer would
39 be considered as a disallowed asset, the insurer's surplus as regards
40 policyholders will remain at a reasonable level in relation to the insurer's
41 outstanding liabilities and adequate to its financial needs, and if ~~{following}~~
42 ~~*such*~~ *after the* investment all voting securities of ~~{such}~~ *the* subsidiary are
43 owned by the insurer.

44 **Sec. 171.** NRS 692C.180 is hereby amended to read as follows:

45 692C.180 1. No person other than the issuer ~~{shall}~~ *may* make a
46 tender for or a request or invitation for tenders of, or enter into any
47 agreement to exchange securities for, seek to acquire or acquire in the open
48 market or otherwise, any voting security of a domestic insurer if, after the
49 consummation thereof, ~~{such person}~~ *he* would directly or indirectly, ~~{}~~ or



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1 by conversion or by exercise of any right to acquire , ~~†~~ be in control of
2 ~~{such} the~~ insurer ~~†~~.

3 ~~—2.— No person shall~~ *nor may any person* enter into an agreement to
4 merge with or otherwise acquire control of a domestic insurer , unless, at
5 the time any such offer, request or invitation is made or any such
6 agreement is entered into, or ~~†prior to†~~ *before* the acquisition of ~~{such}~~
7 *those* securities if no offer or agreement is involved, ~~{such person} he~~ has
8 filed with the commissioner and has sent to ~~{such} the~~ insurer, and ~~{such}~~
9 *the* insurer has sent to its shareholders, a statement containing the
10 information required by NRS 692C.180 to 692C.250, inclusive, and ~~{such}~~
11 *the* offer, request, invitation, agreement or acquisition has been approved
12 by the commissioner in the manner prescribed in this chapter.

13 ~~†3.†~~ 2. For purposes of this section, a domestic insurer includes any
14 other person controlling a domestic insurer unless ~~{such} the~~ other person
15 is either directly or through its affiliates primarily engaged in business
16 other than the business of insurance. *However, a person primarily engaged*
17 *in another business shall file a notice of intent to acquire, on a form*
18 *prescribed by the commissioner, at least 60 days before the proposed*
19 *effective date of the acquisition.*

20 **Sec. 172.** NRS 692C.210 is hereby amended to read as follows:

21 692C.210 1. The commissioner shall approve any merger or other
22 acquisition of control referred to in NRS 692C.180 unless, after a public
23 hearing thereon, he finds that:

24 (a) After the change of control the domestic insurer referred to in NRS
25 692C.180 would not be able to satisfy the requirements for the issuance of
26 a license to write the line or lines of insurance for which it is presently
27 licensed;

28 (b) The effect of the merger or other acquisition of control would be
29 substantially to lessen competition in insurance in this state or tend to
30 create a monopoly therein;

31 (c) The financial condition of any acquiring party is such as might
32 jeopardize the financial stability of the insurer, or prejudice the interest of
33 its policyholders or the interests of any remaining security holders who are
34 unaffiliated with the acquiring party;

35 (d) The terms of the offer, request, invitation, agreement or acquisition
36 referred to in NRS 692C.180 are unfair and unreasonable to the security
37 holders of the insurer;

38 (e) The plans or proposals which the acquiring party has to liquidate the
39 insurer, sell its assets or consolidate or merge it with any person, or to
40 make any other material change in its business or corporate structure or
41 management, are unfair and unreasonable to policyholders of the insurer
42 and not in the public interest; or

43 (f) The competence, experience and integrity of those persons who
44 would control the operation of the insurer are such that it would not be in
45 the interest of policyholders of the insurer and of the public to permit the
46 merger or other acquisition of control.

47 2. The public hearing referred to in subsection 1 must be held within ~~†a~~
48 ~~reasonable time†~~ *30 days* after the statement required by NRS 692C.180
49 has been filed, and at least 20 days' notice thereof must be given by the



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1 commissioner to the person filing the statement. Not less than 7 days'
2 notice of the public hearing must be given by the person filing the
3 statement to the insurer and to such other persons as may be designated by
4 the commissioner. The insurer shall give such notice to its security holders.
5 The commissioner shall make a determination within 30 days after the
6 conclusion of the hearing. *If he determines that an infusion of capital to*
7 *restore capital in connection with the change in control, the requirement*
8 *must be met within 60 days after notification is given of the*
9 *determination.* At the hearing, the person filing the statement, the insurer,
10 any person to whom notice of hearing was sent, and any other person
11 whose interests may be affected thereby may present evidence, examine
12 and cross-examine witnesses, and offer oral and written arguments and in
13 connection therewith may conduct discovery proceedings in the same
14 manner as is presently allowed in the district court of this state. All
15 discovery proceedings must be concluded not later than 3 days before the
16 commencement of the public hearing.

17 3. The commissioner may retain at the acquiring party's expense
18 attorneys, actuaries, accountants and other experts not otherwise a part of
19 his staff as may be reasonably necessary to assist him in reviewing the
20 proposed acquisition of control.

21 4. *The period for review by the commissioner must not exceed the 60*
22 *days allowed between the filing of the notice of intent to acquire and the*
23 *date of proposed acquisition if the proposed affiliation or change of*
24 *control involves a financial institution, or an affiliate of a financial*
25 *institution, and an insured.*

26 **Sec. 173.** NRS 692C.363 is hereby amended to read as follows:

27 692C.363 1. A domestic insurer shall not enter into any of the
28 following transactions with an affiliate unless the insurer has notified the
29 commissioner in writing of its intention to enter into the transaction at least
30 ~~30~~ 60 days previously, or such shorter period as the commissioner may
31 permit, and the commissioner has not disapproved it within that period:

32 (a) A sale, purchase, exchange, loan or extension of credit, guaranty or
33 investment if the transaction equals at least:

34 (1) With respect to an insurer other than a life insurer, the ~~greater of~~
35 ~~5~~ *lesser of 3* percent of the insurer's admitted assets or 25 percent of
36 surplus as regards policyholders; or

37 (2) With respect to a life insurer, ~~5~~ 3 percent of the insurer's
38 admitted assets,

39 computed as of December 31 next preceding the transaction.

40 (b) A loan or extension of credit to any person who is not an affiliate, if
41 the insurer makes the loan or extension of credit with the agreement or
42 understanding that the proceeds of the transaction, in whole or in
43 substantial part, are to be used to make loans or extensions of credit to, to
44 purchase assets of, or to make investments in, any affiliate of the insurer if
45 the transaction equals at least:

46 (1) With respect to insurers other than life insurers, the ~~greater of 5~~
47 *lesser of 3* percent of the insurer's admitted assets or 25 percent of surplus
48 as regards policyholders; or



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1 (2) With respect to life insurers, ~~15~~ 3 percent of the insurer's
2 admitted assets,
3 computed as of December 31 next preceding the transaction.

4 (c) An agreement for reinsurance or a modification thereto in which the
5 premium for reinsurance or a change in the insurer's liabilities equals at
6 least 5 percent of the insurer's surplus as regards policyholders as of
7 December 31 next preceding the transaction, including an agreement which
8 requires as consideration the transfer of assets from an insurer to a
9 nonaffiliate, if an agreement or understanding exists between the insurer
10 and nonaffiliate that any portion of those assets will be transferred to an
11 affiliate of the insurer.

12 (d) An agreement for management ~~H~~, *contract for service, guarantee*
13 *or arrangement to share costs.*

14 (e) A material transaction, specified by regulation, which the
15 commissioner determines may adversely affect the interest of the insurer's
16 policyholders.

17 2. This section does not authorize or permit any transaction which, in
18 the case of an insurer not an affiliate, would be contrary to law.

19 **Sec. 173.5.** Chapter 693A of NRS is hereby amended by adding
20 thereto the provisions set forth as sections 174 to 226, inclusive, of this act.

21 **Sec. 174.** *As used in sections 174 to 202, inclusive, of this act, unless*
22 *the context otherwise requires, the words and terms defined in sections*
23 *175 to 180, inclusive, of this act have the meanings ascribed to them in*
24 *those sections.*

25 **Sec. 175.** *"Closed block" means an allocation of assets of the*
26 *converting mutual sufficient to maintain payments of guaranteed*
27 *benefits and the continuation of the current dividends for eligible*
28 *members.*

29 **Sec. 176.** *"Consideration" means cash, stock or other valuable*
30 *compensation approved by the commissioner.*

31 **Sec. 177.** *"Converting mutual" means a domestic mutual insurance*
32 *company or a mutual insurance holding company that has adopted a*
33 *plan of conversion to a domestic stock insurance company pursuant to*
34 *sections 174 to 202, inclusive, of this act.*

35 **Sec. 178.** *"Eligible member" means a person who has a membership*
36 *interest in the converting mutual on the date on which the board of*
37 *directors of the converting mutual adopts a resolution proposing a plan*
38 *of conversion and an amendment to its articles of incorporation.*

39 **Sec. 179.** *"New stock insurer" means the domestic stock insurer that*
40 *is created when the commissioner issues a certificate of authority to a*
41 *converting mutual pursuant to section 188 of this act.*

42 **Sec. 180.** *"Policyholder" means a person who holds a policy issued*
43 *by the converting mutual on the day on which the plan of conversion is*
44 *initially approved by the board of directors of the converting mutual.*

45 **Sec. 181.** *A domestic mutual insurer or a mutual insurance holding*
46 *company may amend its articles of incorporation to become a domestic*
47 *stock insurer by complying with sections 174 to 202, inclusive, of this act*
48 *and obtaining a certificate of authority from the commissioner.*



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- 1 **Sec. 182.** 1. *The board of directors of a domestic mutual insurer or*
2 *a mutual insurance holding company may adopt a resolution proposing a*
3 *plan of conversion and an amendment to its articles of incorporation.*
4 *The resolution must be approved by a vote of not less than two-thirds of*
5 *the members of the board.*
- 6 2. *The plan of conversion must:*
- 7 (a) *Require the distribution of consideration equal to not less than the*
8 *fair market value of the surplus of the converting mutual to the eligible*
9 *members in exchange for the extinguishment of their membership*
10 *interests in the converting mutual.*
- 11 (b) *Describe the manner in which the fair market value of the*
12 *converting mutual and its surplus has been or will be determined.*
- 13 (c) *Require the distribution of consideration to the eligible members*
14 *upon extinguishment of their membership interests in the converting*
15 *mutual.*
- 16 (d) *Provide that membership interests in the converting mutual are*
17 *extinguished as of the effective date of conversion.*
- 18 (e) *Specify the structure and form of the proposed consideration,*
19 *including, without limitation, the projected range of the number of*
20 *shares of capital stock to be:*
- 21 (1) *Issued to policyholders by the new stock insurer or the holding*
22 *company of the new stock insurer; and*
- 23 (2) *Sold or reserved for sale to investors by the new stock insurer or*
24 *the holding company of the new stock insurer, or to the trust established*
25 *pursuant to this section.*
- 26 (f) *If the distribution of consideration will not be made immediately*
27 *following the final order of the commissioner approving the conversion,*
28 *provide for the establishment of a trust for the exclusive benefit of*
29 *policyholders into which shares of the capital stock of the new stock*
30 *insurer or the holding company of the new stock insurer must be placed*
31 *pending distribution to the policyholders. The terms of the trust are*
32 *subject to the approval of the commissioner. Such a trust may exist only*
33 *for a period of 6 months after the final approval of the conversion,*
34 *during which time the distribution of consideration to eligible*
35 *policyholders and other persons must be completed.*
- 36 (g) *Provide for the determination of the reasonable dividend*
37 *expectations of eligible members and other policyholders of policies that*
38 *provide for distribution of policy dividends and the preservation of such*
39 *expectations through the establishment of a closed block of assets.*
- 40 (h) *Provide for such other proposed conditions and provisions as the*
41 *board of directors of the converting mutual determines are necessary and*
42 *are not inconsistent with the provisions of sections 174 to 202, inclusive,*
43 *of this act.*
- 44 **Sec. 183.** *A converting mutual shall file with the commissioner an*
45 *application to convert to a domestic stock insurer. The application must*
46 *be accompanied by a nonrefundable fee of \$2,450. The application must*
47 *include, without limitation:*
- 48 1. *The plan of conversion adopted by the board of directors.*



- 1 2. A certification that the plan of conversion was duly adopted by a
2 vote of not less than two-thirds of the members of the board of directors
3 of the converting mutual.
- 4 3. A certification that the plan of conversion is fair and equitable to
5 the policyholders. This certification must be adopted by a vote of not less
6 than two-thirds of the members of the board of directors of the
7 converting mutual.
- 8 4. A statement of the reasons for the proposed conversion and why
9 the conversion is in the best interest of the converting mutual, including,
10 without limitation, a:
 - 11 (a) Detailed analysis of the risks and benefits of the proposed
12 conversion to the converting mutual and its members; and
 - 13 (b) Comparison of the risks and benefits of the conversion with the
14 risks and benefits of a reasonable alternative to the conversion.
- 15 5. A written opinion addressed to the board of directors of the
16 converting mutual from a qualified, independent financial advisor
17 attesting that the:
 - 18 (a) Consideration to be provided to the membership of the converting
19 mutual is fair to the eligible members as a group; and
 - 20 (b) Total consideration to be provided to the membership is equal to or
21 greater than the surplus of the converting mutual.
- 22 6. An opinion from a qualified actuary attesting that all
23 methodologies and formulas used to allocate the consideration among
24 eligible members are reasonable.
- 25 7. Certified copies of the proposed amendments to the articles of
26 incorporation and bylaws to effect the conversion.
- 27 8. A copy of the form of the trust agreement of any trust to be used in
28 connection with the conversion.
- 29 9. A plan of operation for a closed block to preserve the reasonable
30 dividend expectations of eligible members and other policyholders of
31 policies that provide for the distribution of policy dividends.
- 32 10. A form of the proposed notice to be mailed by the converting
33 mutual to its policyholders as required by section 186 of this act.
- 34 11. A 5-year business plan and at least 2 years of financial
35 projections for the new stock insurer and a parent company, if any.
- 36 12. A list of natural persons who are or have been selected to become
37 directors or officers of the new stock insurer and the following
38 information concerning each person on the list, unless the information is
39 already on file with the commissioner:
 - 40 (a) Occupation;
 - 41 (b) Criminal convictions, other than traffic violations, during the
42 immediately preceding 7 years;
 - 43 (c) Personal bankruptcy of the person or the spouse of the person
44 during the immediately preceding 7 years;
 - 45 (d) Information regarding any consent decree entered into by the
46 person; and
 - 47 (e) Whether the person has been refused a fidelity or other bond
48 during the immediately preceding 7 years.



1 13. Any plans that the new stock insurer or its parent company, if
2 any, may have to:

3 (a) Raise additional capital through the issuance of stock or
4 otherwise;

5 (b) Sell or issue stock to any person;

6 (c) Liquidate or dissolve any company or sell any material assets;

7 (d) Merge, consolidate or pursue any other form of reorganization
8 with any person; or

9 (e) Make any material change in its investment policy, business,
10 corporate structure or management.

11 14. Copies of proposed articles of incorporation and any proposed
12 bylaws of the new stock insurer.

13 15. Such additional information as the commissioner may by
14 regulation prescribe as necessary or appropriate for the protection of
15 policyholders and security holders of the converting mutual, or for the
16 protection of the public interest.

17 Sec. 184. The commissioner shall conduct a public hearing not later
18 than 120 days after the date on which the application is filed unless, for
19 good cause, he extends this time. Any interested person may appear or
20 otherwise be heard at the public hearing. The commissioner may
21 continue the hearing for a reasonable period, not to exceed 60 days. The
22 converting mutual shall give such reasonable notice of the hearing as the
23 commissioner requires. The hearing must be conducted pursuant to NRS
24 679B.320 to 679B.370, inclusive.

25 Sec. 185. 1. The commissioner shall issue an order making an
26 initial determination of approval or disapproval of the application not
27 later than 30 days after the public hearing.

28 2. The commissioner shall not approve the application unless he
29 finds that the:

30 (a) Plan of conversion is fair and equitable to the policyholders;

31 (b) Plan of conversion does not deprive the policyholders of their
32 property rights or due process of law;

33 (c) New stock insurer meets the minimum requirements for a
34 certificate of authority to transact the business of insurance in this state;
35 and

36 (d) Continued operation of the new stock insurer is not hazardous to
37 future policyholders and the public.

38 3. For the purposes of this section, the commissioner may consider
39 any relevant factor, including, without limitation:

40 (a) The capital requirements of the new stock insurer;

41 (b) Whether a sufficient portion of the surplus of the converting
42 mutual was contributed by persons or entities whose policies or contracts
43 were not in force on the date on which the plan of conversion was
44 initially approved by the board of directors of the converting mutual to
45 require the reduction of the consideration to policyholders to an amount
46 equal to less than the surplus;

47 (c) Whether the plan of conversion includes preemptive rights for
48 policyholders to purchase securities offered in the initial sale of
49 securities by the new stock insurer;



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1 (d) Whether the plan of conversion includes establishment of a
2 preference account from which the payment of any shareholder
3 dividends, including a regular, special or liquidation dividend, would be
4 prohibited for such a reasonable period as the commissioner may
5 require;

6 (e) The suitability of the trustees of any trust created to effect the
7 conversion; and

8 (f) Whether the utilization of a trust, if included in the plan of
9 conversion, has a material adverse effect on policyholders, other than
10 delaying the receipt of shares of capital stock.

11 4. If the commissioner makes a determination to disapprove the
12 application, the commissioner shall issue a final order setting forth
13 specific findings for the disapproval.

14 **Sec. 186.** 1. Unless the commissioner for good cause establishes a
15 different time, the converting mutual shall, not less than 45 days after the
16 date of the initial determination of approval by the commissioner, hold a
17 meeting of its policyholders at a reasonable time and place to vote upon
18 the plan of conversion.

19 2. The converting mutual shall give notice not less than 30 days
20 before the meeting, by first-class mail to the last known address of each
21 policyholder, that the plan of conversion will be voted upon at a regular
22 or special meeting of the policyholders. The notice must include, without
23 limitation, a:

24 (a) Brief description of the plan of conversion;

25 (b) Statement that the commissioner has initially approved the plan of
26 conversion; and

27 (c) Written proxy permitting the policyholder to vote for or against the
28 plan of conversion.

29 3. The commissioner shall supervise and direct the conducting of the
30 vote on the plan of conversion as necessary to ensure that the vote is fair
31 and consistent with the requirements of this section. Each policyholder is
32 entitled to only one vote regardless of the number of policies owned by
33 the policyholder.

34 4. A plan of conversion is approved only if not less than two-thirds of
35 the policyholders voting in person or by proxy at the meeting vote in
36 favor of the plan of conversion.

37 5. For the purposes of notice and voting, the policyholder of a policy
38 of group insurance is the entity to which the group policy is issued and
39 not any person covered under the group policy.

40 **Sec. 187.** A converting mutual may, by not less than a two-thirds
41 vote of the members of its board of directors and with the approval of the
42 commissioner, abandon the plan of conversion at any time before the
43 issuance of the certificate of authority by the commissioner pursuant to
44 section 188 of this act. Upon abandonment, all rights and obligations
45 arising out of the plan of conversion terminate and the converting
46 mutual shall continue to conduct its business as a domestic mutual
47 insurer or a mutual insurance holding company as though no plan of
48 conversion had ever been adopted.



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1 **Sec. 188. 1. The commissioner shall:**

2 *(a) Enter a final order approving the application to convert to a stock*
3 *insurer within 10 days after receiving a valid certification from the*
4 *converting mutual setting forth the vote and certifying that the plan of*
5 *conversion was approved by not less than two-thirds of the policyholders*
6 *voting in person or by proxy on the plan of conversion; and*

7 *(b) Publish notification of the issuance of the final order in a*
8 *newspaper of general circulation in Carson City and in the county of*
9 *domicile of the converting mutual if different from Carson City.*

10 2. *Except as otherwise provided in section 187 of this act, the*
11 *commissioner shall issue a certificate of authority to the new stock*
12 *insurer when the converting mutual files a certificate with the*
13 *commissioner stating that all the conditions set forth in the plan of*
14 *conversion have been satisfied.*

15 3. *The conversion is effective upon the issuance of the certificate of*
16 *authority by the commissioner.*

17 4. *Upon issuance of the certificate of authority, the articles of*
18 *incorporation of the insurer shall be deemed to be amended in*
19 *compliance with NRS 692B.030.*

20 **Sec. 189.** *Any person aggrieved by a final order of the commissioner*
21 *issued pursuant to sections 174 to 202, inclusive, of this act may petition*
22 *for judicial review in the manner provided by chapter 233B of NRS.*

23 **Sec. 190.** *In determining whether a plan of conversion meets the*
24 *requirements of sections 174 to 202, inclusive, of this act, or with regard*
25 *to any other matters relating to the development of a plan of conversion,*
26 *the commissioner may engage the services of experts. All reasonable*
27 *costs related to the review of a plan of conversion or such other matters,*
28 *including those costs attributable to the use of experts, must be paid by*
29 *the converting mutual filing the application or initiating discussions with*
30 *the commissioner about such matters.*

31 **Sec. 191. 1.** *Except as otherwise provided in subsection 2, all*
32 *information and documents obtained by or disclosed to the commissioner*
33 *or any other person in the course of preparing, filing and processing an*
34 *application of a converting mutual, other than information and*
35 *documents distributed to policyholders in connection with the meeting of*
36 *policyholders pursuant to section 186 of this act or filed or submitted as*
37 *evidence in connection with the public hearing pursuant to section 184 of*
38 *this act, are confidential and not subject to subpoena, and must not be*
39 *made public by the commissioner, the National Association of Insurance*
40 *Commissioners or any other person, except to insurance departments of*
41 *other states, without the prior written consent of the insurer to which*
42 *such information and documents pertain.*

43 2. *If the commissioner, after giving the insurer and its affiliates who*
44 *would be affected notice and opportunity to be heard, determines that the*
45 *interests of policyholders, shareholders or the public will be best served*
46 *by the publication of such information and documents, the commissioner*
47 *may publish all or any part thereof in such a manner as he determines*
48 *appropriate.*



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1 **Sec. 192.** *Whenever it appears to the commissioner that any person*
2 *or any director, officer, employee or agent of the person has committed*
3 *or is about to commit a violation of any provision of sections 174 to 202,*
4 *inclusive, of this act or of any regulation or order of the commissioner*
5 *relating thereto, the commissioner may apply to the First Judicial District*
6 *Court in and for Carson City for an order enjoining the person, director,*
7 *officer, employee or agent from violating or continuing to violate any*
8 *provision of sections 174 to 202, inclusive, of this act or any such*
9 *regulation or order, and for such other equitable relief as the nature of*
10 *the case and the interest of the policyholders, creditors and shareholders*
11 *of the insurer, or the public, may require.*

12 **Sec. 193.** *The corporate existence of a converting mutual pursuant*
13 *to sections 174 to 202, inclusive, of this act does not terminate, and the*
14 *new stock insurer shall be deemed to be a continuation of the converting*
15 *mutual and to have been organized on the date the converting mutual*
16 *was originally organized.*

17 **Sec. 194.** *The provisions of sections 174 to 202, inclusive, of this act*
18 *do not prohibit the inclusion in the plan of conversion of provisions*
19 *under which members of the board of directors, officers, employees or*
20 *agents of the new stock insurer, and persons acting as trustees of*
21 *employee stock ownership plans or other employee benefit plans may be*
22 *entitled to purchase for cash capital stock of the new stock insurer at the*
23 *same price initially issued by the new stock insurer under the plan of*
24 *conversion, except that no such purchase may be made while any shares*
25 *of capital stock are held in a trust established pursuant to the plan of*
26 *conversion.*

27 **Sec. 195. 1.** *No director, officer, employee or agent of the*
28 *converting mutual, or any other person, may receive any fee, commission*
29 *or other valuable consideration, other than his usual regular salary and*
30 *compensation, for aiding, promoting or assisting in a plan of conversion*
31 *except as set forth in the plan of conversion approved by the*
32 *commissioner.*

33 **2.** *Subsection 1 does not prohibit a management incentive*
34 *compensation program that is contained in the plan of conversion and*
35 *approved by the commissioner to be adopted upon conversion to the new*
36 *stock insurer or prohibit such a program to be adopted later by the new*
37 *stock insurer.*

38 **3.** *Subsection 1 does not prohibit the payment of reasonable fees and*
39 *compensation to attorneys, accountants, actuaries and investment*
40 *bankers for services performed in the independent practice of their*
41 *professions if the person is also a member of the board of directors of the*
42 *converting mutual.*

43 **Sec. 196. 1.** *Except as otherwise specifically provided in the plan*
44 *of conversion, before and for a period of 5 years after the issuance of a*
45 *certificate of authority to a new stock insurer pursuant to section 188 of*
46 *this act, no person other than the new stock insurer may directly or*
47 *indirectly offer to acquire or acquire in any manner the beneficial*
48 *ownership of 5 percent or more of any class of a voting security of the*
49 *new stock insurer or of any institution that owns a majority of the voting*



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1 securities of the new stock insurer without the prior approval by the
2 commissioner of an application for acquisition.

3 2. The commissioner shall not approve an application for acquisition
4 filed pursuant to subsection 1 unless he finds that:

5 (a) The acquisition will not frustrate the plan of conversion as
6 approved by the policyholders and the commissioner;

7 (b) The board of directors of the new stock insurer has approved the
8 acquisition or extraordinary circumstances not contemplated in the plan
9 of conversion have arisen which would warrant approval of the
10 acquisition; and

11 (c) The acquisition is consistent with the purpose of sections 174 to
12 202, inclusive, of this act to permit conversions on terms and conditions
13 that are fair and equitable to the policyholders.

14 3. An application for acquisition filed pursuant to subsection 1 must
15 describe in sufficient detail all information necessary for the approval of
16 the application.

17 4. If any material change occurs in the facts set forth in an
18 application for acquisition filed pursuant to subsection 1, an amendment
19 setting forth the change, together with copies of all documents and other
20 material relevant to the change, must be filed with the commissioner.

21 5. The commissioner may hold a public hearing on an application
22 for acquisition filed pursuant to subsection 1. If the commissioner
23 decides to hold a public hearing, the hearing must be held not later than
24 30 days after the person seeking to acquire securities files an application
25 for acquisition with the commissioner pursuant to subsection 1. The
26 commissioner shall give at least 20 days' notice of the hearing to the
27 person filing the application for acquisition. The person filing the
28 application for acquisition shall give not less than 7 days' notice of the
29 hearing to the new stock insurer and to such other persons as may be
30 designated by the commissioner. In connection with the hearing, the
31 person filing the application for acquisition, the new stock insurer, any
32 other person to whom notice of the hearing was given, and any other
33 person whose interest may be affected may conduct discovery
34 proceedings in the same manner as is allowed in the district court. All
35 discovery proceedings must be concluded not later than 3 days before the
36 commencement of the hearing. At the hearing the person filing the
37 application for acquisition, the new stock insurer, any other person to
38 whom notice of the hearing was given, and any other person whose
39 interest may be affected may present evidence, examine and cross-
40 examine witnesses, and offer oral and written arguments. If any
41 acquisition referred to in the application for acquisition is proposed by
42 means of a registration statement under the Securities Act of 1933, 15
43 U.S.C. §§ 77a et seq., in circumstances requiring the disclosure of
44 similar information under the Securities Exchange Act of 1934, 15
45 U.S.C. §§ 78a et seq., or under a state law requiring similar registration
46 or disclosure, the person required to file the statement may utilize such
47 documents in furnishing the information required by the application for
48 acquisition. The person filing the application shall serve the new stock
49 insurer and any institution that owns a majority of the voting securities



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1 of the new stock insurer with a copy of the application for acquisition
2 and any amendments thereto on the day the documents are filed with the
3 commissioner.

4 6. The new stock insurer and any institution that owns a majority of
5 the voting securities of the new stock insurer must be permitted to
6 become parties to the hearing upon request.

7 7. The commissioner shall make a determination not later than 30
8 days after the conclusion of the hearing or, if no hearing is held, not
9 later than 30 days after the date on which the application for acquisition
10 is filed with the commissioner pursuant to subsection 1. Approval or
11 disapproval of an application for acquisition must be by written order.
12 Any person who is aggrieved by the order may petition for judicial review
13 in the manner provided by chapter 233B of NRS.

14 8. The commissioner may retain, at the expense of the person filing
15 an application for acquisition pursuant to subsection 1, any attorneys,
16 actuaries, accountants and other experts who are not employees of the
17 division as may be reasonably necessary to assist the commissioner in
18 reviewing the application.

19 Sec. 197. 1. No security which is the subject of any agreement or
20 arrangement regarding acquisition, or which is acquired or to be
21 acquired, in contravention of section 196 of this act or of any regulation
22 or order of the commissioner may be voted at any shareholders' meeting
23 or may be counted for quorum purposes, and any action of the
24 shareholders requiring the affirmative vote of a percentage of shares
25 may be taken as though such securities were not issued and outstanding,
26 but no action taken at any such meeting may be invalidated by the voting
27 of such securities unless:

28 (a) The action would materially affect control of the new stock insurer
29 or an institution that owns a majority of the voting securities of the new
30 stock insurer; or

31 (b) A court of competent jurisdiction has so ordered.

32 2. If a new stock insurer or the commissioner has reason to believe
33 that any security of the new stock insurer or an institution that owns a
34 majority of the voting securities of the new stock insurer has been or is
35 about to be acquired in contravention of sections 174 to 202, inclusive, of
36 this act or of any regulation or order of the commissioner, the new stock
37 insurer or the commissioner may apply to the First Judicial District
38 Court in and for Carson City for an order to enjoin any offer or
39 acquisition made in contravention of section 196 of this act or any
40 regulation or order of the commissioner to enjoin the voting of any
41 security so acquired, to void any vote of such a security already cast at
42 any shareholders' meeting, and for such other equitable relief as the
43 nature of the case and the interest of the policyholders, creditors and
44 shareholders of the new stock insurer, or the public, may require.

45 Sec. 198. In any case where a person has acquired or is proposing to
46 acquire any voting securities in violation of sections 174 to 202,
47 inclusive, of this act or any regulation or order of the commissioner, the
48 First Judicial District Court in and for Carson City may, upon the
49 application of the commissioner or the new stock insurer, and on such



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1 *notice as the court determines appropriate, seize or sequester any voting*
2 *securities of the new stock insurer or an institution that owns a majority*
3 *of the voting securities of the new stock insurer owned directly or*
4 *indirectly by such a person and issue any order with respect thereto as*
5 *the court determines appropriate to effectuate the provisions of sections*
6 *174 to 202, inclusive, of this act. Notwithstanding any other provision of*
7 *law, for the purposes of sections 174 to 202, inclusive, of this act, the*
8 *situs of the ownership of such securities shall be deemed to be in this*
9 *state.*

10 **Sec. 199.** *A person who offers to acquire or acquires a security in*
11 *violation of subsection 1 of section 196 of this act may be required by the*
12 *commissioner, after notice and hearing, to pay an administrative penalty*
13 *of \$100 for each day that the person remains in violation, except that the*
14 *aggregate penalty pursuant to this section may not exceed \$10,000.*

15 **Sec. 200.** *Any director or officer of a person, or an agent of the*
16 *person, who knowingly violates or assents to or permits any officer or*
17 *agent of the person to violate the requirements of section 196 of this act*
18 *may be required by the commissioner, after notice and hearing, to pay, in*
19 *his individual capacity, an administrative penalty of not more than*
20 *\$5,000 per violation. In determining the amount of the penalty, the*
21 *commissioner shall take into account the appropriateness of the penalty*
22 *with respect to the gravity of the violation, the history of previous*
23 *violations, and such other matters as the commissioner determines are*
24 *required in the interest of justice.*

25 **Sec. 201.** *1. If the commissioner has reason to believe that any*
26 *person or any director, officer, employee or agent of the person is*
27 *engaged in any conduct in violation of section 196 of this act, the*
28 *commissioner may order the person to cease and desist immediately from*
29 *engaging in any further such conduct. The order is permanent unless the*
30 *person, not later than 20 days after receipt of the order, files a written*
31 *request for a hearing with the commissioner.*

32 *2. If, after a hearing pursuant to subsection 1, the commissioner*
33 *determines that such action is in the best interest of the policyholders, the*
34 *creditors or the public, the commissioner may also order the person to*
35 *void any contract entered into in violation of section 196 of this act.*

36 *3. An order of the commissioner pursuant to this section is a final*
37 *decision in a contested case for the purpose of judicial review pursuant to*
38 *chapter 233B of NRS.*

39 **Sec. 202.** *The commissioner may adopt such regulations and issue*
40 *such orders as he determines are necessary to carry out the provisions of*
41 *sections 174 to 202, inclusive, of this act.*

42 **Sec. 203.** *As used in sections 203 to 226, inclusive, of this act, unless*
43 *the context otherwise requires, the words and terms defined in sections*
44 *204 to 207, inclusive, of this act have the meanings ascribed to them in*
45 *those sections.*

46 **Sec. 204.** *“Intermediate stock holding company” means a holding*
47 *company of which at least a majority of the voting securities are owned*
48 *by a mutual insurance holding company and which directly owns all the*
49 *voting securities of a reorganized stock insurer.*



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1 **Sec. 205.** *“Mutual insurance holding company” means a holding*
2 *company based on a mutual plan which at all times owns a majority of*
3 *the voting securities of a single intermediate stock holding company or, if*
4 *no such intermediate stock holding company exists, which owns a*
5 *majority of the voting securities of a reorganized stock insurer.*

6 **Sec. 206.** *“Reorganized stock insurer” means a stock insurer*
7 *subsidiary that results from a reorganization of a domestic mutual*
8 *insurer pursuant to sections 203 to 226, inclusive, of this act.*

9 **Sec. 207.** *“Voting securities” means securities of any class or any*
10 *ownership interest having voting power for the election of directors,*
11 *trustees or management, other than securities having voting power only*
12 *because of the occurrence of a contingency.*

13 **Sec. 208.** *A domestic mutual insurer may, by complying with*
14 *sections 203 to 226, inclusive, of this act and obtaining the approval of*
15 *the commissioner, reorganize by:*

- 16 1. *Merging the membership interests of its policyholders into:*
17 (a) *A mutual insurance holding company formed for the purpose of*
18 *the reorganization; or*
19 (b) *An existing mutual insurance holding company; and*
20 2. *Continuing the corporate existence of the mutual insurer as a*
21 *stock insurer subsidiary of the mutual insurance holding company.*

22 **Sec. 209.** *A domestic mutual insurer shall file with the*
23 *commissioner for review and approval a proposed plan of reorganization*
24 *that has been approved by a vote of not less than two-thirds of the*
25 *members of the board of directors of the domestic mutual insurer. The*
26 *proposed plan of reorganization must be accompanied by a*
27 *nonrefundable fee of \$2,450. The plan of reorganization must include:*

28 1. *An analysis of the benefits and risks of the proposed*
29 *reorganization, including, without limitation, the rationale and*
30 *comparative benefits and risks of converting to a domestic stock insurer*
31 *pursuant to sections 174 to 202, inclusive of this act;*

32 2. *A statement of how the plan is fair and equitable to the*
33 *policyholders;*

34 3. *Information sufficient to demonstrate that the financial condition*
35 *of the mutual insurer will not be diminished upon reorganization;*

36 4. *Provisions to ensure immediate membership in the mutual*
37 *insurance holding company for all existing policyholders of the mutual*
38 *insurer;*

39 5. *Provisions for membership interests for future policyholders of the*
40 *reorganized stock insurer;*

41 6. *Provisions to ensure that, in the event of proceedings for*
42 *rehabilitation or liquidation involving a stock insurer subsidiary of the*
43 *mutual insurance holding company, the assets of the mutual insurance*
44 *holding company will be available to satisfy the obligations of the stock*
45 *insurer subsidiary to policyholders;*

46 7. *Provisions for the periodic distribution of the accumulated*
47 *earnings of the mutual insurance holding company;*

48 8. *Certified copies of the proposed articles of incorporation and*
49 *bylaws of the mutual insurance holding company, intermediate stock*



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- 1 *holding company and reorganized stock insurer, or proposed*
2 *amendments thereto as necessary to carry out the reorganization;*
3 9. *A certification that the plan of reorganization has been duly*
4 *adopted by a vote of not less than two-thirds of the members of the board*
5 *of directors of the mutual insurer;*
6 10. *A certification adopted by not less than two-thirds of the*
7 *members of the board of directors of the mutual insurer that the plan of*
8 *reorganization is fair and equitable to the policyholders;*
9 11. *The names, addresses and occupations of all persons who are or*
10 *have been selected to become directors or officers of the mutual*
11 *insurance holding company;*
12 12. *A description of the nature and content of the annual report and*
13 *financial statement to be sent by the mutual insurance holding company*
14 *to each policyholder;*
15 13. *The number of members of the board of directors of the mutual*
16 *insurance holding company who are required to be policyholders;*
17 14. *A description of any plans for the initial sale of stock of the*
18 *intermediate stock holding company or reorganized stock insurer;*
19 15. *A form of the proposed notice to be mailed by the mutual insurer*
20 *to its policyholders as required by section 212 of this act; and*
21 16. *Such additional information as the commissioner may by*
22 *regulation prescribe as necessary or appropriate for the protection of*
23 *policyholders and security holders of the domestic mutual insurer or for*
24 *the protection of the public interest.*
25 **Sec. 210.** *Unless the commissioner, for good cause, extends the time,*
26 *the commissioner shall conduct a public hearing regarding a proposed*
27 *plan of reorganization not later than 120 days after the date on which the*
28 *completed proposed plan of reorganization is filed pursuant to section*
29 *209 of this act. Any interested person may appear or otherwise be heard*
30 *at the public hearing. The commissioner may continue the public*
31 *hearing for a reasonable period, not to exceed 60 days. The mutual*
32 *insurer shall give such reasonable notice of the public hearing as the*
33 *commissioner requires.*
34 **Sec. 211.** 1. *The commissioner shall issue an order approving or*
35 *disapproving a proposed plan of reorganization not later than 30 days*
36 *after the public hearing required by section 210 of this act.*
37 2. *The commissioner shall not approve a proposed plan of*
38 *reorganization unless he finds that the:*
39 (a) *Plan of reorganization is fair and equitable to the policyholders;*
40 (b) *Plan of reorganization does not deprive the policyholders of their*
41 *property rights or due process of law;*
42 (c) *Reorganized stock insurer meets the minimum requirements for a*
43 *certificate of authority to transact the business of insurance in this state;*
44 *and*
45 (d) *Continued operation of the reorganized stock insurer is not*
46 *hazardous to future policyholders and the public.*
47 3. *If the commissioner approves a plan of reorganization, the*
48 *commissioner shall publish notification of the issuance of the order in a*



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1 *newspaper of general circulation in Carson City and in the county of*
2 *domicile of the mutual insurer if different from Carson City.*

3 *4. If the commissioner approves a plan of reorganization, the*
4 *approval expires if the reorganization is not completed within 180 days*
5 *after the date of approval, unless the period is extended by the*
6 *commissioner for good cause.*

7 *5. If the commissioner disapproves a plan of reorganization, the*
8 *commissioner shall issue an order setting forth specific findings for the*
9 *disapproval.*

10 **Sec. 212.** *1. Within 45 days after the date of the commissioner's*
11 *approval of a plan of reorganization pursuant to section 211 of this act,*
12 *unless extended by the commissioner for good cause, the mutual insurer*
13 *shall hold a meeting of its policyholders at a reasonable time and place to*
14 *vote upon the plan of reorganization. The mutual insurer shall give*
15 *notice not less than 30 days before the meeting, by first-class mail to the*
16 *last known address of each policyholder, that the plan of reorganization*
17 *will be voted upon at a regular or special meeting of the policyholders.*
18 *The notice must include a brief description of the plan of reorganization,*
19 *a statement that the commissioner has approved the plan of*
20 *reorganization, and a written proxy permitting the policyholder to vote*
21 *for or against the plan of reorganization. For the purposes of notice and*
22 *voting, the policyholder of a policy of group insurance is the entity to*
23 *which the group policy is issued and not any person covered under the*
24 *group policy. A plan of reorganization is approved only if not less than*
25 *two-thirds of the policyholders voting in person or by proxy at the*
26 *meeting vote in favor of the plan of reorganization. Each policyholder is*
27 *entitled to only one vote regardless of the number of policies owned by*
28 *the policyholder. The commissioner shall supervise and direct the*
29 *conducting of the vote on the plan of reorganization as necessary to*
30 *ensure that the vote is fair and consistent with the requirements of this*
31 *section.*

32 *2. If a mutual insurer complies substantially and in good faith with*
33 *the notice requirements of this section, the mutual insurer's failure to*
34 *give any policyholder the required notice does not impair the validity of*
35 *any action taken pursuant to this section.*

36 *3. If the meeting of policyholders to vote upon the plan of*
37 *reorganization is held coincident with the mutual insurer's annual*
38 *meeting of policyholders, only one combined notice of meeting is*
39 *required.*

40 *4. The form of any proxy must be filed with and approved by the*
41 *commissioner.*

42 *5. For the purposes of notice and voting, a person is not a*
43 *policyholder unless he was a policyholder of the mutual insurer on the*
44 *date on which the plan of reorganization was initially approved by the*
45 *board of directors of the mutual insurer.*

46 **Sec. 213.** *A mutual insurer may, by not less than a two-thirds vote of*
47 *the members of its board of directors and with the approval of the*
48 *commissioner, abandon a plan of reorganization at any time before the*
49 *issuance of the certificate of authority by the commissioner pursuant to*



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1 *section 214 of this act. Upon abandonment, all rights and obligations*
2 *arising out of the plan of reorganization terminate and the mutual*
3 *insurer shall continue to conduct its business as a domestic mutual*
4 *insurer as though no plan of reorganization had ever been adopted.*

5 **Sec. 214.** *1. The commissioner shall issue a certificate of authority*
6 *to a reorganized stock insurer when the mutual insurer files with the*
7 *commissioner a:*

8 *(a) Certificate stating that all the conditions set forth in the plan of*
9 *reorganization have been satisfied, so long as the board of directors of*
10 *the mutual insurer has not abandoned the plan of reorganization*
11 *pursuant to section 213 this act.*

12 *(b) Certificate from the mutual insurer setting forth the vote and*
13 *certifying that the plan of reorganization was approved by not less than*
14 *two-thirds of the policyholders voting in person or by proxy on the plan*
15 *of reorganization.*

16 *2. The reorganization is effective upon the issuance of a certificate of*
17 *authority by the commissioner.*

18 *3. Upon issuance of the certificate of authority, the articles of*
19 *incorporation of the mutual insurer shall be deemed to be amended in*
20 *compliance with NRS 692B.030.*

21 **Sec. 215.** *Any person aggrieved by a final order of the commissioner*
22 *issued pursuant to the provisions of sections 203 to 226, inclusive, of this*
23 *act may petition for judicial review in the manner provided by chapter*
24 *233B of NRS.*

25 **Sec. 216.** *In determining whether a plan of reorganization meets the*
26 *requirements of the provisions of sections 203 to 226, inclusive, of this*
27 *act, or with regard to any other matters relating to the development of a*
28 *plan of reorganization, the commissioner may engage the services of*
29 *experts. All reasonable costs related to the review of a plan of*
30 *reorganization or such other matters, including those costs attributable*
31 *to the use of experts, must be paid by the mutual insurer filing the*
32 *application or initiating discussions with the commissioner about such*
33 *matters.*

34 **Sec. 217.** *1. Except as otherwise provided in subsection 2, all*
35 *information and documents obtained by or disclosed to the commissioner*
36 *or any other person in the course of preparing, filing and processing an*
37 *application to reorganize pursuant to section 209 of this act, other than*
38 *information and documents distributed to policyholders in connection*
39 *with the meeting of policyholders pursuant to section 212 of this act or*
40 *filed or submitted as evidence in connection with the public hearing*
41 *pursuant to section 210 of this act, are confidential and not subject to*
42 *subpoena, and must not be made public by the commissioner, the*
43 *National Association of Insurance Commissioners or any other person,*
44 *except to insurance departments of other states, without the prior written*
45 *consent of the insurer to which such information and documents pertain.*

46 *2. If the commissioner, after giving the insurer and its affiliates who*
47 *would be affected notice and opportunity to be heard, determines that the*
48 *interests of policyholders, shareholders or the public will be best served*
49 *by the publication of such information and documents, the commissioner*



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1 *may publish all or any part thereof in such a manner as he determines*
2 *appropriate.*

3 **Sec. 218.** *The corporate existence of a mutual insurer reorganizing*
4 *pursuant to sections 203 to 226, inclusive, of this act does not terminate,*
5 *and the reorganized stock insurer shall be deemed to be a continuation of*
6 *the mutual insurer and to have been organized on the date on which the*
7 *mutual insurer was originally organized.*

8 **Sec. 219.** *1. All the initial shares of the capital stock of a*
9 *reorganized stock insurer must be issued to the mutual insurance*
10 *holding company or to a single intermediate stock holding company.*

11 *2. Policyholders of a domestic mutual insurer that has been*
12 *reorganized are members of the mutual insurance holding company and*
13 *their voting rights must be determined in accordance with the articles of*
14 *incorporation and bylaws of the mutual insurance holding company. The*
15 *mutual insurance holding company shall provide its members with the*
16 *same membership rights as were provided to policyholders of the mutual*
17 *insurer immediately before reorganization. The reorganization must not*
18 *reduce, limit or otherwise affect the number or identity of the*
19 *policyholders who may become members of the mutual insurance*
20 *holding company or secure for managerial personnel any unfair*
21 *advantage through or connected with the reorganization.*

22 *3. A mutual insurance holding company or an intermediate stock*
23 *holding company formed pursuant to sections 203 to 226, inclusive, of*
24 *this act:*

- 25 *(a) Must not be authorized to transact the business of insurance;*
26 *(b) Is subject to the jurisdiction of the commissioner, who shall ensure*
27 *that policyholder interests are protected; and*
28 *(c) Shall be deemed to be an insurer for the purposes of chapter 696B*
29 *of NRS.*

30 *4. An intermediate stock holding company formed pursuant to*
31 *sections 203 to 226, inclusive, of this act shall be deemed to be a mutual*
32 *insurance holding company subject to the provisions of sections 174 to*
33 *202, inclusive, of this act.*

34 *5. A mutual insurance holding company formed pursuant to sections*
35 *203 to 226, inclusive, of this act:*

- 36 *(a) Shall not issue stock.*
37 *(b) Shall invest in insurers not less than 50 percent of its net worth as*
38 *determined by generally accepted accounting practices.*

39 *6. The aggregate pledges and encumbrances of the assets of a*
40 *mutual insurance holding company must not affect more than 49 percent*
41 *of the mutual insurance holding company's stock in an intermediate*
42 *stock holding company or a reorganized stock insurer.*

43 *7. If any proceeding under chapter 696B of NRS is brought against a*
44 *reorganized stock insurer, the mutual insurance holding company and*
45 *intermediate stock holding company must be named parties to the*
46 *proceeding. All the assets of the mutual insurance holding company and*
47 *the intermediate stock holding company shall be deemed assets of the*
48 *estate of the reorganized stock insurer to the extent necessary to satisfy*
49 *claims against the reorganized stock insurer.*



1 8. No distribution to members of a mutual insurance holding
2 company may occur without the prior written approval of the
3 commissioner. The commissioner may give such approval only if he is
4 satisfied that the distribution is fair and equitable to policyholders as
5 members of the mutual insurance holding company.

6 9. No solicitation for the sale of the stock of an intermediate stock
7 holding company or a reorganized stock insurer may be made without
8 the prior written approval of the commissioner.

9 10. A mutual insurance holding company or an intermediate stock
10 holding company may not voluntarily dissolve without the approval of
11 the commissioner.

12 Sec. 220. Nothing contained in sections 203 to 226, inclusive, of this
13 act prohibits a mutual insurance holding company from converting to a
14 domestic stock insurance company pursuant to sections 174 to 202,
15 inclusive, of this act.

16 Sec. 221. A membership interest in a mutual insurance holding
17 company does not constitute a security under the laws of this state.

18 Sec. 222. 1. No director, officer, employee or agent of the mutual
19 insurer, or any other person, may receive any fee, commission or other
20 valuable consideration, other than his usual regular salary and
21 compensation, for aiding, promoting or assisting in a plan of
22 reorganization except as set forth in the plan of reorganization approved
23 by the commissioner.

24 2. Subsection 1 does not prohibit a management incentive
25 compensation program that is contained in the plan of reorganization
26 and approved by the commissioner to be adopted upon reorganization to
27 the reorganized stock insurer or prohibit such a program to be adopted
28 later by the reorganized stock insurer.

29 3. Subsection 1 does not prohibit the payment of reasonable fees and
30 compensation to attorneys, accountants, actuaries and investment
31 bankers for services performed in the independent practice of their
32 professions if the person is also a member of the board of directors of the
33 mutual insurer.

34 Sec. 223. 1. A mutual insurance holding company shall file with
35 the commissioner, by March 1 of each year, an annual statement
36 consisting of an income statement, balance sheet and cash flows
37 prepared in accordance with generally accepted accounting practices and
38 a confidential statement disclosing any intention to pledge, borrow
39 against, alienate, hypothecate or in any way encumber the assets of the
40 mutual insurance holding company.

41 2. A mutual insurance holding company shall, on or before June 1
42 of each year, file with the commissioner in a form approved by the
43 commissioner a financial statement as of December 31 of the preceding
44 calendar year that is certified by a certified public accountant.

45 Sec. 224. The commissioner may order the production of any
46 records, books or other information and papers in the possession of a
47 mutual insurance holding company or its affiliates as is reasonably
48 necessary to ascertain the financial condition of the reorganized stock
49 insurer or to determine compliance with this Title.



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1 **Sec. 225.** *Whenever it appears to the commissioner that any person*
2 *or any director, officer, employee or agent of the person has committed*
3 *or is about to commit a violation of any provision of sections 203 to 226,*
4 *inclusive, of this act or of any regulation or order of the commissioner*
5 *relating thereto, the commissioner may apply to the First Judicial District*
6 *Court in and for Carson City for an order enjoining the person, director,*
7 *officer, employee or agent from violating or continuing to violate any*
8 *provision of sections 203 to 226, inclusive, of this act or any such*
9 *regulation or order, and for such other equitable relief as the nature of*
10 *the case and the interest of the policyholders, creditors and shareholders*
11 *of the insurer, or the public, may require.*

12 **Sec. 226.** *The commissioner may adopt such regulations and issue*
13 *such orders as he determines are necessary to carry out the provisions of*
14 *sections 203 to 226, inclusive, of this act.*

15 **Sec. 227.** NRS 693A.290 is hereby amended to read as follows:

16 693A.290 1. A stock insurer other than a title insurer may become a
17 mutual insurer under such plan and procedure as may be approved by the
18 commissioner after a hearing thereon.

19 2. The commissioner shall not approve any such plan, procedure or
20 mutualization unless:

21 (a) It is equitable to stockholders and policyholders;

22 (b) It is subject to approval by the holders of not less than two-thirds of
23 the insurer's outstanding capital stock having voting rights, and by not less
24 than two-thirds of the insurer's policyholders who vote on ~~such~~ *the* plan
25 in person, by proxy or by mail pursuant to such notice and procedure as
26 may be approved by the ~~commissioners;~~ *commissioner;*

27 (c) If a life insurer, the right to vote thereon is limited to holders of
28 policies other than term or group policies, ~~and~~ whose policies have been
29 in force for more than 1 year;

30 (d) Mutualization will result in retirement of shares of the insurer's
31 capital stock at a price not in excess of the fair market value thereof as
32 determined ~~by competent disinterested appraisers;~~ *under a fair and*
33 *reasonable formula approved by the commissioner or, if so ordered, by*
34 *an examination of the insurer and all of its controlled affiliates or by an*
35 *appraisal committee, consisting of at least three qualified persons, to be*
36 *appointed by the commissioner;*

37 (e) The plan provides for the purchase of the shares of any
38 nonconsenting stockholder in the same manner and subject to the same
39 applicable conditions as provided by the general corporation law of the
40 state as to rights of nonconsenting stockholders, with respect to
41 consolidation or merger of private corporations;

42 (f) The plan provides for definite conditions to be fulfilled by a
43 designated early date upon which such mutualization will ~~be deemed~~
44 *become* effective; and

45 (g) The mutualization leaves the insurer with *a* surplus ~~funds~~
46 reasonably adequate for the security of its policyholders and to enable it to
47 continue successfully in business in the states in which it is then authorized
48 to transact insurance, and for the kinds of insurance included in its
49 certificates of authority in such states.



1 3. No director, officer, agent or employee of the insurer, or any other
2 person, ~~shall~~ *may* receive any fee, commission or other valuable
3 consideration whatsoever, other than his customary salary or other regular
4 compensation, for in any manner aiding, promoting or assisting in the
5 mutualization, except as set forth in the plan of mutualization as approved
6 by the commissioner.

7 4. This section does not apply to mutualization under an order of court
8 pursuant to rehabilitation or reorganization of an insurer under chapter
9 696B of NRS.

10 **Sec. 228.** NRS 693A.320 is hereby amended to read as follows:

11 693A.320 1. Any person proposing to acquire the controlling capital
12 stock of any domestic stock insurer and thereby to change the control of
13 the insurer, other than through merger or consolidation or affiliation as
14 provided for in NRS 693A.310 and 693A.330, must first apply to the
15 commissioner in writing for approval of ~~such~~ *the* proposed change of
16 control. The application must state the names and addresses of the
17 proposed new owners of the controlling stock and contain such additional
18 information as the commissioner may reasonably require.

19 2. The commissioner shall not approve the proposed change of control
20 if he finds that:

21 (a) The proposed new owners are not qualified by character, experience
22 and financial responsibility to control and operate the insurer, or cause the
23 insurer to be operated, in a lawful and proper manner;

24 (b) As a result of the proposed change of control the insurer may not be
25 qualified for a certificate of authority under the provisions of NRS
26 680A.090;

27 (c) The interests of the insurer or other stockholders of the insurer or
28 policyholder would be materially harmed through the proposed change of
29 control; or

30 (d) The proposed change of control would tend materially to lessen
31 competition, or to create any monopoly, in a business of insurance in this
32 state or elsewhere.

33 3. If the commissioner does not by affirmative action approve or
34 disapprove the proposed change of control within ~~30~~ *60* days after the
35 date the application was so filed with him, the proposed change may be
36 made without his approval, but if the commissioner gives notice to the
37 parties of a hearing to be held by him with respect to the proposed change
38 of control, and the hearing is held within the 30 days or on a date mutually
39 acceptable to the commissioner and the parties, the commissioner has 10
40 days after the conclusion of the hearing within which to so approve or
41 disapprove the proposed change. If not so approved or disapproved, the
42 change may thereafter be made without the commissioner's approval.

43 4. If the commissioner disapproves the proposed change he shall give
44 written notice thereof to the parties, setting forth in detail the reasons for
45 disapproval.

46 5. The commissioner shall suspend or revoke the certificate of
47 authority of any insurer the control of which has been changed in violation
48 of this section.



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1 6. The commissioner may retain at the acquiring party's expense
2 attorneys, actuaries, accountants and other experts not otherwise a part of
3 his staff as may be necessary only for the review of the proposed
4 acquisition of control. Such a review may be conducted only if the parties
5 fail to provide sufficient information to the commissioner. Expenses
6 chargeable to the acquiring party pursuant to this subsection must not
7 exceed 1 percent of the acquired insurer's net revenue during the year
8 immediately preceding the year in which the application for change of
9 control is filed with the commissioner pursuant to subsection 1.

10 **Sec. 229.** NRS 695A.580 is hereby amended to read as follows:

11 695A.580 1. Any person who makes a false or fraudulent statement
12 in or relating to an application for membership or for the purpose of
13 obtaining money from or a benefit in any society is guilty of a gross
14 misdemeanor.

15 2. Any person who solicits membership for, or in any manner assists in
16 procuring membership in, any society not licensed to do business in this
17 state is subject to an administrative fine, imposed by the commissioner, of
18 not less than \$25 nor more than \$500 for each violation. In addition if the
19 person is an insurance agent of the society, the commissioner may suspend,
20 revoke, limit or refuse to continue his license in the manner provided in
21 ~~NRS 683A.450.~~ *sections 93 and 94 of this act.*

22 3. Any person convicted of a willful violation of, or neglect or refusal
23 to comply with, any provision of this chapter for which a penalty is not
24 otherwise prescribed shall be punished by a fine of not more than \$1,000
25 for each violation, and not more than \$10,000 for all related violations.

26 **Sec. 230.** NRS 695B.191 is hereby amended to read as follows:

27 695B.191 1. ~~Any~~ *A* policy of health insurance, issued by a medical
28 service corporation, which provides coverage for the surgical procedure
29 known as a mastectomy must also provide commensurate coverage for ~~at~~
30 ~~least two prosthetic devices and for reconstructive surgery incident to the~~
31 ~~mastectomy. Except as otherwise provided in subsection 2, this coverage~~
32 ~~must be subject to the same terms and conditions that apply to the coverage~~
33 ~~for the mastectomy.~~ :

34 *(a) Reconstruction of the breast on which the mastectomy has been*
35 *performed;*

36 *(b) Surgery and reconstruction of the other breast to produce a*
37 *symmetrical structure; and*

38 *(c) Prostheses and physical complications for all stages of*
39 *mastectomy, including lymphedemas.*

40 2. *The provision of services must be determined by the attending*
41 *physician and the patient.*

42 3. *The plan or issuer may require deductibles and coinsurance*
43 *payments if they are consistent with those established for other benefits.*

44 4. *Written notice of the availability of the coverage must be given*
45 *upon enrollment and annually thereafter. The notice must be sent to all*
46 *participants:*

47 *(a) In the next mailing made by the plan or issuer to the participant or*
48 *beneficiary; or*



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1 (b) *As part of any annual information packet sent to the participant or*
2 *beneficiary,*
3 *whichever is earlier.*

4 5. *A plan or issuer may not:*

5 (a) *Deny eligibility, or continued eligibility, to enroll or renew*
6 *coverage, in order to avoid the requirements of subsections 1 to 4,*
7 *inclusive; or*

8 (b) *Penalize, or limit reimbursement to, a provider of care, or provide*
9 *incentives to a provider of care, in order to induce the provider not to*
10 *provide the care listed in subsections 1 to 4, inclusive.*

11 6. *A plan or issuer may negotiate rates of reimbursement with*
12 *providers of care.*

13 7. If reconstructive surgery is begun within 3 years after a mastectomy,
14 the amount of the benefits for that surgery must equal those amounts
15 provided for in the policy at the time of the mastectomy. If the surgery is
16 begun more than 3 years after the mastectomy, the benefits provided are
17 subject to all of the terms, conditions and exclusions contained in the
18 policy at the time of the reconstructive surgery.

19 ~~13-1~~ 8. A policy subject to the provisions of this chapter which is
20 delivered, issued for delivery or renewed on or after October 1, ~~1989,~~
21 ~~2001,~~ has the legal effect of including the coverage required by this
22 section, and any provision of the policy or the renewal which is in conflict
23 with this section is void.

24 ~~14-1~~ 9. For the purposes of this section, “reconstructive surgery”
25 means a surgical procedure performed following a mastectomy on one
26 breast or both breasts to reestablish symmetry between the two breasts. The
27 term includes ~~1, but is not limited to,~~ augmentation mammoplasty,
28 reduction mammoplasty and mastopexy.

29 **Sec. 231.** NRS 695C.171 is hereby amended to read as follows:

30 695C.171 1. ~~Any~~ A health maintenance plan which provides
31 coverage for the surgical procedure known as a mastectomy must also
32 provide commensurate coverage for ~~at least two prosthetic devices and for~~
33 ~~reconstructive surgery incident to the mastectomy. Except as otherwise~~
34 ~~provided in subsection 2, this coverage must be subject to the same terms~~
35 ~~and conditions that apply to the coverage for the mastectomy.~~

36 ~~2-1~~ :

37 (a) *Reconstruction of the breast on which the mastectomy has been*
38 *performed;*

39 (b) *Surgery and reconstruction of the other breast to produce a*
40 *symmetrical structure; and*

41 (c) *Prostheses and physical complications for all stages of*
42 *mastectomy, including lymphedemas.*

43 2. *The provision of services must be determined by the attending*
44 *physician and the patient.*

45 3. *The plan or issuer may require deductibles and coinsurance*
46 *payments if they are consistent with those established for other benefits.*

47 4. *Written notice of the availability of the coverage must be given*
48 *upon enrollment and annually thereafter. The notice must be sent to all*
49 *participants:*



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1 (a) *In the next mailing made by the plan or issuer to the participant or*
2 *beneficiary; or*

3 (b) *As part of any annual information packet sent to the participant or*
4 *beneficiary,*
5 *whichever is earlier.*

6 5. *A plan or issuer may not:*

7 (a) *Deny eligibility, or continued eligibility, to enroll or renew*
8 *coverage, in order to avoid the requirements of subsections 1 to 4,*
9 *inclusive; or*

10 (b) *Penalize, or limit reimbursement to, a provider of care, or provide*
11 *incentives to a provider of care, in order to induce the provider not to*
12 *provide the care listed in subsections 1 to 4, inclusive.*

13 6. *A plan or issuer may negotiate rates of reimbursement with*
14 *providers of care.*

15 7. If reconstructive surgery is begun within 3 years after a mastectomy,
16 the amount of the benefits for that surgery must equal those amounts
17 provided for in the policy at the time of the mastectomy. If the surgery is
18 begun more than 3 years after the mastectomy, the benefits provided are
19 subject to all of the terms, conditions and exclusions contained in the
20 policy at the time of the reconstructive surgery.

21 ~~13-1~~ 8. A policy subject to the provisions of this chapter which is
22 delivered, issued for delivery or renewed on or after October 1, ~~1989,~~
23 2001, has the legal effect of including the coverage required by this
24 section, and any provision of the policy or the renewal which is in conflict
25 with this section is void.

26 ~~14-1~~ 9. For the purposes of this section, "reconstructive surgery"
27 means a surgical procedure performed following a mastectomy on one
28 breast or both breasts to reestablish symmetry between the two breasts. The
29 term includes, but is not limited to, augmentation mammoplasty, reduction
30 mammoplasty and mastopexy.

31 Sec. 232 NRS 696A.310 is hereby amended to read as follows:

32 696A.310 The commissioner may suspend, revoke or refuse to renew
33 any club agent's license issued under this chapter for any cause specified in
34 any other provision of this chapter, or for any of the same applicable
35 grounds and in the manner provided for ~~agents of insurers in NRS~~
36 ~~683A.450, 683A.460 and 683A.470.~~ *a producer of insurance in sections*
37 *93 and 94 of this act.*

38 Sec. 233 Chapter 696B of NRS is hereby amended by adding thereto a
39 new section to read as follows:

40 1. *Except as otherwise provided in subsections 2 and 4, if an order*
41 *for liquidation or rehabilitation of a domestic insurer has been issued,*
42 *the receiver appointed under the order may recover on behalf of the*
43 *insurer:*

44 (a) *From any parent corporation, holding company, affiliate or*
45 *person who otherwise controlled the insurer, the amount of any*
46 *distribution, other than a distribution of shares of the same class of*
47 *stock, made by the insurer on its capital stock; and*



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1 (b) Any payment in the form of a bonus, settlement on termination, or
2 extraordinary adjustment of salary in a lump sum made by the insurer or
3 a subsidiary to a director, officer or employee,
4 made during the year preceding the petition for liquidation, conservation
5 or rehabilitation.

6 2. A distribution is not recoverable if the parent corporation, holding
7 company or affiliate shows that when made the distribution was lawful
8 and reasonable and that the insurer did not know and could not
9 reasonably have known that the distribution might adversely affect the
10 ability of the insurer to fulfill its contractual obligations.

11 3. A parent corporation, holding company or person who otherwise
12 controlled the insurer or affiliate at the time the distribution or payment
13 was made is liable up to the amount of the distribution or payment which
14 he received. A person who otherwise controlled the insurer at the time a
15 distribution was declared is liable up to the amount that would have been
16 received if the distribution had been made immediately. If two or more
17 persons are liable with respect to the same distribution, they are jointly
18 and severally liable.

19 4. The greatest amount recoverable under this section is the amount
20 needed in excess of all other available assets of the impaired or insolvent
21 insurer to pay its contractual obligations and reimburse any guaranty
22 fund.

23 5. To the extent that a person liable under subsection 3 is insolvent
24 or otherwise fails to pay a claim due from it, a parent corporation,
25 holding company or person who otherwise controlled it at the time the
26 distribution was made is jointly and severally liable for any resulting
27 deficiency in the amount recovered from the person so liable.

28 **Sec. 234.** NRS 696B.565 is hereby amended to read as follows:

29 696B.565 1. The commissioner, as receiver, all present and former
30 deputy receivers, special deputy receivers and their employees, and the
31 other officers, agents, employees and attorneys of the division are ~~not~~
32 ~~liable for any action or omission made in good faith by the commissioner,~~
33 ~~officer, agent, employee or attorney in the performance of his duties or~~
34 ~~exercise of authority pursuant to this chapter. Nothing in this section~~
35 ~~abrogates or modifies any other privilege otherwise provided by law to the~~
36 ~~commissioner or the officers, agents, employees and attorneys of the~~
37 ~~division.]~~ immune from liability, both personally and in their official
38 capacities, for any claim for damage to or loss of property or personal
39 injury or other civil liability caused by or resulting from any alleged act,
40 error or omission of the officers, agents, employees and attorneys of the
41 division arising out of or by reason of their duties or employment. This
42 subsection must not be construed to hold the officers, agents, employees
43 and attorneys of the division immune from liability for any damage, loss,
44 injury or liability caused by actual malice.

45 2. Attorneys, accountants, auditors and other professional persons or
46 firms who are retained by the commissioner as independent contractors
47 and their employers must not be considered employees for the purposes
48 of this chapter.



1 3. *The commissioner, all present and former deputy receivers, special*
2 *deputy receivers and their employees, and the other officers, agents,*
3 *employees and attorneys of the division must be indemnified for all*
4 *expenses, attorney's fees, judgments, settlements, decrees, or amounts*
5 *due or paid in satisfaction of, or incurred in the defense of, such a legal*
6 *action, unless it is determined upon a final adjudication on the merits of*
7 *the case that the alleged acts, error or omission of the officer, agent,*
8 *employee or attorney of the division did not arise out of or by reason of*
9 *his duties or employment and was caused by actual malice.*

10 4. *The state may seek indemnification for the payment of expenses,*
11 *judgments, settlements, decrees, attorney's fees, surety bond premiums or*
12 *other amounts paid or to be paid from the insurer's assets. Any payment*
13 *pursuant to this section shall be deemed an administrative expense of the*
14 *insurer.*

15 **Sec. 235.** Chapter 697 of NRS is hereby amended by adding thereto a
16 new section to read as follows:

17 *A bail agent, bail enforcement agent or bail solicitor whose license*
18 *lapses is exempt from retaking the examination otherwise required under*
19 *NRS 697.200 if he applies and is relicensed within 6 months after the*
20 *date of lapse.*

21 **Sec. 236.** NRS 697.090 is hereby amended to read as follows:

22 697.090 1. A person in this state shall not act in the capacity of a bail
23 agent, bail enforcement agent or bail solicitor, or perform any of the
24 functions, duties or powers prescribed for a bail agent, bail enforcement
25 agent or bail solicitor under the provisions of this chapter, unless that
26 person is qualified and licensed as provided in this chapter. The
27 commissioner may, after notice and ~~to a hearing, impose a~~ *opportunity to be*
28 *heard, impose an administrative* fine of not more than \$1,000 for each act
29 or violation of the provisions of this subsection.

30 2. A person, whether or not located in this state, shall not act as or hold
31 himself out to be a general agent unless qualified and licensed as such
32 under the provisions of this chapter.

33 3. For the protection of the people of this state, the commissioner shall
34 not issue or renew, or permit to exist, any license except in compliance
35 with this chapter. The commissioner shall not issue or renew, or permit to
36 exist, a license for any person found to be untrustworthy or incompetent, or
37 who has not established to the satisfaction of the commissioner that he is
38 qualified therefor in accordance with this chapter.

39 **Sec. 237.** NRS 697.120 is hereby amended to read as follows:

40 697.120 This chapter does not:

41 1. Prevent ~~any licensed general lines agent, as defined in NRS~~
42 ~~683A.050,~~ *a producer of insurance* from writing bail bonds for any
43 insurer authorized to write surety *for* which he ~~represents as agent,~~
44 ~~providing the agent~~ *is an appointed agent, but he* is subject to and
45 governed by all laws ~~rules~~ and regulations relating to bail agents when
46 engaged in the activities thereof.

47 2. Affect the negotiation for or the execution or delivery of a bail bond
48 which is authorized by chapter 696A of NRS.



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1 **Sec. 238.** NRS 697.230 is hereby amended to read as follows:
2 697.230 1. Except as otherwise provided in NRS 697.177, each
3 license issued to a general agent, bail agent, bail enforcement agent or bail
4 solicitor under this chapter continues in force for 3 years unless it is
5 suspended, revoked or otherwise terminated. A license may be renewed
6 upon payment of the applicable fee for renewal to the commissioner on or
7 before the last day of the month in which the license is renewable. The fee
8 must be accompanied by:

9 (a) Proof that the licensee has completed a 3-hour program of
10 continuing education that is:

11 (1) Offered by the authorized surety insurer from whom he received
12 his written appointment, if any, a state or national organization of bail
13 agents or another organization that administers training programs for
14 general agents, bail agents, bail enforcement agents or bail solicitors; and

15 (2) Approved by the commissioner;

16 (b) If the licensee is a natural person, the statement required pursuant to
17 NRS 697.181; and

18 (c) A written request for renewal of the license. The request must be
19 made and signed:

20 (1) By the licensee in the case of the renewal of a license as a general
21 agent, bail enforcement agent or bail agent.

22 (2) By the bail solicitor and the bail agent who employs the solicitor
23 in the case of the renewal of a license as a bail solicitor.

24 2. Any license that is not renewed on or before the last day specified
25 for its renewal expires at midnight on that day. The commissioner may
26 accept a request for renewal received by him within 30 days after the date
27 of expiration if the request is accompanied by a fee for renewal of 150
28 percent of the fee otherwise required and, if the person requesting renewal
29 is a natural person, the statement required pursuant to NRS 697.181.

30 3. A bail agent's license continues in force while there is in effect an
31 appointment of him as a bail agent of one or more authorized insurers.
32 Upon termination of all the bail agent's appointments and his failure to
33 replace any appointment within 30 days thereafter, his license expires and
34 he shall promptly deliver his license to the commissioner.

35 4. The commissioner shall terminate the license of a general agent for
36 a particular insurer upon a written request by the insurer.

37 5. This section does not apply to temporary licenses issued under
38 ~~NRS 683A.300~~ *section 92 of this act* or *NRS 697.177*.

39 **Sec. 239.** NRS 697.360 is hereby amended to read as follows:

40 697.360 Licensed bail agents, bail solicitors and general agents are
41 also subject to the following provisions of this code, to the extent
42 reasonably applicable:

43 1. Chapter 679A of NRS.

44 2. Chapter 679B of NRS.

45 3. ~~NRS 683A.240.~~

46 ~~4. NRS 683A.300.~~ *Section 91 of this act.*

47 4. *Section 92 of this act.*

48 5. NRS 683A.400.

49 6. NRS 683A.410.



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1 7. NRS ~~683A.450 to 683A.480, inclusive.~~ **683A.480 and sections 93,**
2 **94, 95 and 99 of this act.**

3 8. NRS 686A.010 to 686A.310, inclusive.

4 **Sec. 240.** NRS 179A.100 is hereby amended to read as follows:

5 179A.100 1. The following records of criminal history may be
6 disseminated by an agency of criminal justice without any restriction
7 pursuant to this chapter:

8 (a) Any which reflect records of conviction only; and
9 (b) Any which pertain to an incident for which a person is currently
10 within the system of criminal justice, including parole or probation.

11 2. Without any restriction pursuant to this chapter, a record of criminal
12 history or the absence of such a record may be:

13 (a) Disclosed among agencies which maintain a system for the mutual
14 exchange of criminal records.

15 (b) Furnished by one agency to another to administer the system of
16 criminal justice, including the furnishing of information by a police
17 department to a district attorney.

18 (c) Reported to the central repository.

19 3. An agency of criminal justice shall disseminate to a prospective
20 employer, upon request, records of criminal history concerning a
21 prospective employee or volunteer which:

22 (a) Reflect convictions only; or

23 (b) Pertain to an incident for which the prospective employee or
24 volunteer is currently within the system of criminal justice, including
25 parole or probation.

26 4. The central repository shall disseminate to a prospective or current
27 employer, upon request, information relating to sexual offenses concerning
28 an employee, prospective employee, volunteer or prospective volunteer
29 who gives his written consent to the release of that information.

30 5. Records of criminal history must be disseminated by an agency of
31 criminal justice upon request, to the following persons or governmental
32 entities:

33 (a) The person who is the subject of the record of criminal history for
34 the purposes of NRS 179A.150.

35 (b) The person who is the subject of the record of criminal history or his
36 attorney of record when the subject is a party in a judicial, administrative,
37 licensing, disciplinary or other proceeding to which the information is
38 relevant.

39 (c) The state gaming control board.

40 (d) The state board of nursing.

41 (e) The private investigator's licensing board to investigate an applicant
42 for a license.

43 (f) A public administrator to carry out his duties as prescribed in chapter
44 253 of NRS.

45 (g) A public guardian to investigate a ward or proposed ward or persons
46 who may have knowledge of assets belonging to a ward or proposed ward.

47 (h) Any agency of criminal justice of the United States or of another
48 state or the District of Columbia.



1 (i) Any public utility subject to the jurisdiction of the public utilities
2 commission of Nevada when the information is necessary to conduct a
3 security investigation of an employee or prospective employee, or to
4 protect the public health, safety or welfare.

5 (j) Persons and agencies authorized by statute, ordinance, executive
6 order, court rule, court decision or court order as construed by appropriate
7 state or local officers or agencies.

8 (k) Any person or governmental entity which has entered into a contract
9 to provide services to an agency of criminal justice relating to the
10 administration of criminal justice, if authorized by the contract, and if the
11 contract also specifies that the information will be used only for stated
12 purposes and that it will be otherwise confidential in accordance with state
13 and federal law and regulation.

14 (l) Any reporter for the electronic or printed media in his professional
15 capacity for communication to the public.

16 (m) Prospective employers if the person who is the subject of the
17 information has given written consent to the release of that information by
18 the agency which maintains it.

19 (n) For the express purpose of research, evaluative or statistical
20 programs pursuant to an agreement with an agency of criminal justice.

21 (o) The division of child and family services of the department of
22 human resources and any county agency that is operated pursuant to NRS
23 432B.325 or authorized by a court of competent jurisdiction to receive and
24 investigate reports of abuse or neglect of children and which provides or
25 arranges for protective services for such children.

26 (p) The welfare division of the department of human resources or its
27 designated representative.

28 (q) An agency of this or any other state or the Federal Government that
29 is conducting activities pursuant to Part D of Title IV of the Social Security
30 Act, ~~42~~ 42 U.S.C. §§ 651 et seq. ~~42~~

31 (r) The state disaster identification team of the division of emergency
32 management of motor vehicles and public safety.

33 *(s) The commissioner of insurance.*

34 6. Agencies of criminal justice in this state which receive information
35 from sources outside this state concerning transactions involving criminal
36 justice which occur outside Nevada shall treat the information as
37 confidentially as is required by the provisions of this chapter.

38 **Sec. 241.** NRS 628A.010 is hereby amended to read as follows:
39 628A.010 As used in this chapter, unless the context otherwise
40 requires:

41 1. "Client" means a person who receives advice from a financial
42 planner.

43 2. "Compensation" means a fee for services provided by a financial
44 planner to a client or a commission or other remuneration derived by a
45 financial planner from a person other than the client as the result of the
46 purchase of a good or service by the client.

47 3. "Financial planner" means a person who for compensation advises
48 others upon the investment of money or upon provision for income to be



1 needed in the future, or who holds himself out as qualified to perform
2 either of these functions, but does not include:
3 (a) An attorney and counselor at law admitted by the supreme court of
4 this state;
5 (b) A certified public accountant or a public accountant licensed
6 pursuant to NRS 628.190 to 628.310, inclusive, or 628.350;
7 (c) A broker-dealer or sales representative licensed pursuant to NRS
8 90.310 or exempt under NRS 90.320;
9 (d) An investment adviser licensed pursuant to NRS 90.330 or exempt
10 under NRS 90.340; or
11 (e) ~~[An insurance agent or broker]~~ *A producer of insurance* licensed
12 pursuant to ~~[NRS 683A.090 to 683A.350]~~ *sections 75 to 99*, inclusive, *of*
13 *this act* or an insurance consultant licensed pursuant to NRS 683C.010 to
14 683C.100, inclusive,
15 whose advice upon investment or provision of future income is incidental
16 to the practice of his profession or business.
17 **Sec. 242.** Section 23 of chapter 620, Statutes of Nevada 1999, at page
18 3382, is hereby amended to read as follows:
19 Sec. 23. 1. This section and sections 1 to 18, inclusive, 20 and 22
20 of this act become effective upon passage and approval. ~~[and expire~~
21 ~~by limitation on July 1, 2001.]~~
22 2. Sections 20.2, 20.4 and 21 of this act become effective at 12:01
23 a.m. on July 1, 1999. ~~[, and expire by limitation on July 1, 2001.]~~
24 **Sec. 243.** NRS 683A.030, 683A.040, 683A.050, 683A.070, 683A.080,
25 683A.100, 683A.120, 683A.130, 683A.170, 683A.180, 683A.190,
26 683A.200, 683A.220, 683A.230, 683A.240, 683A.260, 683A.270,
27 683A.280, 683A.290, 683A.300, 683A.320, 683A.330, 683A.340,
28 683A.360, 683A.380, 683A.420, 683A.430, 683A.440, 683A.450,
29 683A.460, 683A.470, 689B.160, 689B.220, 689B.230, 689B.240 and
30 693A.360 are hereby repealed.
31 **Sec. 244.** The amendatory provisions of this act do not apply to
32 offenses committed before October 1, 2001.
33 **Sec. 245.** 1. This section and section 242 of this act become
34 effective upon passage and approval.
35 2. Sections 1 to 241, inclusive, 243 and 244 of this act become
36 effective on October 1, 2001.
37 3. Section 59 of this act expires by limitation on October 1, 2003.

LEADLINES OF REPEALED SECTIONS

683A.030 "Agent" and "nonresident agent" defined.
683A.040 "Broker" and "nonresident broker" defined.
683A.050 "General lines" agent, "general lines" broker, "life"
agent and "health" agent defined.
683A.070 "Service representative" defined.
683A.080 "Solicitor" defined.
683A.100 Persons exempt from licensing.



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- 683A.120 Forms for licensing and appointment.
- 683A.130 Qualifications for licensing natural person; fee for recovery account.
- 683A.170 Examination for license as agent, broker or solicitor.
- 683A.180 Exemption from examination.
- 683A.190 Commissioner authorized to contract with testing service to conduct examinations; reciprocal arrangements.
- 683A.200 Scope of examination; reference material.
- 683A.220 Issuance of license; grounds for refusal to issue license; nonrefundability of fees.
- 683A.230 Contents of license.
- 683A.240 Name of licensee.
- 683A.260 Limited licenses.
- 683A.270 Renewal and expiration of license.
- 683A.280 Appointment of agents; annual report.
- 683A.290 Termination of appointment of agent; termination of employment of solicitor.
- 683A.300 Temporary license as agent or broker.
- 683A.320 Broker's authority and commissions; licensed agent may be licensed as broker.
- 683A.330 Broker must place business with agent.
- 683A.340 Nonresident agents and nonresident brokers: Licensing; qualifications; rights; obligations; fees.
- 683A.360 Solicitors: Special requirements.
- 683A.380 Place of business; display of licenses.
- 683A.420 Commissions: Persons entitled to receive.
- 683A.430 Commissions: Payment.
- 683A.440 Commissions: Sharing.
- 683A.450 Suspension, revocation, limitation and refusal of license; administrative fine.
- 683A.460 Procedure for suspension or revocation of license.
- 683A.470 Notice and effect of suspension, limitation or revocation of license.
- 689B.160 Benefits exceeding those provided under group policy not required; exclusions and limitations.
- 689B.220 Extension of coverage under existing group policy.
- 689B.230 Group coverage may be provided in lieu of converted individual policy.
- 689B.240 Insurer may continue identical coverage in lieu of converting policy.
- 693A.360 Conversion of mutual to stock insurer.

