

## ASSEMBLY BILL NO. 338—COMMITTEE ON COMMERCE AND LABOR

(ON BEHALF OF THE DIVISION OF INSURANCE)

MARCH 21, 2005

Referred to Committee on Commerce and Labor

SUMMARY—Makes various changes relating to insurance.  
(BDR 57-232)FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: Yes.

~

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 discount health plans; providing the tax rate on premiums for risk retention groups; providing for the regulation of credit personal property insurance; decreasing certain fees for risk retention groups; authorizing an insurer to invest in bonds or notes secured by second liens upon real property under certain circumstances; setting forth the circumstances under which a producer of insurance may pay a commission for selling, soliciting, procuring or negotiating insurance in this State; authorizing the Nevada Insurance Guaranty Association to perform certain acts requested by the Commissioner of Insurance; providing that coverage under a conversion health benefit plan must be renewed by the carrier that issued it under certain circumstances; providing for the regulation of consumer credit insurance; providing for the establishment and regulation of sponsored captive insurers; providing for the establishment and regulation of branch captive insurers; 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:

**Section 1.** Title 57 of NRS is hereby amended by adding thereto a new chapter to consist of the provisions set forth as sections 2 to 16, inclusive, of this act.

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

**Sec. 3.** *“Discount health plan” means a business arrangement or program evidenced by a membership agreement in which a person, in exchange for fees, dues or any other form of consideration, provides or arranges for members of the discount health plan to have access to providers of health care and to receive medical services from those providers of health care at a discount.*

**Sec. 4.** *“Provider of health care” has the meaning ascribed to it in NRS 629.031.*

**Sec. 5.** *Notwithstanding any other provision of law, the Commissioner has exclusive jurisdiction to regulate discount health plans in this State.*

**Sec. 6. 1.** *Except as otherwise provided in subsection 2, it is unlawful for any person to engage in business as a discount health plan in this State without first registering as a discount health plan pursuant to the provisions of this chapter.*

**2.** *An insurer licensed under title 57 of NRS is not required to register any plan unless it is offered, marketed or sold for separate consideration.*

**Sec. 7. 1.** *An application for registration to engage in business as a discount health plan must be submitted on a form prescribed by the Commissioner. The form must be signed by an officer or an authorized representative of the applicant. Except as otherwise provided in subsection 2, the application must be accompanied by:*

*(a) A registration fee of \$500.*

*(b) A copy of the organizational documents of the applicant, if any.*

*(c) A list of names, addresses, positions of employment and biographical information of each person who is responsible for conducting the business activities of the applicant, including, but not limited to, all members of the board of directors, board of trustees, officers and managers. The list must set forth the extent and nature of any contracts or other agreements between any person who is responsible for conducting the business activities of*



1 *the applicant and any other business enterprise, including*  
2 *disclosure of any possible conflicts of interest.*

3 (d) *A complete biographical statement, on a form prescribed by*  
4 *the Commissioner, describing the facilities, employees and*  
5 *services that will be offered by the applicant.*

6 (e) *A copy of all forms used for contracts between the*  
7 *applicant and networks of providers of health care regarding the*  
8 *provision of medical services to members.*

9 (f) *A copy of the most recent financial statements of the*  
10 *applicant, audited by an independent public accountant.*

11 (g) *A description of the method of marketing proposed by the*  
12 *applicant.*

13 (h) *A description of the procedures for making a complaint to*  
14 *be established and maintained by the applicant.*

15 (i) *Any other information required by the Commissioner.*

16 2. *Each person who registers a discount health plan must*  
17 *renew his registration within 1 year after he registers the discount*  
18 *health plan. The application to renew the registration must*  
19 *include:*

20 (a) *An annual renewal fee of \$500; and*

21 (b) *Any information required by the Commissioner pursuant to*  
22 *subsection 1.*

23 3. *An insurer who is licensed or issued a certificate of*  
24 *authority to provide insurance in this State is not required to pay*  
25 *the fees for registering or renewing the registration of a discount*  
26 *health plan pursuant to this section.*

27 **Sec. 8.** *A person who is responsible for conducting the*  
28 *business activities of a discount health plan may not:*

29 1. *Use the word "insurance" in any advertising or marketing*  
30 *material, brochures or discount cards for the discount health plan*  
31 *unless approved by the Commissioner;*

32 2. *Use in any advertising or marketing material, brochures or*  
33 *discount cards for the discount health plan the terms "coverage,"*  
34 *"copay," "preexisting conditions," "guaranteed issue,"*  
35 *"enrollment," "PPO," "preferred provider organization" or any*  
36 *other term that could reasonably mislead a person into believing*  
37 *the discount health plan is a policy of health insurance;*

38 3. *Pay a provider of health care any fee for a medical service;*  
39 *or*

40 4. *Collect or accept money from a member of the discount*  
41 *health plan for payment to a provider of health care for specific*  
42 *medical services furnished or to be furnished to the member*  
43 *unless the plan is registered as an administrator pursuant to NRS*  
44 *683A.0805 to 683A.0893, inclusive, or is an authorized insurer,*



1 *health maintenance organization or prepaid limited health service*  
2 *organization pursuant to title 57 of NRS.*

3 **Sec. 9.** *The following disclosures must be made in writing to*  
4 *any prospective member of a discount health plan and must be*  
5 *included on the first page of any advertisements, marketing*  
6 *materials and brochures relating to a discount health plan:*

7 *1. That the plan is not a policy of health insurance;*

8 *2. That the plan provides discounts from providers of health*  
9 *care for medical services;*

10 *3. That the plan does not make payments directly to the*  
11 *providers of health care;*

12 *4. That the member will be required to pay for all health care*  
13 *services but will receive a discount from those providers of health*  
14 *care who have contracted with the discount health plan;*

15 *5. The corporate name and locations, including the address*  
16 *of the registered discount health plan; and*

17 *6. A telephone number where the member may obtain*  
18 *information and answers to questions or complaints.*

19 **Sec. 10.** *The disclosures required by this chapter must be*  
20 *printed in not less than 12-point type or no smaller than the*  
21 *largest type on the page, whichever type is larger.*

22 **Sec. 11.** *1. Each discount health plan must at all times*  
23 *maintain a net worth of \$100,000.*

24 *2. The Commissioner shall not issue a registration or renewal*  
25 *of a registration unless the discount health plan certifies that the*  
26 *discount health plan has a net worth of at least \$100,000.*

27 **Sec. 12.** *A person is subject to the imposition of a civil*  
28 *penalty pursuant to this chapter if, in the course of the business of*  
29 *the person, the person:*

30 *1. Solicits, markets, advertises, promotes or sells to a person*  
31 *in this State a discount health plan or a membership in connection*  
32 *with a discount health plan unless the discount health plan is*  
33 *registered pursuant to this chapter.*

34 *2. Fails to provide any disclosure required pursuant to*  
35 *section 9 of this act.*

36 *3. Fails to make available to an applicant for membership or*  
37 *to a member, through a toll-free telephone number, upon the*  
38 *request of the applicant or member, a complete and accurate list of*  
39 *all participating providers within the plan in the applicant's or*  
40 *member's local area, or within a radius of 50 miles, and a list of*  
41 *the services for which the discounts are applicable. The list must*  
42 *be available at the time of purchase upon request by the purchaser*  
43 *and must be updated not less than once every 6 months.*



1     4. Violates subsection 1 or 2 of section 8 of this act or  
2 otherwise uses advertising or marketing material, brochures or  
3 discount cards that are misleading, deceptive or fraudulent.

4     5. Fails to allow a purchaser of a discount health plan to  
5 cancel the plan.

6     6. Offers discounted products or services that are not  
7 authorized by a contract with each provider listed in conjunction  
8 with the discount health plan.

9     7. If appropriate, fails to refund any required portion of  
10 membership fees paid to the discount health plan by the applicant  
11 or member within 30 days after timely notification of the  
12 cancellation of the plan to the administrator of the discount health  
13 plan.

14     **Sec. 13.** A person who violates any provision of this chapter  
15 or an order or regulation of the Commissioner issued or adopted  
16 pursuant thereto may be assessed a civil penalty by the  
17 Commissioner of not more than \$2,000 for each act or violation,  
18 not to exceed an aggregate amount of \$10,000 for violations of a  
19 similar nature. For the purposes of this section, violations shall be  
20 deemed to be of a similar nature if the violations consist of the  
21 same or similar conduct, regardless of the number of times the  
22 conduct occurred.

23     **Sec. 14.** 1. Except as otherwise provided in this subsection,  
24 the Commissioner may conduct examinations to enforce the  
25 provisions of this chapter pursuant to the provisions of NRS  
26 679B.230 to 679B.300, inclusive, at such times as he deems  
27 necessary. For the purposes of this chapter, the Commissioner is  
28 not required to comply with the requirement in NRS 679B.230 that  
29 insurers be examined not less frequently than every 5 years.

30     2. A person who is responsible for conducting the business  
31 activities of a discount health plan shall, upon the request of the  
32 Commissioner, make available to the Commissioner for inspection  
33 any accounts, books and records concerning any discount health  
34 plan issued, sold or offered for sale by the discount health plan  
35 which are reasonably necessary to enable the Commissioner to  
36 determine whether the plan is in compliance with the provisions of  
37 this chapter.

38     **Sec. 15.** 1. A discount health plan must maintain records of  
39 the transactions governed by this chapter. The records must  
40 include:

41     (a) A copy of each type of contract that the discount health  
42 plan issues, sells or offers for sale;

43     (b) The name and address of each member who possesses a  
44 discount health plan;



1       (c) A copy of each contract that the discount health plan enters  
2 into with providers of health care for purposes of providing  
3 discount health care; and

4       (d) A copy of the annual certification of net worth and  
5 supporting documentation.

6       2. Except as otherwise provided in this subsection, each  
7 discount health plan must retain all records for at least 7 years. A  
8 discount health plan which intends to discontinue doing business  
9 in this State must provide the Commissioner with satisfactory  
10 proof that it has discharged its duties to the members in this State  
11 and must not destroy its records without the prior approval of the  
12 Commissioner.

13       3. The records required to be maintained pursuant to this  
14 section may be stored on a computer disc or other storage device  
15 for a computer from which the records may be readily printed.

16       Sec. 16. The Commissioner may adopt regulations to carry  
17 out the provisions of this chapter.

18       Sec. 17. Title 57 of NRS is hereby amended by adding thereto  
19 a new chapter to consist of the provisions set forth as sections 18 to  
20 61, inclusive, of this act.

21       Sec. 18. As used in this chapter, unless the context otherwise  
22 requires, the words and terms defined in sections 19 to 40,  
23 inclusive, of this act have the meanings ascribed to them in those  
24 sections.

25       Sec. 19. “Closed-end credit” means a credit transaction that  
26 is not open-end credit.

27       Sec. 20. “Collateral” means personal property in which a  
28 purchase money security interest is retained or personal property  
29 that is pledged as security for the satisfaction of a debt.

30       Sec. 21. “Compensation” means commissions, dividends,  
31 retrospective rate credits, service fees, expense allowances or  
32 reimbursements, gifts, furnishing of equipment, facilities, goods  
33 and services, or any other form of remuneration that is paid either  
34 directly or indirectly as a result of the sale of credit personal  
35 property insurance.

36       Sec. 22. “Credit agreement” means the written document  
37 that sets forth the terms of the credit transaction and includes the  
38 security agreement.

39       Sec. 23. “Credit personal property insurance” means a  
40 policy, endorsement, rider, binder, certificate, or other instrument  
41 or evidence of insurance written in connection with a credit  
42 transaction that:

43       1. Covers perils to the goods purchased through a credit  
44 transaction or used as collateral for a credit transaction and that



1 *concerns the interest of a creditor in the purchased goods or*  
2 *pledged collateral either in whole or in part; or*

3 2. *Covers perils to goods purchased in connection with an*  
4 *open-end credit transaction.*

5 **Sec. 24.** *“Credit transaction” means any transaction for*  
6 *which the terms of repayment of money loaned or loan*  
7 *commitment made, or payment of goods, services or properties*  
8 *sold or leased, is to be made at a future date.*

9 **Sec. 25.** *“Creditor” means the lender of money or vendor or*  
10 *lessor of goods, services, property, rights or privileges for which*  
11 *payment is arranged through a credit transaction, and includes:*

12 1. *The successor to the right, title or interest of;*

13 2. *An affiliate, associate or subsidiary of;*

14 3. *Any director, officer or employee of; or*

15 4. *Any other person in any way associated with,*  
16 *↪ any such lender, vendor or lessor.*

17 **Sec. 26.** *“Creditor-placed insurance” means single-interest*  
18 *insurance or dual-interest insurance that is purchased by the*  
19 *creditor, as the named insured, after a credit transaction:*

20 1. *According to the terms of the credit agreement as a result*  
21 *of the debtor’s failing to provide required insurance, the cost for*  
22 *which is charged to the debtor; and*

23 2. *For coverage against loss, expense or damage to personal*  
24 *property used as collateral as a result of fire, theft, collision or*  
25 *other risk of loss that would impair the interest of the creditor or*  
26 *adversely affect the value of the collateral.*

27 **Sec. 27.** *“Debtor” means a borrower of money or a*  
28 *purchaser or lessee of goods, services, property, rights or*  
29 *privileges for which payment is arranged through a credit*  
30 *transaction.*

31 **Sec. 28.** *“Dual-interest insurance” means credit personal*  
32 *property insurance covering the interest of the creditor or seller*  
33 *and any portion of the interest of the borrower in goods purchased*  
34 *through the credit transaction or pledged as collateral for the*  
35 *credit transaction.*

36 **Sec. 29.** *“Experience” means earned premiums and incurred*  
37 *losses during the experience period.*

38 **Sec. 30.** *“Experience period” means the most recent period*  
39 *of time that is not more than 3 years and for which earned*  
40 *premiums and incurred losses are reported.*

41 **Sec. 31.** *“Finance charge” means any charge payable*  
42 *directly or indirectly as an incident to or condition of an extension*  
43 *of credit, including, without limitation, interest, time-price*  
44 *differentials, amounts payable under a discount system of*  
45 *additional charges, service, transaction or carrying charges, loan*





1 *fees, points or similar charges, appraisal fees or charges incurred*  
2 *for investigating the creditworthiness of the consumer. The term*  
3 *does not include charges as a result of default, taxes, license fees,*  
4 *delinquency charges or filing fees.*

5 **Sec. 32.** *“Gross debt” means the sum of the remaining*  
6 *payments owed to a creditor by a debtor.*

7 **Sec. 33.** *“Identifiable charge” means a charge for credit*  
8 *personal property insurance that is made to debtors who have that*  
9 *insurance and not made to debtors who do not have that*  
10 *insurance. The term includes a charge for insurance that is*  
11 *disclosed in the credit agreement or other instrument furnished to*  
12 *the debtor which sets forth the financial elements of the credit*  
13 *transaction and any difference in the finance, interest, service or*  
14 *other similar charge made to debtors who are in similar*  
15 *circumstances except for the insured or noninsured status of the*  
16 *debtor.*

17 **Sec. 34.** *“Incurred losses” means total claims and claim*  
18 *adjustment expenses paid during the experience period plus any*  
19 *change in claim and claim adjustment expense reserves.*

20 **Sec. 35.** *“Loss ratio” means incurred losses divided by the*  
21 *sum of earned premiums.*

22 **Sec. 36.** *“Net debt” means the amount required to liquidate*  
23 *the remaining debt in a single lump-sum payment, excluding all*  
24 *unearned interest and other unearned finance charges.*

25 **Sec. 37.** *“Nonfiling insurance” means insurance that*  
26 *indemnifies the creditor for loss of its interest in the collateral due*  
27 *to failure to perfect a security interest in the collateral.*

28 **Sec. 38.** *“Open-end credit” means credit extended by a*  
29 *creditor under an agreement in which:*

30 *1. The creditor reasonably contemplates repeated*  
31 *transactions;*

32 *2. The creditor periodically imposes a finance charge on any*  
33 *outstanding unpaid balance; and*

34 *3. The amount of credit that may be extended to the debtor*  
35 *during the term of the agreement up to any limit set by the creditor*  
36 *is generally made available to the extent that any outstanding*  
37 *balance is repaid.*

38 **Sec. 39.** *“Reverse competition” means competition among*  
39 *insurers that regularly takes the form of insurers competing for*  
40 *the favor of a person who controls or may control the placement of*  
41 *insurance with insurers that tends to increase insurance premiums*  
42 *or prevents a decrease in insurance premiums in order to give*  
43 *greater compensation to a person who controls or may control the*  
44 *placement of insurance with insurers.*





1     **Sec. 40.** *“Single-interest insurance” means credit personal*  
2 *property insurance covering only the interest of the seller or*  
3 *creditor in goods purchased through a credit transaction or*  
4 *pledged as collateral in a credit transaction.*

5     **Sec. 41.** *All credit personal property insurance, including*  
6 *guaranteed asset protection insurance, written in connection with*  
7 *credit transactions for personal, family or household purposes is*  
8 *subject to the provisions of this chapter, except:*

9         1. *Credit transactions involving extensions of credit primarily*  
10 *for business or commercial purposes;*

11         2. *Insurance written in connection with a credit transaction*  
12 *that is secured by a real estate mortgage or deed of trust;*

13         3. *Creditor-placed insurance;*

14         4. *Title insurance;*

15         5. *Nonfiling insurance;*

16         6. *Insurance purchased by a creditor after repossession or a*  
17 *similar event in which the creditor acquired possession of the*  
18 *property; and*

19         7. *Insurance for which an identifiable charge is not made to*  
20 *or collected from the debtor.*

21     **Sec. 42.** *For credit personal property insurance sold in*  
22 *conjunction with a closed-end credit transaction, an insurer shall*  
23 *not:*

24         1. *Issue credit personal property insurance unless the amount*  
25 *financed exceeds \$300;*

26         2. *Issue credit personal property insurance in an amount that*  
27 *exceeds the amount of the underlying credit transaction; and*

28         3. *Sell credit personal property insurance with a term that*  
29 *exceeds the scheduled term of the underlying credit transaction.*

30     **Sec. 43.** *Credit personal property insurance must:*

31         1. *At a minimum, include the coverage in the standard fire*  
32 *policy with coverage attachment and extended coverage*  
33 *endorsement; and*

34         2. *Cover a substantial risk of loss of or damage to the*  
35 *property related to the credit transaction.*

36     **Sec. 44.** 1. *An insurer shall not:*

37         (a) *Require the bundling of other credit insurance coverage*  
38 *with the purchase of credit personal property insurance; and*

39         (b) *Use gross debt in any manner to determine the premiums*  
40 *for credit personal property insurance.*

41         2. *A debtor must have a choice to purchase credit personal*  
42 *property insurance separately from other credit insurance*  
43 *coverage.*

44     **Sec. 45.** 1. *Before a debtor elects to purchase credit*  
45 *personal property insurance in connection with a credit*



1 *transaction, the following information must be disclosed to the*  
2 *debtor in writing:*

3 *(a) That the purchase of credit personal property insurance*  
4 *from the creditor is not mandatory and is not a condition for*  
5 *obtaining credit approval;*

6 *(b) If more than one type of credit insurance is made available*  
7 *to the debtor, whether the debtor may purchase credit personal*  
8 *property insurance separately from any other credit insurance;*

9 *(c) The conditions of eligibility;*

10 *(d) That if the debtor has other insurance that covers the risk,*  
11 *the debtor may not want or need credit personal property*  
12 *insurance;*

13 *(e) That the debtor may cancel the insurance at any time, or if*  
14 *evidence of insurance is required for the extension of credit, upon*  
15 *proof of insurance that is acceptable to the creditor, and obtain a*  
16 *refund of:*

17 *(1) If the cancellation is not more than 30 days after the*  
18 *debtor receives the individual policy or certificate of insurance,*  
19 *any premium paid by the debtor; or*

20 *(2) If the cancellation is more than 30 days after the debtor*  
21 *receives the individual policy or certificate of insurance, any*  
22 *unearned premium paid by the debtor;*

23 *(f) A brief description of the coverage, including a description*  
24 *of the amount, term, extensions, limitations, perils and exclusions,*  
25 *the insured event, any waiting or elimination period, any*  
26 *deductible, any applicable waiver of premium, the person who*  
27 *would receive any benefits, and the premium or premium rate for*  
28 *the credit personal property insurance; and*

29 *(g) If the premium or charge is for the insurance financed,*  
30 *that it will be subject to finance charges at the rate applicable to*  
31 *the credit transaction.*

32 *2. The disclosures required pursuant to subsection 1:*

33 *(a) If made in connection with credit personal property*  
34 *insurance offered at the same time as the extension of credit or*  
35 *offered through direct mail advertisements, must be made in*  
36 *writing and presented to the customer in a clear and conspicuous*  
37 *manner; or*

38 *(b) If made in connection with credit personal property*  
39 *insurance offered after the extension of credit other than through*  
40 *direct mail advertisements, may be provided orally or*  
41 *electronically if written disclosures are provided not later than the*  
42 *earlier of:*

43 *(1) Ten days after the debtor elects to accept the coverage;*  
44 *or*



(2) *The date any other written material is provided by the creditor to the debtor.*

**Sec. 46.** *An offer to extend coverage for an open-end credit transaction must include, at the time of the invitation to contract, a written disclosure or, if the solicitation is made by telephone and the written disclosure is mailed to the debtor not later than 10 days after enrollment, an oral summary of the written disclosure. The written disclosure must be in not smaller than 12-point type and be in substantially the following form:*

*This coverage may duplicate existing coverage if you have a residential property insurance policy. It applies to any item of covered property on which you owe a debt. This coverage is primary, so it is the first source to be used in the event of a loss on property it covers. You may cancel this coverage at any time by calling the insurer during business hours at the telephone number provided to you or by writing to the insurer. We are charging you a premium that may be based on subjects for which a claim cannot be made, such as services, meals or other consumables, entertainment, finance or service fees, loan interest, delivery charges or other insurance premiums.*

**Sec. 47. 1.** *All credit personal property insurance must be evidenced by an individual policy or a certificate of insurance that is delivered to the debtor.*

**2.** *The individual policy or certificate of insurance must, in addition to other requirements of law, include:*

*(a) The name and address of the home office of the insurer;*

*(b) The name of each debtor or, on a certificate of insurance, the identity by name or otherwise of each debtor;*

*(c) The amount of the premium or payment of the debtor or, for open-end credit, the premium rate, basis of the calculation of premiums and balance to which the premium rate applies;*

*(d) A complete description of the coverage or coverages, including the amount of coverage and any exceptions, limitations and exclusions;*

*(e) A statement that all benefits must be paid to the creditor to reduce or extinguish the unpaid debt or to repair or replace the property and that if the benefits exceed the unpaid debt, any excess benefit must be paid to the debtor;*

*(f) If the scheduled term of the insurance is less than the scheduled term of the credit transaction, a statement indicating that fact set forth on the face of the individual policy or certificate of insurance in not less than 10-point bold type; and*



(g) If the policy is related to open-end credit, a statement that the debtor will, at least once each year, receive the statement as required pursuant to subsection 3.

3. For credit personal property insurance related to open-end credit, the creditor must provide to the debtor at least once each year with the account statement a statement in the following form in at least 12-point type:

You are paying a premium for credit personal property insurance based on the outstanding balance of this account. You may cancel this coverage at any time by calling the insurer during business hours at the telephone number provided to you or by writing to the insurer. You are being charged a premium that may be based on subjects for which a claim cannot be made, such as services, meals or other consumables, entertainment, finance or service fees, loan interest, delivery charges or other insurance premiums.

**Sec. 48.** 1. Except as otherwise provided in subsection 2, the individual policy or certificate of insurance must be delivered to the debtor upon acceptance of the insurance by the insurer.

2. An individual policy or certificate of insurance made in connection with an open-end credit agreement or any credit personal property insurance requested by the debtor after the date the debt is incurred must be delivered to the debtor not more than 30 days after the debtor requested the insurance.

**Sec. 49.** 1. All policies, certificates of insurance, applications for insurance, enrollment forms, endorsements and riders delivered or issued for delivery in this State and the schedules of premium rates related thereto must be filed with the Commissioner.

2. An item filed with the Commissioner pursuant to subsection 1 may not be issued until 60 days after it is filed with the Commissioner or until the written prior approval of the Commissioner is obtained.

3. The Commissioner shall, not more than 60 days after an item is submitted to him pursuant to subsection 1, disapprove the item if the benefits are not reasonable in relation to the premium charged or if the item contains provisions that are unjust, unfair, inequitable, misleading or deceptive or encourage misrepresentation of the coverage or are contrary to any provision of the Code or any regulation adopted pursuant to the Code. If the Commissioner does not disapprove an item filed pursuant to subsection 1 in accordance with this subsection, the item shall be deemed to be approved.



1     4. *If the Commissioner notifies an insurer that an item is*  
2 *disapproved pursuant to subsection 3, the insurer shall not use the*  
3 *item. The notice must include the reason for the disapproval and*  
4 *state that a hearing will be granted not less than 30 days after the*  
5 *insurer submits a written request for a hearing to the*  
6 *Commissioner, unless postponed by mutual consent or by order of*  
7 *the Commissioner.*

8     5. *The Commissioner may hold a hearing to withdraw*  
9 *approval of an item submitted pursuant to subsection 1 not less*  
10 *than 20 days after providing a written notice of the hearing to the*  
11 *insurer. The written notice must include one of the reasons*  
12 *described in subsection 3 for the proposed withdrawal of approval*  
13 *of the item. An insurer shall not use an item if approval of the*  
14 *item is withdrawn pursuant to this subsection.*

15     **Sec. 50.** *If an insurer revises its schedule of premium rates, it*  
16 *shall file the revised schedule with the Commissioner pursuant to*  
17 *section 49 of this act. An insurer shall not issue credit personal*  
18 *property insurance for which the premium rates exceed the rates*  
19 *determined by the schedule approved by the Commissioner.*

20     **Sec. 51.** *Benefits provided by credit personal property*  
21 *insurance must be reasonable in relation to the premium charged.*  
22 *Benefits shall be deemed to be reasonable if the premium rate*  
23 *charged develops or may reasonably be expected to develop a loss*  
24 *ratio of not less than 60 percent or such higher loss ratio as*  
25 *designated by the Commissioner to afford reasonable allowance*  
26 *for actual and expected loss experience, including a reasonable*  
27 *catastrophe provision and reasonable general and administrative*  
28 *expenses, acquisition expenses, creditor compensation, investment*  
29 *income, premium taxes, licenses, fees, assessments and profit for*  
30 *the insurer.*

31     **Sec. 52.** *For open-end credit transactions, the rating plan of*  
32 *the insurer must address, by the grouping of similar accounts, the*  
33 *expected variance in the ratio of goods purchased that are covered*  
34 *under the credit personal property insurance and goods that are*  
35 *not covered by that insurance. Accounts must be separated into*  
36 *groups that have or are expected to have a similar ratio of goods*  
37 *purchased that are covered under the credit personal property*  
38 *insurance and goods that are not covered by that insurance.*

39     **Sec. 53.** *An insurer shall not pay to a creditor compensation*  
40 *in excess of 20 percent of the premium. A reasonable level of*  
41 *creditor compensation may be lower than 20 percent. A reasonable*  
42 *level of compensation must be considered in determining the*  
43 *extent to which benefits are reasonable pursuant to sections 49 to*  
44 *52, inclusive, of this act.*



1     **Sec. 54.** *Each year, not later than the date specified in the*  
2 *Instructions to the Annual Statement published by the National*  
3 *Association of Insurance Commissioners, an insurer doing*  
4 *business in this State shall file with the Commissioner and the*  
5 *National Association of Insurance Commissioners a report of*  
6 *credit personal property insurance written on the basis of a*  
7 *calendar year. The report must be prepared using the Credit*  
8 *Insurance Supplement-Annual Statement Blank approved by the*  
9 *National Association of Insurance Commissioners and must*  
10 *contain separate data for each state.*

11     **Sec. 55.** *A rate that has been filed and approved pursuant to*  
12 *section 49 of this act is effective for a period not to exceed 3 years*  
13 *after the date of approval. The insurer shall file a rate for*  
14 *approval before the expiration of the 3-year period. The insurer*  
15 *may file a rate for approval at any time before the expiration of*  
16 *the 3-year period.*

17     **Sec. 56.** *Except as otherwise provided in this section, a*  
18 *debtor is entitled to a refund of unearned premiums calculated on*  
19 *a daily pro rata basis if the credit personal property insurance of*  
20 *the debtor is cancelled for any reason and if the amount of the*  
21 *refund is \$10 or more.*

22     **Sec. 57. 1.** *All claims must be promptly reported to the*  
23 *insurer or its designated claim representative, and the insurer*  
24 *shall maintain adequate files on all reported claims. All claims*  
25 *must be settled as soon as practicable and in accordance with the*  
26 *terms of the insurance contract.*

27     **2.** *All claims must be paid by draft drawn upon the insurer,*  
28 *by electronic funds transfer or by check of the insurer to the order*  
29 *of:*

30     *(a) The claimant to whom payment of the claim is due*  
31 *pursuant to the provisions of the policy; or*

32     *(b) Any other person designated by the claimant to whom*  
33 *payment is due.*

34     **Sec. 58.** *A plan or arrangement may not be used whereby a*  
35 *person other than the insurer or its designated claim*  
36 *representative is authorized to settle or adjust claims. The creditor*  
37 *may not be designated as the representative for the insurer in*  
38 *adjusting claims, except that a group policyholder may, by*  
39 *arrangement with the group insurer, draw drafts or checks in*  
40 *payment of claims due the group policyholder subject to the*  
41 *periodic audit of the insurer.*

42     **Sec. 59.** *A claim made pursuant to credit personal property*  
43 *insurance must not be denied more than 90 days after the*  
44 *initiation of coverage because the debtor was ineligible for*  
45 *coverage unless the debtor misrepresented a material fact. If a*



*claim is denied within 90 days after the initiation of coverage because the debtor was ineligible for coverage or because the debtor misrepresented a material fact, the insurer shall refund to the debtor any premium paid and the creditor shall refund to the debtor any finance charge paid on the premium.*

**Sec. 60. The Commissioner:**

*1. Shall, by regulation, establish reasonable rates as described in this chapter; and*

*2. May adopt any other regulations to carry out the provisions of this chapter.*

**Sec. 61.** *In addition to any other penalty provided by law, a person who violates a provision of this chapter or a final order of or a regulation adopted by the Commissioner pursuant to this chapter, after notice and a hearing, upon order of the Commissioner is subject to:*

*1. The imposition of an administrative fine not to exceed \$5,000 per violation, or \$10,000 per violation if the Commissioner determines that the violation was willful; and*

*2. Revocation of the license or certificate of authority held by the person.*

**Sec. 62.** Chapter 680B of NRS is hereby amended by adding thereto a new section to read as follows:

*Each risk retention group which is chartered in a state other than this State and which is registered in this State pursuant to NRS 695E.140 to 695E.200, inclusive, shall pay the tax imposed by NRS 680B.027 at a rate of 2 percent.*

**Sec. 63.** NRS 680B.010 is hereby amended to read as follows:

680B.010 The Commissioner shall collect in advance and receipt for, and persons so served must pay to the Commissioner, fees and miscellaneous charges as follows:

1. Insurer's certificate of authority:

(a) Filing initial application..... \$2,450

(b) Issuance of certificate:

(1) For any one kind of insurance as defined in NRS 681A.010 to 681A.080, inclusive..... 283

(2) For two or more kinds of insurance as so defined..... 578

(3) For a reinsurer..... 2,450

(c) Each annual continuation of a certificate..... 2,450

(d) Reinstatement pursuant to NRS 680A.180, 50 percent of the annual continuation fee otherwise required.

(e) Registration of additional title pursuant to NRS 680A.240..... 50

(f) Annual renewal of the registration of additional title pursuant to NRS 680A.240 ..... 25





1	2. Charter documents, other than those filed with an	
2	application for a certificate of authority. Filing	
3	amendments to articles of incorporation, charter, bylaws,	
4	power of attorney and other constituent documents of the	
5	insurer, each document .....	\$10
6	3. Annual statement or report. For filing annual	
7	statement or report .....	\$25
8	4. Service of process:	
9	(a) Filing of power of attorney .....	\$5
10	(b) Acceptance of service of process.....	30
11	5. Licenses, appointments and renewals for producers	
12	of insurance:	
13	(a) Application and license.....	\$125
14	(b) Appointment fee for each insurer .....	15
15	(c) Triennial renewal of each license .....	125
16	(d) Temporary license .....	10
17	(e) Modification of an existing license.....	50
18	6. Surplus lines brokers:	
19	(a) Application and license.....	\$125
20	(b) Triennial renewal of each license .....	125
21	7. Managing general agents' licenses, appointments	
22	and renewals:	
23	(a) Application and license.....	\$125
24	(b) Appointment fee for each insurer .....	15
25	(c) Triennial renewal of each license .....	125
26	8. Adjusters' licenses and renewals:	
27	(a) Independent and public adjusters:	
28	(1) Application and license .....	\$125
29	(2) Triennial renewal of each license .....	125
30	(b) Associate adjusters:	
31	(1) Application and license .....	125
32	(2) Triennial renewal of each license .....	125
33	9. Licenses and renewals for appraisers of physical	
34	damage to motor vehicles:	
35	(a) Application and license.....	\$125
36	(b) Triennial renewal of each license .....	125
37	10. Additional title and property insurers pursuant to	
38	NRS 680A.240:	
39	(a) Original registration .....	\$50
40	(b) Annual renewal .....	25
41	11. Insurance vending machines:	
42	(a) Application and license, for each machine .....	\$125
43	(b) Triennial renewal of each license .....	125
44	12. Permit for solicitation for securities:	
45	(a) Application for permit.....	\$100



1	(b) Extension of permit.....	\$50
2	13. Securities salesmen for domestic insurers:	
3	(a) Application and license.....	\$25
4	(b) Annual renewal of license .....	15
5	14. Rating organizations:	
6	(a) Application and license.....	\$500
7	(b) Annual renewal .....	500
8	15. Certificates and renewals for administrators	
9	licensed pursuant to chapter 683A of NRS:	
10	(a) Application and certificate of registration .....	\$125
11	(b) Triennial renewal .....	125
12	16. For copies of the insurance laws of Nevada, a fee	
13	which is not less than the cost of producing the copies.	
14	17. Certified copies of certificates of authority and	
15	licenses issued pursuant to the <del>Insurance</del> Code .....	\$10
16	18. For copies and amendments of documents on file	
17	in the Division, a reasonable charge fixed by the	
18	Commissioner, including charges for duplicating or	
19	amending the forms and for certifying the copies and	
20	affixing the official seal.	
21	19. Letter of clearance for a producer of insurance or	
22	other licensee if requested by someone other than the	
23	licensee .....	\$10
24	20. Certificate of status as a producer of insurance or	
25	other licensee if requested by someone other than the	
26	licensee .....	\$10
27	21. Licenses, appointments and renewals for bail	
28	agents:	
29	(a) Application and license.....	\$125
30	(b) Appointment for each surety insurer .....	15
31	(c) Triennial renewal of each license .....	125
32	22. Licenses and renewals for bail enforcement	
33	agents:	
34	(a) Application and license.....	\$125
35	(b) Triennial renewal of each license .....	125
36	23. Licenses, appointments and renewals for general	
37	agents for bail:	
38	(a) Application and license.....	\$125
39	(b) Initial appointment by each insurer .....	15
40	(c) Triennial renewal of each license .....	125
41	24. Licenses and renewals for bail solicitors:	
42	(a) Application and license.....	\$125
43	(b) Triennial renewal of each license .....	125



1	25. Licenses and renewals for title agents and escrow	
2	officers:	
3	(a) Application and license.....	\$125
4	(b) Triennial renewal of each license .....	125
5	(c) Appointment fee for each title insurer .....	15
6	(d) Change in name or location of business or in	
7	association .....	10
8	26. Certificate of authority and renewal for a seller of	
9	prepaid funeral contracts .....	\$125
10	27. Licenses and renewals for agents for prepaid	
11	funeral contracts:	
12	(a) Application and license.....	\$125
13	(b) Triennial renewal of each license .....	125
14	28. Licenses, appointments and renewals for agents	
15	for fraternal benefit societies:	
16	(a) Application and license.....	\$125
17	(b) Appointment for each insurer .....	15
18	(c) Triennial renewal of each license .....	125
19	29. Reinsurance intermediary broker or manager:	
20	(a) Application and license.....	\$125
21	(b) Triennial renewal of each license .....	125
22	30. Agents for and sellers of prepaid burial contracts:	
23	(a) Application and certificate or license .....	\$125
24	(b) Triennial renewal .....	125
25	31. Risk retention groups:	
26	(a) Initial registration <del>{and review of an application</del>	
27	<del>.....</del> <del>\$2,450</del> <b>\$250</b>	
28	(b) Each annual continuation of a certificate of	
29	registration.....	<del>{2,450}</del> <b>250</b>
30	32. Required filing of forms:	
31	(a) For rates and policies .....	\$25
32	(b) For riders and endorsements.....	10
33	33. Viatical settlements:	
34	(a) Provider of viatical settlements:	
35	(1) Application and license .....	\$1,000
36	(2) Annual renewal.....	1,000
37	(b) Broker of viatical settlements:	
38	(1) Application and license .....	500
39	(2) Annual renewal.....	500
40	34. Insurance consultants:	
41	(a) Application and license.....	\$125
42	(b) Triennial renewal .....	125



1	35. Licensee's association with or appointment or	
2	sponsorship by an organization:	
3	(a) Initial appointment, association or sponsorship, for	
4	each organization.....	\$50
5	(b) Renewal of each association or sponsorship .....	50
6	(c) Annual renewal of appointment.....	15
7	36. Purchasing groups:	
8	(a) Initial registration and review of an application .....	\$100
9	(b) Each annual continuation of registration .....	100
10	<b>Sec. 64.</b> NRS 680B.010 is hereby amended to read as follows:	
11	680B.010 The Commissioner shall collect in advance and	
12	receipt for, and persons so served must pay to the Commissioner,	
13	fees and miscellaneous charges as follows:	
14	1. Insurer's certificate of authority:	
15	(a) Filing initial application.....	\$2,450
16	(b) Issuance of certificate:	
17	(1) For any one kind of insurance as defined in	
18	NRS 681A.010 to 681A.080, inclusive.....	283
19	(2) For two or more kinds of insurance as so	
20	defined .....	578
21	(3) For a reinsurer.....	2,450
22	(c) Each annual continuation of a certificate.....	2,450
23	(d) Reinstatement pursuant to NRS 680A.180, 50	
24	percent of the annual continuation fee otherwise required.	
25	(e) Registration of additional title pursuant to	
26	NRS 680A.240.....	50
27	(f) Annual renewal of the registration of additional	
28	title pursuant to NRS 680A.240 .....	25
29	2. Charter documents, other than those filed with an	
30	application for a certificate of authority. Filing	
31	amendments to articles of incorporation, charter, bylaws,	
32	power of attorney and other constituent documents of the	
33	insurer, each document .....	\$10
34	3. Annual statement or report. For filing annual	
35	statement or report .....	\$25
36	4. Service of process:	
37	(a) Filing of power of attorney .....	\$5
38	(b) Acceptance of service of process.....	30
39	5. Licenses, appointments and renewals for producers	
40	of insurance:	
41	(a) Application and license.....	\$125
42	(b) Appointment fee for each insurer .....	15
43	(c) Triennial renewal of each license .....	125
44	(d) Temporary license .....	10
45	(e) Modification of an existing license.....	50



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



1	Commissioner, including charges for duplicating or	
2	amending the forms and for certifying the copies and	
3	affixing the official seal.	
4	19. Letter of clearance for a producer of insurance or	
5	other licensee if requested by someone other than the	
6	licensee .....	\$10
7	20. Certificate of status as a producer of insurance or	
8	other licensee if requested by someone other than the	
9	licensee .....	\$10
10	21. Licenses, appointments and renewals for bail	
11	agents:	
12	(a) Application and license.....	\$125
13	(b) Appointment for each surety insurer .....	15
14	(c) Triennial renewal of each license .....	125
15	22. Licenses and renewals for bail enforcement	
16	agents:	
17	(a) Application and license.....	\$125
18	(b) Triennial renewal of each license .....	125
19	23. Licenses, appointments and renewals for general	
20	agents for bail:	
21	(a) Application and license.....	\$125
22	(b) Initial appointment by each insurer .....	15
23	(c) Triennial renewal of each license .....	125
24	24. Licenses and renewals for bail solicitors:	
25	(a) Application and license.....	\$125
26	(b) Triennial renewal of each license .....	125
27	25. Licenses and renewals for title agents and escrow	
28	officers:	
29	(a) Application and license .....	\$125
30	(b) Triennial renewal of each license .....	125
31	(c) Appointment fee for each title insurer .....	15
32	(d) Change in name or location of business or in	
33	association .....	10
34	26. Certificate of authority and renewal for a seller of	
35	prepaid funeral contracts .....	\$125
36	27. Licenses and renewals for agents for prepaid	
37	funeral contracts:	
38	(a) Application and license.....	\$125
39	(b) Triennial renewal of each license .....	125
40	28. Licenses, appointments and renewals for agents	
41	for fraternal benefit societies:	
42	(a) Application and license.....	\$125
43	(b) Appointment for each insurer .....	15
44	(c) Triennial renewal of each license .....	125



1	29. Reinsurance intermediary broker or manager:	
2	(a) Application and license.....	\$125
3	(b) Triennial renewal of each license .....	125
4	30. Agents for and sellers of prepaid burial contracts:	
5	(a) Application and certificate or license .....	\$125
6	(b) Triennial renewal.....	125
7	31. Risk retention groups:	
8	(a) Initial registration.....	\$250
9	(b) Each annual continuation of a certificate of	
10	registration.....	250
11	32. Required filing of forms:	
12	(a) For rates and policies .....	\$25
13	(b) For riders and endorsements.....	10
14	33. Viatical settlements:	
15	(a) Provider of viatical settlements:	
16	(1) Application and license .....	\$1,000
17	(2) Annual renewal.....	1,000
18	(b) Broker of viatical settlements:	
19	(1) Application and license .....	500
20	(2) Annual renewal.....	500
21	(c) <i>Registration of producer of insurance acting as a</i>	
22	<i>viatical settlement broker.....</i>	<i>250</i>
23	34. Insurance consultants:	
24	(a) Application and license.....	\$125
25	(b) Triennial renewal.....	125
26	35. Licensee's association with or appointment or	
27	sponsorship by an organization:	
28	(a) Initial appointment, association or sponsorship, for	
29	each organization.....	\$50
30	(b) Renewal of each association or sponsorship .....	50
31	(c) Annual renewal of appointment.....	15
32	36. Purchasing groups:	
33	(a) Initial registration and review of an application .....	\$100
34	(b) Each annual continuation of registration .....	100
35	<b>Sec. 65.</b> NRS 680B.027 is hereby amended to read as follows:	
36	680B.027 1. Except as otherwise provided in NRS 680B.033,	
37	680B.050 and 690C.110, <i>and section 62 of this act</i> , for the privilege	
38	of transacting business in this State, each insurer shall pay to the	
39	Department of Taxation a tax upon his net direct premiums and net	
40	direct considerations written at the rate of 3.5 percent.	
41	2. The tax must be paid in the manner required by NRS	
42	680B.030 and 680B.032.	
43	3. The Commissioner or the Executive Director of the	
44	Department of Taxation may require at any time verified	





1 supplemental statements with reference to any matter pertinent to  
2 the proper assessment of the tax.

3 **Sec. 66.** NRS 682A.180 is hereby amended to read as follows:

4 682A.180 An insurer may lend and thereby invest its funds  
5 upon the pledge of securities eligible for investment under this  
6 chapter. As of the date made, ~~[no such loan shall]~~ *the loan must not*  
7 exceed in amount 90 percent of the market value of ~~[such]~~ *the*  
8 collateral pledged. ~~[The amount so loaned shall be included pro rata~~  
9 ~~in determining the maximum percentage of funds permitted under~~  
10 ~~this chapter to be invested in the respective categories of securities~~  
11 ~~so pledged.]~~

12 **Sec. 67.** NRS 682A.200 is hereby amended to read as follows:

13 682A.200 1. An insurer may make loans or investments not  
14 otherwise expressly permitted under this chapter, in an aggregate  
15 amount not over 10 percent of the insurer's admitted assets and not  
16 over ~~[4]~~ *5* percent of those assets as to any one such loan or  
17 investment, if the loan or investment fulfills the requirements of  
18 NRS 682A.030 and otherwise qualifies as a sound investment. No  
19 such loan or investment may be represented by:

20 (a) Any item described in NRS 681B.020, or any loan or  
21 investment otherwise expressly prohibited.

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

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

27 (d) Any asset acquired or held by the insurer under any other  
28 category of loans or investments eligible under this chapter.

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

31 **Sec. 68.** NRS 682A.230 is hereby amended to read as follows:

32 682A.230 1. An insurer may invest in bonds or notes secured  
33 by mortgages or deeds of trust representing first *or second* liens  
34 upon ~~[unencumbered]~~ real property located in this or another state,  
35 or in Canada, subject to the following conditions:

36 (a) The amount loaned, or the aggregate amount of bonds issued  
37 upon the security of a mortgage or deed of trust, ~~[shall]~~ *must* not at  
38 the time of the investment exceed ~~[75]~~ *85* percent of the fair market  
39 value of the real property. The value of the property ~~[shall]~~ *must* be  
40 substantiated by the appraisal of a recognized or experienced real  
41 estate appraiser acceptable to the Commissioner. Before making the  
42 investment, a certificate of the value of the property, based on ~~[such~~  
43 ~~appraisal, shall]~~ *the appraisal, must* be executed by the insurer's  
44 board of directors or by an investment committee of the board of



1 directors making or authorizing the investment on the insurer's  
2 behalf.

3 (b) There ~~[shall]~~ *must* have been no default as to payment of any  
4 part of the principal or interest of any such bond or note.

5 (c) The total investment in any one such note, or bond or bonds  
6 secured by the same real property, ~~[shall]~~ *must* not exceed ~~[\$30,000~~  
7 ~~or 2]~~ *\$100,000 or 5* percent of the insurer's assets, whichever is  
8 ~~[the]~~ greater.

9 (d) In applying the limitation under paragraph (a), there may be  
10 excluded from the amount invested that portion of the investment  
11 which is guaranteed by the Executive Director for Veterans'  
12 Services pursuant to the Servicemen's Readjustment Act of 1944, as  
13 amended, or insured by the Federal Housing Administrator or other  
14 agency of the Government of the United States, or by an agency of  
15 the Government of Canada.

16 2. "Improved real property" means all farmland which has  
17 been reclaimed and is used for the purpose of husbandry, whether  
18 for tillage or pasture, and all real property within the limits of an  
19 incorporated village, town or city on which permanent buildings  
20 suitable for residence or commercial use are situated.

21 3. For the purposes of this section , real property shall not be  
22 deemed to be encumbered:

23 (a) By reason of the existence of taxes or assessments which are  
24 not delinquent, instruments creating or reserving mineral, oil or  
25 timber rights, rights-of-way, joint driveways, sewer rights, rights in  
26 walls, or by reason of building restrictions or other restrictive  
27 covenants; or

28 (b) When such real property is subject to lease in whole or in  
29 part whereby rents or profits are reserved to the owner, if the  
30 security for such investment is a full and unrestricted first lien upon  
31 such real property and there is no condition or right of reentry or  
32 forfeiture under which such investments can be cut off, subordinated  
33 or otherwise disturbed.

34 **Sec. 69.** Chapter 683A of NRS is hereby amended by adding  
35 thereto a new section to read as follows:

36 *1. A producer of insurance who is appointed as an agent may*  
37 *pay a commission or compensation for or on account of the*  
38 *selling, soliciting, procuring or negotiating of insurance in this*  
39 *State only to a licensed and appointed producer of insurance of*  
40 *the insurer with whom insurance was placed or to a licensed*  
41 *producer acting as a broker.*

42 *2. A licensee shall not accept any commission or*  
43 *compensation to which he is not entitled pursuant to the*  
44 *provisions of this title.*



1     **Sec. 70.** NRS 683A.251 is hereby amended to read as follows:

2     683A.251 1. The Commissioner shall prescribe the form of  
3 application by a natural person for a license as a resident producer  
4 of insurance. The applicant must declare, under penalty of refusal to  
5 issue, or suspension or revocation of, the license, that the statements  
6 made in the application are true, correct and complete to the best of  
7 his knowledge and belief. Before approving the application, the  
8 Commissioner must find that the applicant has:

9     (a) Attained the age of 18 years;

10    (b) Not committed any act that is a ground for refusal to issue,  
11 or suspension or revocation of, a license;

12    (c) Completed a course of study for the lines of authority for  
13 which the application is made, unless the applicant is exempt from  
14 this requirement;

15    (d) Paid the fee prescribed for the license and a fee of \$15 for  
16 deposit in the Insurance Recovery Account, neither of which may be  
17 refunded; and

18    (e) Successfully passed the examinations for the lines of  
19 authority for which application is made, unless the applicant is  
20 exempt from this requirement.

21    2. A business organization must be licensed as a producer of  
22 insurance in order to act as such. Application must be made on a  
23 form prescribed by the Commissioner. Before approving the  
24 application, the Commissioner must find that the applicant has:

25    (a) Paid the fee prescribed for the license and a fee of \$15 for  
26 deposit in the Insurance Recovery Account, neither of which may be  
27 refunded; and

28    (b) Designated a natural person who is licensed as a producer of  
29 insurance and who is affiliated with the business organization to be  
30 responsible for the organization's compliance with the laws and  
31 regulations of this State relating to insurance.

32    3. A natural person who is a resident of this State applying for  
33 a license must furnish a ~~copy of a search concerning him conducted~~  
34 ~~by the Federal Bureau of Investigation in its national criminal~~  
35 ~~records and of a search concerning him of~~ *complete set of his*  
36 *fingerprints which the Commissioner may forward to* the Central  
37 Repository for Nevada Records of Criminal History ~~[ ]~~ *for*  
38 *submission to the Federal Bureau of Investigation for its report.*  
39 The Commissioner shall adopt regulations concerning the  
40 procedures for obtaining this information.

41    4. The Commissioner may require any document reasonably  
42 necessary to verify information contained in an application.

43     **Sec. 71.** NRS 683A.361 is hereby amended to read as follows:

44     683A.361 1. An insurer or a producer of insurance shall not  
45 pay a commission, brokerage, fee for service or other valuable



1 consideration to a person for selling, soliciting or negotiating  
2 insurance in this State if his activities require him to be licensed  
3 under this title and he is not so licensed.

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

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

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

17 5. *An insurer shall not pay a commission, directly or*  
18 *indirectly, to a producer of insurance for selling, soliciting or*  
19 *negotiating insurance in this State unless the producer of*  
20 *insurance is appointed as an agent of the insurer as provided in*  
21 *NRS 683A.321. This subsection does not apply to a broker for*  
22 *reinsurance or to business placed pursuant to subsection 3, NRS*  
23 *685A.155 or section 69 of this act, or contracts entered into*  
24 *pursuant to NRS 693A.110 which are approved by the*  
25 *Commissioner.*

26 6. *A producer of insurance shall not accept a commission*  
27 *from an insurer for selling, soliciting or negotiating insurance in*  
28 *this State unless he is appointed as an agent of the insurer as*  
29 *provided in NRS 683A.321. This subsection does not apply to a*  
30 *broker for reinsurance or to business placed pursuant to*  
31 *subsection 3, NRS 685A.155 or section 69 of this act, or contracts*  
32 *entered into pursuant to NRS 693A.110 which are approved by the*  
33 *Commissioner.*

34 7. *As used in this section, "broker for reinsurance" has the*  
35 *meaning ascribed to it in NRS 681A.280.*

36 **Sec. 72.** NRS 684A.070 is hereby amended to read as follows:

37 684A.070 1. For the protection of the people of this State, the  
38 Commissioner may not issue or continue any license as an adjuster  
39 except in compliance with the provisions of this chapter. Any person  
40 for whom a license is issued or continued must:

41 (a) Be at least 18 years of age;

42 (b) Except as otherwise provided in subsection 2, be a resident  
43 of this State, and have resided therein for at least 90 days before his  
44 application for the license;



(c) Be competent, trustworthy, financially responsible and of good reputation;

(d) Never have been convicted of, or entered a plea of guilty or nolo contendere to, forgery, embezzlement, obtaining money under false pretenses, larceny, extortion, conspiracy to defraud or any crime involving moral turpitude;

(e) Have had at least 2 years' recent experience with respect to the handling of loss claims of sufficient character reasonably to enable him to fulfill the responsibilities of an adjuster;

(f) Pass all examinations required under this chapter; and

(g) Not be concurrently licensed as ~~{an agent, broker, solicitor}~~ *a producer of insurance for property, casualty or surety* or *a* surplus lines broker, except as a bail agent.

2. The Commissioner may waive the residency requirement set forth in paragraph (b) of subsection 1 if the applicant is:

(a) An adjuster licensed under the laws of another state who has been brought to this State by a firm or corporation with whom he is employed that is licensed as an adjuster in this State to fill a vacancy in the firm or corporation in this State;

(b) An adjuster licensed in an adjoining state whose principal place of business is located within 50 miles from the boundary of this State; or

(c) An adjuster who is applying for a limited license pursuant to NRS 684A.155.

3. A conviction of, or plea of guilty or nolo contendere by, an applicant or licensee for any crime listed in paragraph (d) of subsection 1 is a sufficient ground for the Commissioner to deny a license to the applicant, or to suspend, revoke or limit the license of an adjuster pursuant to NRS 684A.210.

**Sec. 73.** NRS 684A.080 is hereby amended to read as follows:

684A.080 1. A firm or corporation may be licensed either as an independent adjuster or public adjuster. Each general partner and each other natural person to act for the firm, or each natural person to act for the corporation, must be named in the license ~~{or registered with the Commissioner,}~~ and must qualify as an individual licensee. A natural person who is authorized to act for a firm or corporation and who also wishes to be licensed in an individual capacity must obtain a separate license in his own name. The Commissioner shall charge a full additional fee for each natural person named in ~~{or registered as to}~~ the license.

2. Transaction of business under the license must be within the purposes stated in the firm's partnership agreement or the corporation's charter.



1 3. The licensee shall promptly notify the Commissioner in  
2 writing of all changes among its members, directors, officers and  
3 other natural persons designated in ~~{or registered as to}~~ the license.

4 **Sec. 74.** NRS 684A.140 is hereby amended to read as follows:

5 684A.140 1. Concurrently with an application for a license or  
6 for renewal of a license as an adjuster, the applicant or licensee must  
7 provide an appointment for each associate adjuster employed by him  
8 or to be employed by him contingent upon issuance of the license.  
9 Each person who desires to become licensed as an associate adjuster  
10 must submit an application to the Commissioner for such a license.  
11 The application must include the social security number of the  
12 applicant.

13 2. Upon payment of the appropriate fee, the Commissioner  
14 shall issue and deliver to a licensed adjuster a license for each  
15 associate authorized by the State to act on behalf of the licensee.  
16 The Commissioner shall not issue a license as an associate adjuster  
17 to a person who is licensed as ~~{an agent, broker, solicitor}~~ *a*  
18 *producer of insurance for property, casualty or surety* or *a* surplus  
19 lines broker.

20 3. The license of an associate adjuster may be renewed upon  
21 payment of the applicable fee. His license ~~{expires}~~ *terminates* at  
22 the same time as the license of the employing adjuster ~~{, except that~~  
23 ~~the}~~ *unless, within 30 days after the termination of the license, the*  
24 *associate adjuster submits to the Commissioner the applicable fee*  
25 *and a request to be employed by another employing adjuster. The*  
26 Commissioner shall promptly terminate an associate adjuster's  
27 license upon written request therefor by the employing adjuster.

28 4. A person shall not act as or hold himself out in this State to  
29 be an associate adjuster unless he holds a current license as such  
30 issued to him by the Commissioner. A violation of this provision is  
31 a gross misdemeanor.

32 **Sec. 75.** NRS 684A.140 is hereby amended to read as follows:

33 684A.140 1. Concurrently with an application for a license or  
34 for renewal of a license as an adjuster, the applicant or licensee must  
35 provide an appointment for each associate adjuster employed by him  
36 or to be employed by him contingent upon issuance of the license.  
37 Each person who desires to become licensed as an associate adjuster  
38 must submit an application to the Commissioner for such a license.

39 2. Upon payment of the appropriate fee, the Commissioner  
40 shall issue and deliver to a licensed adjuster a license for each  
41 associate authorized by the State to act in behalf of the licensee. The  
42 Commissioner shall not issue a license as an associate adjuster to a  
43 person who is licensed as ~~{an agent, broker, solicitor}~~ *a producer of*  
44 *insurance for property, casualty or surety* or *a* surplus lines broker.



3. The license of an associate adjuster may be renewed upon payment of the applicable fee. His license ~~[expires]~~ *terminates* at the same time as the license of the employing adjuster ~~[, except that the]~~ *unless, not more than 30 days after the termination of the license, the associate adjuster submits to the Commissioner the applicable fee and a request to be employed by another employing adjuster.* The Commissioner shall promptly terminate an associate adjuster's license upon written request therefor by the employing adjuster.

4. A person shall not act as or hold himself out in this State to be an associate adjuster unless he holds a current license as such issued to him by the Commissioner. A violation of this provision is a gross misdemeanor.

**Sec. 76.** NRS 685A.220 is hereby amended to read as follows:

685A.220 In addition to those referred to in other provisions of this chapter, the following provisions of chapter 683A of NRS, to the extent applicable and not inconsistent with the express provisions of this chapter, also apply to surplus lines brokers:

1. NRS 683A.341;
2. NRS 683A.361;
3. NRS 683A.400;
4. *NRS 683A.451;*
5. NRS 683A.461;
- ~~[5-]~~ 6. NRS 683A.480;
- ~~[6-]~~ 7. NRS 683A.490; and
- ~~[7-]~~ 8. NRS 683A.520.

**Sec. 77.** Chapter 685B of NRS is hereby amended by adding thereto a new section to read as follows:

*Any producer of insurance or surplus lines broker licensed in this State who in this State knowingly represents or aids an unauthorized insurer in violation of the Unauthorized Insurers Act is guilty of a category B felony and shall be punished as provided in NRS 193.130.*

**Sec. 78.** NRS 685B.030 is hereby amended to read as follows:

685B.030 1. As used in this section , unless otherwise indicated, "insurer" includes:

(a) All corporations, associations, partnerships and natural persons engaged as principals in the business of insurance, including a fraternal benefit society, a nonprofit corporation offering dental, hospital and medical services, a health maintenance organization, a prepaid limited health service organization, an organization for dental care, a dental plan, an optometric plan or a similar health service plan; and

(b) Interinsurance exchanges and mutual benefit societies.





2. It is unlawful for any insurer to transact an insurance business in this State as set forth in subsection 3 ~~H~~ without a certificate of authority from the Commissioner. This section does not apply to:

(a) Any transaction for which a certificate of authority is not required pursuant to NRS 680A.070.

(b) Attorneys at law acting in the ordinary relation of attorney and client in the adjustment of claims or losses.

(c) Transactions in this State involving any policy of insurance or annuity contract issued before January 1, 1972.

(d) Transactions in this State relative to a policy issued or to be issued outside this State involving insurance on vessels, craft or hulls, cargoes, marine builder's risk, marine protection and indemnity or other risk, including strikes and war risks commonly insured under ocean or wet marine forms of policy.

3. Any of the following acts in this State effected by mail or otherwise by or on behalf of an unauthorized insurer ~~constitutes~~ constitute the transaction of an insurance business in this State:

(a) The making of or proposing to make, as an insurer, an insurance contract.

(b) The making of or proposing to make, as guarantor or surety, any contract of guaranty or suretyship as a vocation and not merely incidental to any other legitimate business or activity of the guarantor or surety.

(c) The taking or receiving of any application for insurance.

(d) The receiving or collection of any premium, commission, membership fees, assessments, dues or other consideration for any insurance or any part thereof.

(e) The issuance or delivery of contracts of insurance to residents of this State or to persons authorized to do business in this State.

(f) Directly or indirectly acting as an agent for or otherwise representing or aiding on behalf of another any person or insurer in the solicitation, negotiation, procurement or effectuation of insurance or renewals thereof or in the dissemination of information as to coverage or rates, or forwarding of applications, or delivery of policies or contracts, or inspection of risks, a fixing of rates or investigation or adjustment of claims or losses or in the transaction of matters after effectuation of the contract and arising out of it, or in any other manner representing or assisting a person or insurer in the transaction of insurance with respect to subjects of insurance that are resident, located or to be performed in this State. The provisions of this paragraph do not prohibit full-time salaried employees of a corporate insured from acting in the capacity of an



1 insurance manager or buyer in placing insurance on behalf of such  
2 an employer.

3 (g) The transaction of any kind of insurance business  
4 specifically recognized as transacting an insurance business within  
5 the meaning of the statutes relating to insurance.

6 (h) The transacting or proposing to transact any insurance  
7 business in substance equivalent to any of the provisions of  
8 paragraphs (a) to (g), inclusive, in a manner designed to evade the  
9 provisions of the statutes.

10 4. The venue of an act committed by mail is at the point where  
11 the matter transmitted by mail is delivered and takes effect.

12 5. The failure of an insurer transacting insurance business in  
13 this State to obtain a certificate of authority does not impair the  
14 validity of any act or contract of the insurer and does not prevent the  
15 insurer from defending any action at law or suit in equity in any  
16 court of this State, except that no insurer transacting insurance  
17 business in this State without a certificate of authority may maintain  
18 an action in any court of this State to enforce any right, claim or  
19 demand arising out of the transaction of such business until the  
20 insurer has obtained a certificate of authority. In the event of a  
21 failure by an unauthorized insurer to pay any claim or loss within  
22 the provisions of an insurance contract, any person who assisted or  
23 in any manner aided directly or indirectly in the procurement of the  
24 insurance contract is liable to the insured for the full amount of  
25 the claim or loss in the manner provided by the provisions of the  
26 insurance contract.

27 ***6. Any insurer who transacts any unauthorized business as***  
28 ***set forth in this section is guilty of a category B felony and shall be***  
29 ***punished as provided in NRS 193.130.***

30 **Sec. 79.** NRS 685B.080 is hereby amended to read as follows:

31 685B.080 1. Any unauthorized insurer who transacts any  
32 unauthorized act of an insurance business as set forth in the  
33 Unauthorized Insurers Act may be fined not more than \$10,000 for  
34 each act or violation.

35 2. ~~In addition to any other penalties provided in this Code:~~

36 ~~—(a) Any producer of insurance or surplus lines broker licensed in~~  
37 ~~this State who in this State knowingly represents or aids an~~  
38 ~~unauthorized insurer in violation of the Unauthorized Insurers Act is~~  
39 ~~guilty of a category C felony and shall be punished as provided in~~  
40 ~~NRS 193.130.~~

41 ~~—(b) Any person other than a producer of insurance or surplus~~  
42 ~~lines broker licensed in this State who in this State represents or aids~~  
43 ~~an unauthorized insurer in violation of the Unauthorized Insurers~~  
44 ~~Act is guilty of a category C felony and shall be punished as~~  
45 ~~provided in NRS 193.130.~~



~~—(c) Any person who commits a second or subsequent violation of this section is guilty of a category B felony and shall be punished by imprisonment in the state prison for a minimum term of not less than 1 year and a maximum term of not more than 20 years.~~

~~—3.]~~ In addition to the penalties provided in subsection ~~[2.]~~ 1, such a violator is liable, personally, jointly and severally with any other person liable therefor, for the payment of premium taxes at the same rate of tax as imposed by law on the premiums of similar coverages written by authorized insurers.

**Sec. 80.** NRS 686C.240 is hereby amended to read as follows:

686C.240 1. The Board of Directors *of the Association* shall determine the amount of each assessment in Class A and may, but need not, prorate it. If an assessment is prorated, the Board may provide that any surplus be credited against future assessments in Class B. An assessment which is not prorated must not exceed ~~[\$150]~~ \$300 for each member insurer for any one calendar year.

2. The Board may allocate any assessment in Class B among the accounts according to the premiums or reserves of the impaired or insolvent insurer or any other standard which it considers fair and reasonable under the circumstances.

3. Assessments in Class B against member insurers for each account and subaccount must be in the proportion that the premiums received on business in this State by each assessed member insurer on policies or contracts covered by each account or subaccount for the 3 most recent calendar years for which information is available preceding the year in which the insurer became impaired or insolvent bears to premiums received on business in this State for those calendar years by all assessed member insurers.

4. Assessments for money to meet the requirements of the Association with respect to an impaired or insolvent insurer must not be authorized or called until necessary to carry out the purposes of this chapter. Classification of assessments under subsection 2 of NRS 686C.230 and computation of assessments under this section must be made with a reasonable degree of accuracy, recognizing that exact determinations may not always be possible. The Association shall notify each member insurer of its anticipated prorated share of an assessment authorized but not yet called within 180 days after it is authorized.

**Sec. 81.** NRS 687A.033 is hereby amended to read as follows:

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



1 (a) The claimant or insured, if a natural person, is a resident of  
2 this State at the time of the insured event.

3 (b) The claimant or insured, if other than a natural person,  
4 maintains its principal place of business in this State at the time of  
5 the insured event.

6 (c) The property from which the first party property damage  
7 claim arises is permanently located in this State.

8 (d) The claim ~~is not a covered claim pursuant to the laws of any~~  
9 ~~other state and the premium tax imposed on the insurance policy is~~  
10 ~~payable in this State pursuant to NRS 680B.027.]~~ *arises as a claim*  
11 *within the coverage of a policy of excess industrial insurance*  
12 *which exceeds the limit of a self-insured retention or another*  
13 *policy of industrial insurance.*

14 2. The term does not include:

15 (a) An amount that is directly or indirectly due a reinsurer,  
16 insurer, insurance pool or underwriting association, as recovered by  
17 subrogation, indemnity or contribution, or otherwise.

18 (b) That part of a loss which would not be payable because of a  
19 provision for a deductible or a self-insured retention specified in the  
20 policy.

21 (c) Except as otherwise provided in this paragraph, any claim  
22 filed with the Association:

23 (1) More than 18 months after the date of the order of  
24 liquidation; or

25 (2) After the final date set by the court for the filing of claims  
26 against the liquidator or receiver of the insolvent insurer,

27 ➔ *whichever is earlier. The provisions of this paragraph do not*  
28 *apply to a claim for workers' compensation that is reopened*  
29 *pursuant to the provisions of NRS 616C.390* ~~or~~ *or to a claim that is*  
30 *covered by a policy of excess industrial insurance issued to a self-*  
31 *insured employer or to an association of self-insured public or*  
32 *private employers.*

33 (d) A claim filed with the Association for a loss that is incurred  
34 but is not reported to the Association before the expiration of the  
35 period specified in subparagraph (1) or (2) of paragraph (c).

36 (e) An obligation to make a supplementary payment for  
37 adjustment or attorney's fees and expenses, court costs or interest  
38 and bond premiums incurred by the insolvent insurer before the  
39 appointment of a liquidator, unless the expenses would also be a  
40 valid claim against the insured.

41 (f) A first party or third party claim brought by or against an  
42 insured, if the aggregate net worth of the insured and any affiliate of  
43 the insured, as determined on a consolidated basis, is more than  
44 \$25,000,000 on December 31 of the year immediately preceding the  
45 date the insurer becomes an insolvent insurer. The provisions of this



paragraph do not apply to a claim for workers' compensation. As used in this paragraph, "affiliate" means a person who directly or indirectly owns or controls, is owned or controlled by, or is under common ownership or control with, another person. For the purpose of this definition, the terms "owns," "is owned" and "ownership" mean ownership of an equity interest, or the equivalent thereof, of 10 percent or more.

**3. As used in this section:**

(a) *"Association of self-insured private employers" has the meaning ascribed to it in NRS 616A.050.*

(b) *"Association of self-insured public employers" has the meaning ascribed to it in NRS 616A.055.*

(c) *"Industrial insurance" has the meaning ascribed to it in NRS 686B.1757.*

(d) *"Self-insured employer" has the meaning ascribed to it in NRS 616A.305.*

**Sec. 82.** NRS 687A.060 is hereby amended to read as follows:

687A.060 1. The Association:

(a) Is obligated to the extent of the covered claims existing before the determination of insolvency and arising within 30 days after the determination of insolvency, or before the expiration date of the policy if that date is less than 30 days after the determination, or before the insured replaces the policy or on request cancels the policy if he does so within 30 days after the determination. The obligation of the Association to pay a covered claim is limited to the payment of:

(1) The entire amount of the claim, if the claim is for workers' compensation pursuant to the provisions of chapters 616A to 616D, inclusive, or chapter 617 of NRS;

(2) Not more than \$300,000 for each policy if the claim is for the return of unearned premiums; or

(3) The limit specified in a policy or \$300,000, whichever is less, for each occurrence for any covered claim other than a covered claim specified in subparagraph (1) or (2).

(b) Shall be deemed the insurer to the extent of its obligations on the covered claims and to that extent has any rights, duties and obligations of the insolvent insurer as if the insurer had not become insolvent. The rights include, without limitation, the right to seek and obtain any recoverable salvage and to subrogate a covered claim, to the extent that the Association has paid its obligation under the claim.

(c) Shall assess member insurers amounts necessary to pay the obligations of the Association pursuant to paragraph (a) after an insolvency, the expenses of handling covered claims subsequent to an insolvency, the cost of examinations pursuant to NRS 687A.110



1 and other expenses authorized by this chapter. The assessment of  
2 each member insurer must be in the proportion that the net direct  
3 written premiums of the member insurer for the calendar year  
4 preceding the assessment bear to the net direct written premiums of  
5 all member insurers for the same calendar year. Each member  
6 insurer must be notified of the assessment not later than 30 days  
7 before it is due. No member insurer may be assessed in any year an  
8 amount greater than 2 percent of the net direct written premiums of  
9 that member insurer for the calendar year preceding the assessment.  
10 If the maximum assessment, together with the other assets of the  
11 Association, does not provide in any 1 year an amount sufficient to  
12 make all necessary payments, the money available may be prorated  
13 and the unpaid portion must be paid as soon as money becomes  
14 available. The Association may pay claims in any order, including  
15 the order in which the claims are received or in groups or categories.  
16 The Association may exempt or defer, in whole or in part, the  
17 assessment of any member insurer if the assessment would cause the  
18 financial statement of the member insurer to reflect amounts of  
19 capital or surplus less than the minimum amounts required for a  
20 certificate of authority by any jurisdiction in which the member  
21 insurer is authorized to transact insurance. During the period of  
22 deferment, no dividends may be paid to shareholders or  
23 policyholders. Deferred assessments must be paid when payment  
24 will not reduce capital or surplus below required minimums.  
25 Payments must be refunded to those companies receiving larger  
26 assessments because of deferment, or, in the discretion of the  
27 company, credited against future assessments. Each member insurer  
28 must be allowed a premium tax credit for any amounts paid pursuant  
29 to the provisions of this chapter:

30 (1) For assessments made before January 1, 1993, at the rate  
31 of 10 percent per year for 10 successive years beginning March 1,  
32 1996; or

33 (2) For assessments made on or after January 1, 1993, at the  
34 rate of 20 percent per year for 5 successive years beginning with the  
35 calendar year following the calendar year in which the assessments  
36 are paid.

37 (d) Shall investigate claims brought against the fund and adjust,  
38 compromise, settle and pay covered claims to the extent of the  
39 obligation of the Association and deny any other claims.

40 (e) Shall notify such persons as the Commissioner directs  
41 pursuant to paragraph (a) of subsection 2 of NRS 687A.080.

42 (f) Shall act on claims through its employees or through one or  
43 more member insurers or other persons designated as servicing  
44 facilities. Designation of a servicing facility is subject to the



1 approval of the Commissioner, but the designation may be declined  
2 by a member insurer.

3 (g) Shall reimburse each servicing facility for obligations of the  
4 Association paid by the facility and for expenses incurred by the  
5 facility while handling claims on behalf of the Association and pay  
6 the other expenses of the Association authorized by this chapter.

7 2. The Association may:

8 (a) Appear in, defend and appeal any action on a claim brought  
9 against the Association.

10 (b) Employ or retain persons necessary to handle claims and  
11 perform other duties of the Association.

12 (c) Borrow money necessary to carry out the purposes of this  
13 chapter in accordance with the plan of operation.

14 (d) Sue or be sued.

15 (e) Negotiate and become a party to contracts necessary to carry  
16 out the purposes of this chapter.

17 (f) Perform other acts necessary or proper to effectuate the  
18 purposes of this chapter.

19 (g) *Perform any administrative acts requested by the*  
20 *Commissioner in furtherance of the purposes of this title and, if*  
21 *the cost of the action is not paid for by the Association or its*  
22 *member insurers, the Nevada Industrial Insurance Act.*

23 (h) If, at the end of any calendar year, the Board of Directors *of*  
24 *the Association* finds that the assets of the Association exceed its  
25 liabilities as estimated by the Board of Directors for the coming  
26 year, refund to the member insurers in proportion to the contribution  
27 of each that amount by which the assets of the Association exceed  
28 the liabilities.

29 ~~[(h)]~~ (i) Assess each member insurer equally not more than \$100  
30 per year for administrative expenses not related to the insolvency of  
31 any insurer.

32 **Sec. 83.** NRS 687A.080 is hereby amended to read as follows:

33 687A.080 1. The Commissioner shall:

34 (a) Notify the Association of the existence of an insolvent  
35 insurer not later than 3 days after he receives notice of the  
36 determination of insolvency by a court or makes a determination of  
37 insolvency pursuant to NRS 687A.107, whichever is earlier.

38 (b) Upon request of the Board of Directors ~~[(h)]~~ *of the*  
39 *Association*, provide the Association with a statement of the net  
40 direct written premiums of each member insurer.

41 2. The Commissioner may:

42 (a) Require that the Association notify the insureds of the  
43 insolvent insurer and any other interested parties of the  
44 determination of insolvency and of their rights under this chapter.  
45 Such notification must be by mail at their last known address, but if



1 sufficient information for notification by mail is not available,  
2 notice by publication in a newspaper of general circulation is  
3 sufficient.

4 (b) Suspend or revoke, after notice and opportunity for hearing,  
5 the certificate of authority to transact insurance in this State of any  
6 member insurer which fails to pay an assessment when due or fails  
7 to comply with the plan of operation. As an alternative, the  
8 Commissioner may levy a fine on any member insurer which fails to  
9 pay an assessment when due. The fine must not exceed 5 percent of  
10 the unpaid assessment per month, except that no fine may be less  
11 than \$100 per month.

12 (c) Revoke the designation of any servicing facility if he finds  
13 claims are being acted upon unsatisfactorily.

14 *(d) Request the Association to perform any acts specified in*  
15 *paragraph (g) of subsection 2 of NRS 687A.060.*

16 **Sec. 84.** NRS 687B.325 is hereby amended to read as follows:

17 687B.325 1. No policy of industrial insurance that has been  
18 in effect for at least 70 days or that has been renewed may be  
19 cancelled by the insurer before the expiration of the agreed term or 1  
20 year ~~from~~ *after* the effective date of the policy or renewal,  
21 whichever occurs first, except on any one of the following grounds:

22 (a) A failure by the policyholder to pay a premium for the policy  
23 of industrial insurance when due ~~is~~, *including the failure of the*  
24 *policyholder to remit an amount due because of an endorsement*  
25 *for a deductible;*

26 (b) A failure by the policyholder to:

27 (1) Report any payroll;

28 (2) Allow the insurer to audit any payroll in accordance with  
29 the terms of the policy or any previous policy issued by the insurer;  
30 or

31 (3) Pay any additional premium charged because of an audit  
32 of any payroll as required by the terms of the policy or any previous  
33 policy issued by the insurer;

34 (c) A material failure by the policyholder to comply with any  
35 federal or state order concerning safety or any written  
36 recommendation of the insurer's designated representative for loss  
37 control;

38 (d) A material change in ownership of the policyholder or any  
39 change in the policyholder's business or operations that:

40 (1) Materially increases the hazard for frequency or severity  
41 of loss;

42 (2) Requires additional or different classifications for the  
43 calculation of premiums; or

44 (3) Contemplates an activity that is excluded by any  
45 reinsurance treaty of the insurer;





1 (e) A material misrepresentation made by the policyholder; or  
2 (f) A failure by the policyholder to cooperate with the insurer in  
3 conducting an investigation of a claim.

4 2. An insurer shall not cancel a policy of industrial insurance  
5 pursuant to paragraph (a) ~~[(b), (e) or (f)]~~ of subsection 1 except  
6 upon 10 days' written notice submitted by the insurer to the  
7 policyholder.

8 3. Except as otherwise provided in this subsection, an insurer  
9 shall not cancel a policy of industrial insurance pursuant to  
10 paragraph (b), (c), ~~[(e)]~~ (d), ~~(e) or (f)~~ of subsection 1 except upon  
11 30 days' written notice by the insurer to the policyholder. An insurer  
12 is not required to provide a written notice to a policyholder pursuant  
13 to this subsection if the policyholder and the insurer consent to the  
14 cancellation of the policy of industrial insurance and to the  
15 reissuance of another policy of industrial insurance effective upon a  
16 material change in the ownership or operations of the insured. If the  
17 policyholder corrects the condition to the satisfaction of the insurer  
18 within the period specified in the policy of insurance, the insurer  
19 shall not cancel the policy.

20 4. Any written notice submitted to a policyholder pursuant to  
21 this section must be given by first-class mail addressed to the  
22 policyholder at the address of the policyholder set forth in the policy  
23 of industrial insurance. Evidence indicating that a written notice  
24 specified in this section has been mailed is sufficient proof of notice.

25 5. The provisions of this section do not prohibit, during any  
26 period in which a policy of industrial insurance is in force, any  
27 change in the premium rate required or authorized by any law,  
28 regulation or order of the Commissioner, or otherwise agreed upon  
29 by the policyholder and the insurer.

30 6. For the purposes of this section, any policy of industrial  
31 insurance that is written for a term of more than 1 year, or any  
32 policy of industrial insurance with no fixed date of expiration, shall  
33 be deemed to be written for successive periods of 1 year.

34 **Sec. 85.** Chapter 688C of NRS is hereby amended by adding  
35 thereto a new section to read as follows:

36 *1. A natural person who has been licensed for at least 1 year*  
37 *and who is in good standing as a resident or nonresident producer*  
38 *of insurance with a life insurance qualification is not required to*  
39 *be licensed as a broker of viatical settlements.*

40 *2. A licensed producer of insurance specified in subsection 1*  
41 *must register with the Division not more than 30 days after first*  
42 *operating as a broker of viatical settlements, on a form prescribed*  
43 *by the Commissioner, and pay the fee for registration pursuant to*  
44 *NRS 680B.010. Failure to register within the required period or*



1 *late payment of or failure to pay the fee may result in the*  
2 *imposition of an administrative fine of not more than \$500.*

3 *3. A producer of insurance who acts as a broker of viatical*  
4 *settlements pursuant to subsection 1 shall comply with the*  
5 *provisions of NRS 688C.220 to 688C.250, inclusive, and 688C.310.*

6 **Sec. 86.** NRS 688C.170 is hereby amended to read as follows:

7 688C.170 The Commissioner may adopt regulations to:

8 1. Establish standards for evaluating the reasonableness of  
9 payments under viatical settlements to persons chronically or  
10 terminally ill, including the regulation of the rates of discount used  
11 to determine the amount paid in exchange for an assignment,  
12 transfer, sale or devise of a benefit under a policy.

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

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

17 *4. Establish standards and requirements for licensing and*  
18 *registering producers of insurance acting as brokers of viatical*  
19 *settlements.*

20 **Sec. 87.** NRS 688C.190 is hereby amended to read as follows:

21 688C.190 1. ~~1A~~ *Except as otherwise provided in section 85*  
22 *of this act,* a person shall not, without first obtaining a license from  
23 the Commissioner, operate in or from this State as a provider or  
24 broker of viatical settlements.

25 2. Application for a license must be made to the Commissioner  
26 on a form prescribed by him, accompanied by the prescribed fee. A  
27 license may be renewed from year to year on its anniversary by  
28 payment of the prescribed fee. The license expires if the fee is not  
29 paid by that date.

30 3. An applicant shall provide information on forms required by  
31 the Commissioner, who may at any time require the applicant to  
32 disclose the identity of all stockholders, partners, members, officers  
33 and employees. The Commissioner may refuse to issue a license to  
34 an organization if he is not satisfied that a stockholder, partner,  
35 member or officer who may materially influence the applicant's  
36 conduct satisfies the requirements of this chapter.

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

41 **Sec. 88.** Chapter 689A of NRS is hereby amended by adding  
42 thereto a new section to read as follows:

43 *"Exclusion for a preexisting condition" means:*

44 *1. Any limitation or exclusion of benefits relating to a*  
45 *condition that was present before the date coverage was first*



1 *provided, regardless of whether any medical advice, diagnosis,*  
2 *care or treatment was recommended or received before that date;*  
3 *or*

4 *2. Any exclusion applicable to an individual based on any*  
5 *information relating to the status of an individual's health that*  
6 *was obtained before the date coverage was first provided,*  
7 *including, without limitation, any identification of a condition*  
8 *resulting from:*

9 *(a) A pre-enrollment questionnaire or physical examination*  
10 *provided to the individual; or*

11 *(b) A review of any medical records relating to the period of*  
12 *pre-enrollment.*

13 **Sec. 89.** NRS 689A.470 is hereby amended to read as follows:

14 689A.470 As used in NRS 689A.470 to 689A.740, inclusive,  
15 *and section 88 of this act*, unless the context otherwise requires, the  
16 words and terms defined in NRS 689A.475 to 689A.605, inclusive,  
17 *and section 88 of this act*, have the meanings ascribed to them in  
18 those sections.

19 **Sec. 90.** Chapter 689B of NRS is hereby amended by adding  
20 thereto a new section to read as follows:

21 *Coverage provided under a conversion health benefit plan must*  
22 *be renewed by the carrier that issued the plan, at the option of the*  
23 *person covered under the health benefit plan, unless:*

24 *1. The person failed to pay premiums or contributions in*  
25 *accordance with the terms of the health benefit plan or the*  
26 *individual carrier has not received timely premium payments;*

27 *2. The person committed an act or practice that constitutes*  
28 *fraud or has made an intentional misrepresentation of material*  
29 *fact under the terms of the coverage; or*

30 *3. The carrier who is obligated to offer a conversion health*  
31 *benefit plan pursuant to NRS 689B.590 or a health maintenance*  
32 *organization organized pursuant to chapter 695C of NRS decides*  
33 *to discontinue offering and renewing all health benefit plans*  
34 *delivered or issued for delivery in this State. If the carrier or*  
35 *health maintenance organization decides to discontinue offering*  
36 *and renewing those plans, the carrier or health maintenance*  
37 *organization shall:*

38 *(a) Provide notice of its intention to the Commissioner and the*  
39 *chief regulatory officer for insurance in each state in which the*  
40 *carrier or health maintenance organization is licensed to transact*  
41 *insurance at least 60 days before the date on which notice of*  
42 *cancellation or nonrenewal is delivered or mailed to the persons*  
43 *covered by the insurance to be discontinued;*

44 *(b) Provide notice of its intention at least 180 days before the*  
45 *renewal of any conversion health benefit plan to all persons*



1 *covered under its conversion health benefit plans and to the*  
2 *Commissioner and the chief regulatory officer for insurance in*  
3 *each state in which the carrier or health maintenance*  
4 *organization is licensed to transact insurance; and*

5 *(c) Discontinue all group health insurance delivered or issued*  
6 *for delivery to persons in this State and not renew coverage under*  
7 *any policy of group health insurance issued to those persons.*

8 **Sec. 91.** Chapter 690A of NRS is hereby amended by adding  
9 thereto the provisions set forth as sections 92 to 114, inclusive, of  
10 this act.

11 **Sec. 92.** *"Compensation" means commissions, dividends,*  
12 *retrospective rate credits, service fees, expense allowances or*  
13 *reimbursements, gifts, furnishing of equipment, facilities, goods*  
14 *and services, or any other form of remuneration that is paid*  
15 *directly or indirectly as a result of the sale of consumer credit*  
16 *insurance.*

17 **Sec. 93.** *"Credit accident and health insurance" means*  
18 *insurance on a debtor to provide indemnity for payments or debt*  
19 *becoming due on a specific loan or other credit transaction while*  
20 *the debtor is disabled as defined in the policy.*

21 **Sec. 94.** *"Credit transaction" means any transaction for*  
22 *which the terms of repayment of money loaned or loan*  
23 *commitment made, or payment of goods, services or properties*  
24 *sold or leased, is to be made at a future date or dates.*

25 **Sec. 95.** *"Credit unemployment insurance" means insurance*  
26 *on a debtor to provide indemnity for payments or a debt becoming*  
27 *due on a specific loan or other credit transaction while the debtor*  
28 *is involuntarily unemployed as defined in the policy.*

29 **Sec. 96.** *"Gross debt" means the sum of the remaining*  
30 *payments owed to a creditor by a debtor.*

31 **Sec. 97.** *"Identifiable charge" means a charge for consumer*  
32 *credit insurance that is made to debtors who have that insurance*  
33 *and not made to debtors who do not have that insurance. The term*  
34 *includes a charge for insurance that is disclosed in the credit*  
35 *agreement or other instrument furnished to the debtor which sets*  
36 *forth the financial elements of the credit transaction and any*  
37 *difference in the finance, interest, service or other similar charge*  
38 *made to debtors who are in similar circumstances except for the*  
39 *insured or noninsured status of the debtor.*

40 **Sec. 98.** *"Net debt" means the amount required to liquidate*  
41 *the remaining debt in a single lump-sum payment, excluding all*  
42 *unearned interest and other unearned finance charges.*

43 **Sec. 99.** *"Open-end credit" means credit extended by a*  
44 *creditor under an agreement in which:*



1     1. The creditor reasonably contemplates repeated  
2 transactions;

3     2. The creditor periodically imposes a finance charge on any  
4 outstanding unpaid balance; and

5     3. The amount of credit that may be extended to the debtor  
6 during the term of the agreement up to any limit set by the creditor  
7 is generally made available to the extent that any outstanding  
8 balance is repaid.

9     **Sec. 100.** The types of consumer credit insurance defined in  
10 this chapter may be written separately or in combination with  
11 other types of consumer credit insurance on an individual policy  
12 or group policy basis. The Commissioner may by regulation  
13 prohibit or limit any combination.

14     **Sec. 101.** 1. Except as otherwise provided in this section,  
15 the amount of credit life insurance must not exceed the greater of  
16 the actual net debt or the scheduled net debt.

17     2. If coverage is written on the actual net debt, the amount  
18 payable at the time of loss must not be less than the actual net debt  
19 less any payments that are more than 2 months past due.

20     3. If the coverage is written on any scheduled net debt, the  
21 amount payable at the time of loss must not be less than:

22     (a) If the actual net debt is less than or equal to the scheduled  
23 net debt, the scheduled net debt;

24     (b) If the actual net debt is greater than the scheduled net debt  
25 but less than the scheduled net debt plus 2 months of payments,  
26 the actual net debt; or

27     (c) If the actual net debt is greater than the scheduled net debt  
28 plus 2 months of payments, the scheduled net debt plus 2 months  
29 of payments.

30     4. If a premium is assessed to the debtor on a monthly basis  
31 and is based on the actual net debt, the amount payable at the time  
32 of loss must not be less than the actual net debt on that date. If the  
33 premium is based on a balance that does not include accrued past  
34 due interest, the amount payable at the time of loss must not be  
35 less than the actual net debt less any accrued interest that is more  
36 than 2 months past due.

37     5. Insurance on agricultural loan commitments that do not  
38 exceed 1 year in duration may be written for not more than the  
39 amount of the loan on a nondecreasing or level term plan.

40     6. Insurance on educational loan commitments may be  
41 written for the net unpaid debt plus any unused commitment.

42     7. Coverage may be written for less than the net debt through  
43 the following methods:



1       (a) *The amount of insurance may be the lesser of a stated level*  
2 *amount and the amount determined in accordance with*  
3 *subsection 2;*

4       (b) *The amount of insurance may be the lesser of a stated level*  
5 *amount and the amount determined in accordance with*  
6 *subsection 3;*

7       (c) *The amount of insurance may be a constant percentage of*  
8 *the amount determined in accordance with subsection 2;*

9       (d) *The amount of insurance may be a constant percentage of*  
10 *the amount determined in accordance with subsection 3; or*

11       (e) *In the absence of any exclusions for a preexisting*  
12 *condition, the amount of insurance payable in the event of death*  
13 *by natural causes may be limited to the balance as it existed 6*  
14 *months before the date of death if:*

15           (1) *There have been one or more increases in the*  
16 *outstanding balance during the 6-month period other than*  
17 *increases resulting from the accrual of interest or late charges;*  
18 *and*

19           (2) *Evidence of individual insurability has not been*  
20 *required during the 6-month period.*

21       8. *Other amounts of insurance may be used if those amounts*  
22 *are not inconsistent with the provisions of this section.*

23       **Sec. 102.** 1. *Except as otherwise provided in this section,*  
24 *for consumer credit insurance that is made available to and*  
25 *elected by a debtor before or with the credit transaction to which it*  
26 *relates, the term of the insurance must, subject to acceptance by*  
27 *the insurer, commence on the date on which the debtor becomes*  
28 *obligated to the creditor. If the insurer requires evidence of*  
29 *individual insurability and the evidence is provided to the insurer*  
30 *more than 30 days after the date on which the debtor becomes*  
31 *obligated to the creditor, the insurance may commence on the date*  
32 *on which the insurer determines the evidence to be satisfactory.*

33       2. *Except as otherwise provided in this section, for consumer*  
34 *credit insurance that is made available to and elected by a debtor*  
35 *after the credit transaction to which it relates, the term of the*  
36 *insurance must, subject to acceptance by the insurer, commence*  
37 *on a date not earlier than the date the election is made by the*  
38 *debtor and not later than 30 days after the date on which the*  
39 *insurance company accepts the risk for coverage. If the coverage*  
40 *does not commence on the date on which the insurance company*  
41 *accepts the risk for coverage, the date that coverage commences*  
42 *must be related to an objective method for determining the date,*  
43 *including, without limitation, the billing cycle, the payment cycle*  
44 *or a calendar month.*



1       3. If a group policy provides coverage with respect to debts  
2 existing on the effective date of the policy, the insurance related to  
3 a debt must not commence before the effective date of the group  
4 policy.

5       4. A creditor or insurer shall not charge or retain payment  
6 from a debtor before commencement of the insurance to which the  
7 charge is related.

8       **Sec. 103.** 1. The term of any consumer credit insurance  
9 must not extend beyond the date of termination specified in the  
10 policy. The date of termination of the insurance must not occur  
11 more than 15 days after the scheduled maturity date of the debt to  
12 which it relates unless:

13       (a) The date is extended at no additional cost to the debtor; or

14       (b) The date is extended pursuant to a written agreement  
15 signed by the debtor and relates to a variable rate credit  
16 transaction or a deferral, renewal, refinancing or consolidation of  
17 debt.

18       2. If a debt is discharged because of any renewal, refinancing  
19 or consolidation before the scheduled date of termination of the  
20 consumer credit insurance, the insurance must be cancelled  
21 before any new consumer credit insurance is written in relation to  
22 the renewed, refinanced or consolidated debt.

23       3. If consumer credit insurance is terminated before the  
24 scheduled termination date, unless the insurance is terminated  
25 because of the performance by the insurer of all obligations with  
26 respect to the insurance, the insurer shall make an appropriate  
27 refund or credit to the debtor of any unearned charge that was  
28 paid by the debtor.

29       4. A debtor may cancel consumer credit insurance at any  
30 time by providing a request to the insurer. The insurer may  
31 require the request to be submitted in writing and may require the  
32 debtor to surrender any individual policy or group certificate. The  
33 right of the debtor to cancel the insurance may be subject to the  
34 terms of the credit transaction.

35       **Sec. 104.** 1. Before a debtor elects to purchase consumer  
36 credit insurance in connection with a credit transaction, the  
37 following information must be disclosed to the debtor in writing:

38       (a) That the purchase of consumer credit insurance from the  
39 creditor is not mandatory and is not a condition for obtaining  
40 credit approval;

41       (b) If more than one type of consumer credit insurance is  
42 made available to the debtor, whether the debtor may purchase  
43 each separately or only as a package;

44       (c) The conditions of eligibility;





1       (d) That if the debtor has other insurance that covers the risk,  
2       the debtor may not want or need consumer credit insurance;

3       (e) That the debtor may cancel the insurance at any time, or if  
4       evidence of insurance is required for the extension of credit, upon  
5       proof of insurance that is acceptable to the creditor, and obtain a  
6       refund of:

7       (1) If the cancellation is not more than 30 days after the  
8       debtor receives the individual policy or certificate of insurance,  
9       any premium paid by the debtor; or

10      (2) If the cancellation is more than 30 days after the debtor  
11      receives the individual policy or certificate of insurance, any  
12      unearned premium paid by the debtor;

13      (f) A brief description of the coverage, including a description  
14      of the amount, term, extensions, limitations, perils and exclusions,  
15      the insured event, any waiting or elimination period, any  
16      deductible, any applicable waiver of premium, the person who  
17      would receive any benefits, and the premium or premium rate for  
18      the consumer credit insurance; and

19      (g) If the premium or insurance charge is financed, that it will  
20      be subject to finance charges at the rate applicable to the credit  
21      transaction.

22      2. The disclosures required pursuant to subsection 1:

23      (a) If made in connection with consumer credit insurance  
24      offered at the same time as the extension of credit or offered  
25      through direct mail advertisements, must be made in writing and  
26      presented to the customer in a clear and conspicuous manner; or

27      (b) If made in connection with consumer credit insurance  
28      offered after the extension of credit other than through direct mail  
29      advertisements, may be provided orally or electronically if written  
30      disclosures are provided not later than the earlier of:

31      (1) Ten days after the debtor elects to accept the coverage;  
32      or

33      (2) The date any other written material is provided by the  
34      creditor to the debtor.

35      **Sec. 105.** 1. All consumer credit insurance must be  
36      evidenced by an individual policy or a group certificate that is  
37      delivered to the debtor.

38      2. The individual policy or group certificate must, in addition  
39      to other requirements of law, include:

40      (a) The name and address of the home office of the insurer;

41      (b) The name of each debtor or, on a certificate of insurance,  
42      the identity by name or otherwise of each debtor;

43      (c) The amount of the premium or payment of the debtor  
44      stated separately for each type of coverage or as a package or, for





1 *open-end credit, the premium rate, basis of the calculation of*  
2 *premiums and balance to which the premium rate applies;*

3 (d) *A complete description of the coverage or coverages,*  
4 *including the amount of coverage and any exceptions, limitations*  
5 *and exclusions;*

6 (e) *A statement that all benefits must be paid to the creditor to*  
7 *reduce or extinguish the unpaid debt and that if the benefits*  
8 *exceed the unpaid debt, any excess benefit must be paid to the*  
9 *debtor; and*

10 (f) *If the scheduled term of the insurance is less than the*  
11 *scheduled term of the credit transaction, a statement indicating*  
12 *that fact set forth on the face of the individual policy or certificate*  
13 *of insurance in not less than 10-point bold type.*

14 3. *The insurer shall deliver the individual policy or group*  
15 *certificate to the debtor upon acceptance of insurance by the*  
16 *insurer and not more than 30 days after the debtor elects to*  
17 *purchase the insurance. An individual policy or group certificate*  
18 *related to open-end credit or consumer credit insurance that is*  
19 *requested by the debtor after the date of the credit transaction to*  
20 *which it is related shall be deemed to have been delivered at the*  
21 *time the debtor elected to purchase insurance if the delivery is*  
22 *made not more than 30 days after the date on which the insurer*  
23 *accepts the insurance.*

24 **Sec. 106.** 1. *If the individual policy or group certificate is*  
25 *not delivered to the debtor at the time the debt is incurred or at*  
26 *such other time as the debtor purchases consumer credit*  
27 *insurance, a copy of the application or a notice of proposed*  
28 *insurance, signed by the debtor, must be delivered to the debtor.*  
29 *The application or notice of proposed insurance must include:*

30 (a) *The name and address of the home office of the insurer;*

31 (b) *The name of each debtor;*

32 (c) *The premium or amount of payment by the debtor for the*  
33 *insurance;*

34 (d) *The amount, term and a brief description of the coverage;*  
35 *and*

36 (e) *A statement that upon acceptance by the insurer, the*  
37 *insurance will become effective as described in section 102 of this*  
38 *act.*

39 2. *The application or notice of insurance provided pursuant*  
40 *to subsection 1 must:*

41 (a) *Refer exclusively to consumer credit insurance; and*

42 (b) *Be separate from the loan, sale or other credit statement,*  
43 *instrument or agreement unless the information required*  
44 *pursuant to subsection 1 is prominently set forth in the statement,*  
45 *instrument or agreement.*



1       3. *The application or notice of insurance provided pursuant*  
2 *to subsection 1 may be used to meet the requirements of sections*  
3 *104 and 105 of this act if it includes the information required by*  
4 *those sections.*

5       **Sec. 107.** *1. If a named insurer does not accept the*  
6 *insurance and another insurer accepts the insurance, the insurer*  
7 *shall provide an individual policy or group certificate that includes*  
8 *the name and address of the home office of the insurer who*  
9 *accepted the insurance and the amount of the premium to be*  
10 *charged. If the premium is less than the premium paid by the*  
11 *debtor, the insurer shall provide a refund of the excess premium*  
12 *not more than 30 days after the date it was paid by the debtor.*

13       *2. If a named insurer does not accept the insurance and no*  
14 *other insurer accepts the insurance, a person who received any*  
15 *premium payment related to the insurance shall refund the*  
16 *payment not more than 30 days after the date it was paid by the*  
17 *debtor.*

18       **Sec. 108.** *1. All policies, certificates of insurance,*  
19 *applications for insurance, enrollment forms, endorsements and*  
20 *riders delivered or issued for delivery in this State and the*  
21 *schedules of premium rates related thereto must be filed with the*  
22 *Commissioner.*

23       *2. An item filed with the Commissioner pursuant to*  
24 *subsection 1 may not be issued or used until 60 days after it is filed*  
25 *with the Commissioner or until the written prior approval of the*  
26 *Commissioner is obtained.*

27       *3. The Commissioner shall, not more than 60 days after an*  
28 *item is submitted to him pursuant to subsection 1, disapprove the*  
29 *item if the benefits are not reasonable in relation to the premium*  
30 *charged or if the item contains provisions that are unjust, unfair,*  
31 *inequitable, misleading or deceptive or encourage*  
32 *misrepresentation of the coverage or are contrary to any provision*  
33 *of the Code or any regulation adopted pursuant to the Code. If the*  
34 *Commissioner does not disapprove an item filed pursuant to*  
35 *subsection 1 in accordance with this subsection, the item shall be*  
36 *deemed to be approved.*

37       *4. If the Commissioner notifies an insurer that an item is*  
38 *disapproved pursuant to subsection 3, the insurer shall not use the*  
39 *item. The notice must include the reason for the disapproval and*  
40 *state that a hearing will be granted not less than 30 days after the*  
41 *insurer submits a written request for a hearing to the*  
42 *Commissioner, unless postponed by mutual consent or by order of*  
43 *the Commissioner.*

44       *5. The Commissioner may hold a hearing to withdraw*  
45 *approval of an item submitted pursuant to subsection 1 not less*



1 *than 20 days after providing a written notice of the hearing to the*  
2 *insurer. The written notice must include one of the reasons*  
3 *described in subsection 3 for the proposed withdrawal of approval*  
4 *of the item. An insurer shall not use an item if approval of the*  
5 *item is withdrawn pursuant to this subsection.*

6 **Sec. 109.** *If an insurer revises its schedule of premium rates,*  
7 *it shall file the revised schedule with the Commissioner pursuant*  
8 *to section 108 of this act. An insurer shall not issue consumer*  
9 *credit insurance for which the premium rates exceed the rates*  
10 *determined by the schedule approved by the Commissioner.*

11 **Sec. 110.** *Each individual policy or group certificate must*  
12 *provide for a refund if the insurance is terminated before the*  
13 *scheduled termination date of the insurance. Except as otherwise*  
14 *provided in this section, any refund must be provided to the person*  
15 *to whom it is entitled as soon as practicable after the date of*  
16 *termination of the insurance. The Commissioner shall establish by*  
17 *regulation a minimum refund. A refund that is less than the*  
18 *minimum refund established by the Commissioner is not required*  
19 *to be refunded. The formula used to determine the amount of a*  
20 *refund must be submitted to and approved by the Commissioner*  
21 *before it is used.*

22 **Sec. 111.** *If a creditor requires a debtor to make a payment*  
23 *for consumer credit insurance and an individual policy or group*  
24 *certificate is not issued, the creditor shall immediately notify the*  
25 *debtor in writing and make an appropriate credit to the account of*  
26 *the debtor or issue a refund.*

27 **Sec. 112.** *The amount charged to a debtor for any consumer*  
28 *credit insurance must not exceed the amount of the premiums*  
29 *charged by the insurer as determined at the time that the charge*  
30 *was made to the debtor.*

31 **Sec. 113.** *Except as otherwise prohibited by law, any duty*  
32 *imposed on an insurer pursuant to this chapter may be carried out*  
33 *by a creditor who is acting as an agent of the insurer.*

34 **Sec. 114.** *The Commissioner:*

35 *1. Shall, by regulation, establish reasonable rates as*  
36 *described in this chapter; and*

37 *2. May adopt any other regulations to carry out the*  
38 *provisions of this chapter.*

39 **Sec. 115.** NRS 690A.010 is hereby amended to read as  
40 follows:

41 690A.010 Any *consumer credit* insurance issued in connection  
42 with loans or other credit transactions *for personal, family or*  
43 *household use* is subject to the provisions of this chapter ~~unless the~~  
44 ~~insurance is issued~~ **except:**



1     **1. Insurance written** in connection with a ~~[loan or other]~~ credit  
2 transaction ~~[of more than 15 years' duration or the issuance of the~~  
3 ~~insurance is]~~ **that is:**

4       (a) **Secured by a first mortgage or deed of trust; and**

5       (b) **Made to finance the purchase of real property or the**  
6 **construction of a dwelling thereon, or to refinance a prior credit**  
7 **transaction made for that purpose;**

8     **2. Insurance that is sold as** an isolated transaction on the part  
9 of the insurer and not related to an agreement or a plan for insuring  
10 debtors of the creditor ~~[.];~~

11     **3. Insurance for which no identifiable charge is made to the**  
12 **debtor; or**

13     **4. Insurance on accounts receivable.**

14     **Sec. 116.** NRS 690A.011 is hereby amended to read as  
15 follows:

16       690A.011 As used in this chapter, unless the context otherwise  
17 requires, the words and terms defined in NRS ~~[690A.012 to~~  
18 ~~690A.028,]~~ **690A.015 to 690A.018, inclusive, and sections 92 to 99,**  
19 inclusive, **of this act** have the meanings ascribed to them in those  
20 sections.

21     **Sec. 117.** NRS 690A.015 is hereby amended to read as  
22 follows:

23       690A.015 "Credit insurance" **or "consumer credit insurance"**  
24 means ~~[credit]~~ **any or all of the following:**

25       **1. Credit** life insurance ~~[, credit disability insurance,~~  
26 ~~involuntary];~~

27       **2. Credit accident and health insurance;**

28       **3. Credit** unemployment insurance ~~[and any other similar form~~  
29 ~~of insurance.]; or~~

30       **4. Any other insurance defined in this chapter.**

31     **Sec. 118.** NRS 690A.016 is hereby amended to read as  
32 follows:

33       690A.016 "Credit life insurance" means insurance on the life  
34 of a debtor pursuant to or in connection with a specific loan or other  
35 credit transaction ~~[.]~~ **to provide for satisfaction of a debt, in whole**  
36 **or in part, upon the death of an insured debtor.**

37     **Sec. 119.** NRS 690A.050 is hereby amended to read as  
38 follows:

39       690A.050 1. Except as otherwise provided in subsection 2,  
40 the total amount of periodic indemnity payable pursuant to a policy  
41 of credit ~~[disability]~~ **accident and health insurance or credit**  
42 **unemployment** insurance in the event of disability ~~[.]~~ **or**  
43 **unemployment,** as defined in the policy, ~~[or pursuant to a policy of~~  
44 ~~involuntary unemployment insurance in the event of involuntary~~  
45 ~~unemployment as defined in the policy,]~~ must not exceed the



1 aggregate of the periodic scheduled unpaid installments of the  
2 ~~[indebtedness.]~~ *gross debt*, and the amount of each periodic  
3 indemnity payment must not exceed the original ~~[indebtedness]~~  
4 *gross debt* divided by the number of periodic installments.

5 2. ~~[Credit disability insurance or involuntary]~~ *For credit*  
6 *accident and health insurance or credit* unemployment insurance  
7 ~~[may be]~~ written in connection with ~~[a commitment for an~~  
8 ~~educational credit transaction if the monthly indemnity does not~~  
9 ~~exceed the amount that results when the total commitment is divided~~  
10 ~~by the number of months in the term of the transaction.]~~ *an open-*  
11 *end credit agreement, the amount of insurance must not exceed*  
12 *the gross debt which would accrue on that amount using the*  
13 *periodic indemnity. Subject to any policy maximum, the periodic*  
14 *indemnity must not be less than the minimum repayment schedule*  
15 *of the creditor.*

16 **Sec. 120.** NRS 690A.120 is hereby amended to read as  
17 follows:

18 690A.120 All policies and certificates of *consumer* credit  
19 insurance may be delivered or issued for delivery in this State only  
20 by an insurer authorized to do an insurance business in this State,  
21 and may be issued only through holders of licenses or certificates of  
22 authority issued by the Commissioner.

23 **Sec. 121.** NRS 690A.130 is hereby amended to read as  
24 follows:

25 690A.130 1. All claims must be promptly reported to the  
26 insurer or its designated claim representative, and the insurer shall  
27 maintain adequate files on all reported claims. All claims must be  
28 settled as soon as ~~[possible]~~ *practicable* and in accordance with the  
29 terms of the insurance contract.

30 2. All claims must be paid ~~[either]~~ by draft drawn upon the  
31 insurer *, by electronic funds transfer* or by check of the insurer to  
32 the order of:

33 (a) The claimant to whom payment of the claim is due pursuant  
34 to the provisions of the policy; or

35 (b) Any other person designated by the claimant to whom  
36 payment is due.

37 3. ~~[No]~~ *A* plan or arrangement may *not* be used whereby ~~[any]~~  
38 *a* person other than the insurer or its designated *claim* representative  
39 is authorized to settle or adjust claims. The creditor may not be  
40 designated as the representative for the insurer in adjusting *a* claim,  
41 ~~[but]~~ *except that* a group policyholder may, by arrangement with the  
42 group insurer, draw drafts or checks in payment of claims due the  
43 group policyholder subject to the periodic audit of the insurer.



1     **Sec. 122.** NRS 690A.140 is hereby amended to read as  
2 follows:

3     690A.140 When any form of *consumer* credit insurance is  
4 required as additional security for any ~~indebtedness,~~ *debt*, the  
5 debtor may furnish the required amount of insurance through  
6 existing policies of insurance owned or controlled by him or procure  
7 or furnish the required coverage through any insurer authorized to  
8 transact the business of insurance in this State.

9     **Sec. 123.** NRS 690A.280 is hereby amended to read as  
10 follows:

11     690A.280 In addition to any other penalty provided by law,  
12 any person who violates any provision of this chapter or a regulation  
13 adopted or a final order of the Commissioner issued pursuant to this  
14 chapter shall, after notice and hearing, pay a civil penalty:

15         1. In an amount not to exceed ~~[\$2,500;]~~ *\$5,000;* or

16         2. If the violation is willful, in an amount not to exceed  
17 \$10,000,

18     ➤ and the Commissioner may, after notice and a hearing, revoke or  
19 suspend the license or certificate of authority of that person.

20     **Sec. 124.** Chapter 694C of NRS is hereby amended by adding  
21 thereto the provisions set forth as sections 125 to 143, inclusive, of  
22 this act.

23     **Sec. 125.** *“Alien captive insurer” means any insurer formed*  
24 *to write insurance business for its parents and affiliates and is*  
25 *licensed pursuant to the laws of an alien jurisdiction which*  
26 *imposes statutory or regulatory standards acceptable to the*  
27 *Commissioner on companies transacting the business of*  
28 *insurance in such jurisdiction.*

29     **Sec. 126.** *“Branch business” means any insurance business*  
30 *transacted by a branch captive insurer in this State.*

31     **Sec. 127.** *“Branch captive insurer” means an alien captive*  
32 *insurer licensed pursuant to this chapter to transact the business*  
33 *of insurance through a business unit with a principal place of*  
34 *business in this State.*

35     **Sec. 128.** *“Branch operations” means any business*  
36 *operations of a branch captive insurer in this State.*

37     **Sec. 129.** *“Controlled unaffiliated business” means any*  
38 *company;*

39         1. *That is not in the corporate system of a parent and*  
40 *affiliated companies;*

41         2. *That has an existing contractual relationship with a parent*  
42 *or affiliated company; and*

43         3. *Whose risks are managed by a captive insurer pursuant to*  
44 *this chapter.*



1     **Sec. 130.** *“Participant” means a corporation, association,*  
2 *limited-liability company, partnership, trust, sponsor or other*  
3 *business organization, and any affiliate thereof, that is insured by*  
4 *a sponsored captive insurer, where the losses of the participant are*  
5 *limited by a participant contract to the participant’s pro rata share*  
6 *of the assets of one or more protected cells identified in such*  
7 *participant contract.*

8     **Sec. 131.** *“Participant contract” means a contract by which a*  
9 *sponsored captive insurer insures the risks of a participant and*  
10 *limits the losses of each such participant to its pro rata share of*  
11 *the assets of one or more protected cells identified in the*  
12 *participant contract.*

13     **Sec. 132.** *“Protected cell” means a separate account*  
14 *established by a sponsored captive insurer in which assets are*  
15 *maintained for one or more participants in accordance with the*  
16 *terms of one or more participant contracts that fund the liability of*  
17 *the sponsored captive insurer assumed on behalf of the*  
18 *participants as set forth in the participant contracts.*

19     **Sec. 133.** *“Sponsor” means an insurer licensed pursuant to*  
20 *the laws of any state, a reinsurer authorized or approved under the*  
21 *laws of any state, or a captive insurer formed or licensed pursuant*  
22 *to this chapter that:*

23     1. *Meets the requirements of subsection 3 of NRS 694C.180;*  
24 *and*

25     2. *Is approved by the Commissioner to provide all or part of*  
26 *the capital and surplus required by applicable law and to organize*  
27 *and operate a sponsored captive insurer.*

28     **Sec. 134.** *“Sponsored captive insurer” means any captive*  
29 *insurer:*

30     1. *In which the minimum capital and surplus required by*  
31 *applicable law is provided by one or more sponsors;*

32     2. *That is formed or licensed pursuant to this chapter;*

33     3. *That only insures the risks of its participants through*  
34 *separate participant contracts; and*

35     4. *That funds the liability for each participant through one or*  
36 *more protected cells where the assets of each protected cell are*  
37 *segregated from the assets of other protected cells and the assets of*  
38 *the general account of the sponsored captive insurer.*

39     **Sec. 135.** 1. *One or more sponsors may form a sponsored*  
40 *captive insurer pursuant to this chapter.*

41     2. *A sponsored captive insurer formed or licensed pursuant to*  
42 *this chapter may establish and maintain one or more protected*  
43 *cells to insure the risks of one or more participants, subject to the*  
44 *following conditions:*





1       (a) *The shareholders of a sponsored captive insurer must be*  
2 *limited to its participants and sponsors, provided that the*  
3 *sponsored captive insurer may issue nonvoting securities to other*  
4 *persons on terms approved by the Commissioner;*

5       (b) *Each protected cell must be accounted for separately on the*  
6 *books and records of the sponsored captive insurer to reflect the*  
7 *financial condition and results of operations of that protected cell,*  
8 *including, but not limited to, the net income or loss, dividends, or*  
9 *other distributions to participants, and such other factors as may*  
10 *be set forth in the participant contract or required by the*  
11 *Commissioner;*

12       (c) *The assets of a protected cell must not be chargeable with*  
13 *liabilities arising out of any other insurance business which the*  
14 *sponsored captive insurer may conduct;*

15       (d) *A sponsored captive insurer shall not make a sale,*  
16 *exchange, transfer of assets, dividend or distribution between or*  
17 *among any of its protected cells without the consent of any*  
18 *participant for which the protected cells are maintained;*

19       (e) *A sponsored captive insurer shall not make a sale,*  
20 *exchange, transfer of assets, dividend or distribution from a*  
21 *protected cell to a sponsor or participant without the prior written*  
22 *approval of the Commissioner, and the Commissioner shall not*  
23 *give written approval if the sale, exchange, transfer, dividend or*  
24 *distribution would result in the insolvency or impairment of the*  
25 *protected cell;*

26       (f) *On or before March 1 of each year, a sponsored captive*  
27 *insurer must file with the Commissioner a report of its financial*  
28 *condition, including, but not limited to, accounting statements*  
29 *detailing the financial experience of each protected cell and any*  
30 *other information required by the Commissioner;*

31       (g) *A sponsored captive insurer must notify the Commissioner*  
32 *not more than 10 business days after a protected cell becomes*  
33 *insolvent or otherwise unable to meet its claims or expense*  
34 *obligations;*

35       (h) *A participant contract must not become effective without*  
36 *the prior written approval of the Commissioner;*

37       (i) *The addition of each new protected cell, the withdrawal of*  
38 *any participant of a protected cell or the termination of any*  
39 *existing protected cell constitutes a change in the business plan*  
40 *and requires the prior written approval of the Commissioner; and*

41       (j) *The business written by a sponsored captive insurer with*  
42 *respect to each protected cell must be:*

43       (1) *Fronted by an insurer licensed pursuant to the laws of*  
44 *any state;*





1       (2) *Reinsured by a reinsurer authorized or approved by the*  
2 *Commissioner; or*

3       (3) *Secured by a trust fund in the United States for the*  
4 *benefit of policyholders and claimants or funded by an irrevocable*  
5 *letter of credit or other arrangement that is acceptable to the*  
6 *Commissioner. The amount of security provided must not be less*  
7 *than the reserves associated with those liabilities, which are not*  
8 *fronted or reinsured pursuant to subparagraph (1) or (2),*  
9 *including reserves for losses, allocated loss adjustment expenses,*  
10 *incurred but not reported losses and unearned premiums for*  
11 *business written through the protected cell maintained for the*  
12 *participant. The Commissioner may require the sponsored captive*  
13 *insurer to increase the funding of any security arrangement*  
14 *established under this subsection. If the form of security is a letter*  
15 *of credit, the letter of credit must be established, issued or*  
16 *confirmed by a bank chartered in this State, a member of the*  
17 *Federal Reserve System or a bank chartered in another state if the*  
18 *bank is deemed acceptable by the Commissioner. A trust*  
19 *maintained pursuant to this subparagraph must be established in*  
20 *a form and under such terms that are approved by the*  
21 *Commissioner.*

22       3. *A sponsor of a sponsored captive insurer must:*

23       (a) *Be an insurer licensed pursuant to the laws of any state, a*  
24 *reinsurer authorized or approved under the laws of any state or a*  
25 *captive insurer formed or licensed pursuant to this chapter; and*

26       (b) *Not be a risk retention group.*

27       4. *A participant in a sponsored captive insurer need not be a*  
28 *shareholder of the sponsored captive insurer or an affiliate of the*  
29 *sponsored captive insurer and:*

30       (a) *May be an association, corporation, limited-liability*  
31 *company, partnership, trust or other form of business*  
32 *organization;*

33       (b) *May be a sponsor of the sponsored captive insurer; and*

34       (c) *Must not be a risk retention group.*

35       5. *A participant in a sponsored captive insurer shall insure*  
36 *only its own risks through a sponsored captive insurer.*

37       **Sec. 136.** *Notwithstanding the provisions of this chapter, the*  
38 *assets of two or more protected cells may be combined for the*  
39 *purpose of investment, and such combination must not be*  
40 *construed as defeating the separation of the assets for accounting*  
41 *or other purposes. Sponsored captive insurers shall comply with*  
42 *the investment requirements set forth in NRS 694C.340, if*  
43 *applicable, except to the extent that credit for reinsurance ceded to*  
44 *reinsurers is allowed pursuant to NRS 694C.350 or to the extent*  
45 *otherwise deemed reasonable and appropriate by the*



1 *Commissioner. Notwithstanding the provisions of this chapter, the*  
2 *Commissioner may approve the use of alternative reliable methods*  
3 *of valuation and rating.*

4 **Sec. 137.** *The provisions of chapter 696B of NRS apply to a*  
5 *sponsored captive insurer if:*

6 *1. The assets of a protected cell are not used to pay any*  
7 *expense or claim other than those that are attributable to the*  
8 *protected cell; and*

9 *2. The capital and surplus of the sponsored captive insurer*  
10 *are available at all times to pay any expenses of or claims against*  
11 *the sponsored captive insurer.*

12 **Sec. 138.** *1. As security for the payment of liabilities*  
13 *attributable to the branch operations of a branch captive insurer,*  
14 *the Commissioner shall require that a trust fund, funded by an*  
15 *irrevocable letter of credit or other acceptable asset, be established*  
16 *and maintained in the United States for the benefit of United*  
17 *States policy holders and ceding United States insurers under*  
18 *insurance policies or reinsurance contracts issued or assumed by*  
19 *the branch captive insurer through its branch operations.*

20 *2. The amount of the security must be not less than the total*  
21 *amount required by NRS 694C.250 and 694C.260, and any*  
22 *reserves on such insurance policies or reinsurance contracts,*  
23 *including reserves for losses, allocated loss adjustment expenses,*  
24 *incurred but not reported losses and unearned premiums with*  
25 *regard to business written through the branch operations. The*  
26 *Commissioner may authorize a branch captive insurer that is*  
27 *required to post security for loss reserves on branch business by its*  
28 *reinsurer to reduce the funds in the trust account required by this*  
29 *section by that same amount as long as the security remains*  
30 *posted with the reinsurer.*

31 *3. If the form of the security is a letter of credit, the letter of*  
32 *credit must be established, issued or confirmed by a bank*  
33 *chartered in this State or a bank that is a member of the Federal*  
34 *Reserve System.*

35 **Sec. 139.** *An alien captive insurer licensed as a branch*  
36 *captive insurer shall petition the Commissioner to issue a*  
37 *certificate setting forth the finding of the Commissioner that, after*  
38 *considering the character, reputation, financial responsibility,*  
39 *insurance experience and business qualifications of the officers*  
40 *and directors of the alien captive insurer, the licensing and*  
41 *maintenance of the branch operations will promote the general*  
42 *welfare of the State. The alien captive insurer may register to do*  
43 *business in this State after the certificate is issued by the*  
44 *Commissioner.*



1     **Sec. 140.** *Before March 1 of each year or, if approved by the*  
2 *Commissioner, not more than 60 days after the expiration of the*  
3 *fiscal year of the branch captive insurer, the branch captive*  
4 *insurer shall file with the Commissioner a copy of all reports and*  
5 *statements required to be filed under the laws of the jurisdiction in*  
6 *which the alien captive insurer is domiciled. The reports and*  
7 *statements must be verified by oath of two of the executive officers*  
8 *of the alien captive insurer. If the Commissioner is satisfied that*  
9 *the annual report filed by the alien captive insurer in the*  
10 *jurisdiction in which it is domiciled provides adequate information*  
11 *concerning the financial condition of the alien captive insurer, the*  
12 *Commissioner may waive the requirement for completion of the*  
13 *captive annual statement for business written in the alien*  
14 *jurisdiction.*

15     **Sec. 141.** *1. The examination of a branch captive insurer*  
16 *pursuant to NRS 694C.410 must be of branch business and*  
17 *branch operations only, so long as the branch captive insurer*  
18 *provides to the Commissioner on an annual basis a certificate of*  
19 *compliance, or equivalent documentation, issued by or filed with*  
20 *the licensing authority of the jurisdiction in which the branch*  
21 *captive insurer is formed, and demonstrates to the satisfaction of*  
22 *the Commissioner that it is operating in a sound financial*  
23 *condition and in accordance with all applicable laws and*  
24 *regulations of that jurisdiction.*

25     *2. As a condition of licensure, the alien captive insurer must*  
26 *authorize the Commissioner to examine the affairs of the alien*  
27 *captive insurer in the jurisdiction in which the alien captive*  
28 *insurer is formed.*

29     **Sec. 142.** *The tax required pursuant to NRS 694C.450*  
30 *applies only to the branch business of the branch captive insurer.*

31     **Sec. 143.** *In addition to the information required pursuant to*  
32 *NRS 694C.200, each sponsored captive insurer shall file with the*  
33 *Commissioner:*

34     *1. Information demonstrating the manner in which the*  
35 *applicant will account for the loss and expense experience of each*  
36 *protected cell, at a level of detail deemed sufficient by the*  
37 *Commissioner, and the method of reporting such information;*

38     *2. A written acknowledgement that all financial records of*  
39 *the sponsored captive insurer, including, but not limited to,*  
40 *records pertaining to any protected cells, must be made available*  
41 *for inspection or examination by the Commissioner or his*  
42 *designee;*

43     *3. All contracts entered into between the sponsored captive*  
44 *insurer and any participant, including, but not limited to,*  
45 *participant contracts; and*



1     **4. Evidence satisfactory to the Commissioner indicating that**  
2 **expenses will be allocated to each protected cell in a fair and**  
3 **equitable manner.**

4     **Sec. 144.** NRS 694C.010 is hereby amended to read as  
5 follows:

6     694C.010 As used in this chapter, unless the context otherwise  
7 requires, the words and terms defined in NRS 694C.020 to  
8 694C.150, inclusive, **and sections 125 to 134, inclusive, of this act**  
9 have the meanings ascribed to them in those sections.

10    **Sec. 145.** NRS 694C.030 is hereby amended to read as  
11 follows:

12    694C.030 “Agency captive insurer” means a captive insurer  
13 that is owned **or directly or indirectly controlled** by an insurance  
14 agency or brokerage and that only insures risks of policies which are  
15 placed by or through the agency or brokerage.

16    **Sec. 146.** NRS 694C.040 is hereby amended to read as  
17 follows:

18    694C.040 “Association” means a legal entity consisting of two  
19 or more corporations, **limited-liability companies**, partnerships,  
20 associations or other forms of business organizations.

21    **Sec. 147.** NRS 694C.060 is hereby amended to read as  
22 follows:

23    694C.060 “Captive insurer” means any pure captive insurer,  
24 association captive insurer, agency captive insurer , ~~and~~ rental  
25 captive insurer **and sponsored captive insurer** licensed pursuant to  
26 this chapter. **The term includes a pure captive insurer who, unless**  
27 **otherwise provided by the Commissioner, is a branch captive**  
28 **insurer with respect to operations in this State.**

29    **Sec. 148.** NRS 694C.090 is hereby amended to read as  
30 follows:

31    694C.090 “Member organization” means any **individual or**  
32 corporation, **limited-liability company**, partnership, association or  
33 other form of business organization that belongs to an association.

34    **Sec. 149.** NRS 694C.110 is hereby amended to read as  
35 follows:

36    694C.110 “Parent” means a corporation, **limited-liability**  
37 **company**, partnership, association or other form of business  
38 organization that directly or indirectly owns, controls or holds with  
39 power to vote more than 50 percent of the outstanding voting  
40 securities of ~~it~~:

41    1. A pure captive insurer ~~it~~ **organized as a stock corporation;**  
42 **or**

43    2. **The membership of a pure captive insurer organized as a**  
44 **nonprofit corporation.**



1     **Sec. 150.** NRS 694C.120 is hereby amended to read as  
2 follows:

3     694C.120 “Pure captive insurer” means a captive insurer that  
4 only insures risks of its parent and affiliated companies ~~{ }~~ *or*  
5 *controlled unaffiliated businesses and, unless otherwise provided*  
6 *by the Commissioner, includes a branch captive insurer.*

7     **Sec. 151.** NRS 694C.180 is hereby amended to read as  
8 follows:

9     694C.180 1. ~~{A}~~ *Unless otherwise approved by the*  
10 *Commissioner, a* pure captive insurer, an agency captive insurer ,  
11 ~~{or}~~ a rental captive insurer ~~{shall}~~ *or a sponsored captive insurer*  
12 *must* be incorporated as a stock insurer.

13     2. An association captive insurer ~~{shall}~~ *must* be formed as a:

14     (a) Stock insurer;  
15     (b) Mutual insurer; or  
16     (c) Reciprocal insurer, except that its attorney-in-fact must be a  
17 corporation incorporated in this State.

18     3. A captive insurer shall have not less than three incorporators  
19 ~~{ }~~ *or organizers*, at least ~~{two}~~ *one* of whom must be ~~{residents}~~ *a*  
20 *resident* of this State.

21     4. Before the articles of incorporation of a captive insurer may  
22 be filed with the Secretary of State, the Commissioner must approve  
23 the articles of incorporation. In determining whether to grant ~~{such}~~  
24 *that* approval, the Commissioner shall consider:

25     (a) The character, reputation, financial standing and purposes of  
26 the incorporators ~~{ }~~ *or organizers*;

27     (b) The character, reputation, financial responsibility, experience  
28 relating to insurance and business qualifications of the officers and  
29 directors of the captive insurer;

30     (c) The competence of any person who, pursuant to a contract  
31 with the captive insurer, will manage the affairs of the captive  
32 insurer;

33     (d) The competence, reputation and experience of the legal  
34 counsel of the captive insurer relating to the regulation of insurance;

35     (e) If the captive insurer is a rental captive insurer, the  
36 competence, reputation and experience of the underwriter of the  
37 captive insurer;

38     (f) The business plan of the captive insurer; and

39     (g) Such other aspects of the captive insurer as the  
40 Commissioner deems advisable.

41     5. The capital stock of a captive insurer incorporated as a stock  
42 insurer must be issued at not less than par value.

43     6. At least one member of the board of directors of a captive  
44 insurer *formed as a corporation*, or ~~{of its}~~ *one member of the*  
45 *subscribers advisory committee or the* attorney-in-fact *of a captive*



1 *insurer formed as a reciprocal insurer*, must be a resident of this  
2 State.

3 7. A captive insurer formed pursuant to the provisions of this  
4 chapter has the privileges of, and is subject to, the provisions of  
5 general corporation law set forth in chapter 78 of NRS *and, if*  
6 *formed as a nonprofit corporation, the provisions set forth in*  
7 *chapter 82 of NRS*, as well as the applicable provisions contained in  
8 this chapter. If the provisions of this chapter conflict with the  
9 general provisions in chapter 78 *or 82* of NRS governing  
10 corporations, the provisions of this chapter control. The provisions  
11 of chapter 693A of NRS relating to mergers, consolidations,  
12 conversions, mutualizations and transfers of domicile to this State  
13 apply to determine the procedures to be followed by captive insurers  
14 in carrying out any of those transactions in accordance with this  
15 chapter.

16 8. The articles of association, articles of incorporation, charter  
17 or bylaws of a captive insurer *formed as a corporation* must require  
18 that a quorum of the board of directors consists of not less than one-  
19 third of the number of directors prescribed by the articles of  
20 association, articles of incorporation, charter or bylaws.

21 9. *The agreement of the subscribers or other organizing*  
22 *document of a captive insurer formed as a reciprocal insurer must*  
23 *require that a quorum of its subscribers advisory committee*  
24 *consists of not less than one-third of the number of its members.*

25 **Sec. 152.** NRS 694C.230 is hereby amended to read as  
26 follows:

27 694C.230 1. If the Commissioner determines that the  
28 documents and statements filed by the captive insurer satisfy the  
29 requirements for licensure, the Commissioner shall issue a license to  
30 the captive insurer. ~~[The license is valid for 1 year after the date on~~  
31 ~~which it is issued.]~~ The license may be renewed *annually* upon the  
32 satisfaction of all requirements imposed by the Commissioner and  
33 payment of the renewal fee.

34 2. A captive insurer must pay a fee of \$300 for the issuance of  
35 a license and *, on or before March 1 of each year*, an annual fee of  
36 \$300 for the renewal of a license.

37 **Sec. 153.** NRS 694C.250 is hereby amended to read as  
38 follows:

39 694C.250 1. A captive insurer must not be issued a license,  
40 and shall not hold a license, unless the captive insurer has and  
41 maintains, in addition to any other capital required to be maintained  
42 pursuant to subsection 3, unimpaired paid-in capital of:

43 (a) For a pure captive insurer, not less than \$100,000;

44 (b) For an association captive insurer incorporated as a stock  
45 insurer, not less than \$200,000;



- (c) For an agency captive insurer, not less than \$300,000; ~~and~~  
(d) For a rental captive insurer, not less than \$400,000 ~~and~~; *and*  
*(e) For a sponsored captive insurer, not less than \$200,000.*

2. Except as otherwise provided by the Commissioner pursuant to subsection 3, the capital required to be maintained pursuant to this section must be in the form of cash or an irrevocable letter of credit.

3. The Commissioner may prescribe additional requirements relating to capital based on the type, volume and nature of the insurance business that is transacted by the captive insurer and requirements regarding which capital, if any, may be in the form of an irrevocable letter of credit.

4. A letter of credit used by a captive insurer as evidence of capital required pursuant to this section must:

(a) Be issued by a bank chartered by this State or a bank that is a member of the United States Federal Reserve System and has been approved by the Commissioner; and

(b) Include a provision pursuant to which the letter of credit is automatically renewable each year, unless the issuer gives written notice to the Commissioner and the captive insurer at least 90 days before the expiration date.

**Sec. 154.** NRS 694C.260 is hereby amended to read as follows:

694C.260 1. A captive insurer must not be issued a license, and shall not hold a license, unless the captive insurer has and maintains, in addition to any other surplus required to be maintained pursuant to subsection 3, an unencumbered surplus of:

(a) For a pure captive insurer, not less than ~~[\$150,000;]~~ *\$100,000;*

(b) For an association captive insurer incorporated as a stock insurer, not less than \$300,000;

(c) For an agency captive insurer, not less than \$300,000;

(d) For a rental captive insurer, not less than ~~[\$350,000; and]~~ *\$400,000;*

(e) For an association captive insurer incorporated as a mutual insurer or reciprocal insurer, not less than \$500,000 ~~and~~; *and*

*(f) For a sponsored captive insurer, not less than \$300,000.*

2. Except as otherwise provided in subsection 3, the surplus required to be maintained pursuant to this section must be in the form of cash or an irrevocable letter of credit.

3. The Commissioner may prescribe additional requirements relating to surplus based on the type, volume and nature of the insurance business that is transacted by the captive insurer and requirements regarding which surplus, if any, may be in the form of an irrevocable letter of credit.





1 4. A letter of credit used by a captive insurer as evidence of  
2 required surplus pursuant to this section must:

3 (a) Be issued by a bank chartered by this State or a bank that is a  
4 member of the United States Federal Reserve System and has been  
5 approved by the Commissioner; and

6 (b) Include a provision pursuant to which the letter of credit is  
7 automatically renewable each year, unless the issuer gives written  
8 notice to the Commissioner and the captive insurer at least 90 days  
9 before the expiration date.

10 **Sec. 155.** NRS 694C.300 is hereby amended to read as  
11 follows:

12 694C.300 1. Except as otherwise provided in this section, a  
13 captive insurer licensed pursuant to this chapter may transact any  
14 form of insurance described in NRS 681A.020 to 681A.080,  
15 inclusive.

16 2. A captive insurer licensed pursuant to this chapter:

17 (a) Shall not directly provide personal motor vehicle or  
18 homeowners' insurance coverage, or any component thereof.

19 (b) Shall not accept or cede reinsurance, except as otherwise  
20 provided in NRS 694C.350.

21 (c) May provide excess workers' compensation insurance to its  
22 parent and affiliated companies, unless otherwise prohibited by the  
23 laws of the state in which the insurance is transacted.

24 (d) May reinsure workers' compensation insurance provided  
25 pursuant to a program of self-funded insurance of its parent and  
26 affiliated companies if:

27 (1) The parent or affiliated company which is providing the  
28 self-funded insurance is certified as a self-insured employer by the  
29 Commissioner, if the insurance is being transacted in this State; or

30 (2) The program of self-funded insurance is otherwise  
31 qualified pursuant to, or in compliance with, the laws of the state in  
32 which the insurance is transacted.

33 3. A pure captive insurer shall not insure any risks other than  
34 those of its parent and affiliated companies ~~or~~ *or controlled*  
35 *unaffiliated businesses.*

36 4. An association captive insurer shall not insure any risks  
37 other than those of the member organizations of its association and  
38 the affiliated companies of the member organizations.

39 5. An agency captive insurer shall not insure any risks other  
40 than those of the policies that are placed by or through the insurance  
41 agency or brokerage that owns the captive insurer.

42 6. A rental captive insurer shall not insure any risks other than  
43 those of the policyholders or associations that have entered into  
44 agreements with the rental captive insurer for the insurance of those





1 risks. Such agreements must be in a form which has been approved  
2 by the Commissioner.

3 7. *A sponsored captive insurer shall not insure any risks*  
4 *other than those of its participants.*

5 8. As used in this section, “excess workers’ compensation  
6 insurance” means insurance in excess of the specified per-incident  
7 or aggregate limit, if any, established by:

8 (a) The Commissioner, if the insurance is being transacted in  
9 this State; or

10 (b) The chief regulatory officer for insurance in the state in  
11 which the insurance is being transacted.

12 **Sec. 156.** NRS 694C.310 is hereby amended to read as  
13 follows:

14 694C.310 1. The board of directors of a captive insurer shall  
15 meet at least ~~one time~~ *once* each year in this State. The captive  
16 insurer shall:

17 (a) Maintain its principal place of business in this State; and

18 (b) Appoint a resident of this State as a registered agent to  
19 accept service of process and otherwise act on behalf of the captive  
20 insurer in this State. If the registered agent cannot be located with  
21 reasonable diligence for the purpose of serving a notice or demand  
22 on the captive insurer, the notice or demand may be served on the  
23 Secretary of State who shall be deemed to be the agent for the  
24 captive insurer.

25 2. A captive insurer shall not transact insurance in this State  
26 unless:

27 (a) The captive insurer has made adequate arrangements with a  
28 bank located in this State that is authorized pursuant to state or  
29 federal law to transfer money;

30 (b) If the captive insurer employs or has entered into a contract  
31 with a natural person or business organization to manage the affairs  
32 of the captive insurer, the natural person or business organization  
33 meets the standards of competence and experience satisfactory to  
34 the Commissioner;

35 (c) The captive insurer employs or has entered into a contract  
36 with a qualified and experienced certified public accountant *who is*  
37 *approved by the Commissioner* or a firm of certified public  
38 accountants that is nationally recognized;

39 (d) The captive insurer employs or has entered into a contract  
40 with qualified, experienced actuaries *who are approved by the*  
41 *Commissioner* to perform reviews and evaluations of the operations  
42 of the captive insurer; and

43 (e) The captive insurer employs or has entered into a contract  
44 with an attorney who is licensed to practice law in this State and  
45 who meets the standards of competence and experience in matters



1 concerning the regulation of insurance in this State established by  
2 the Commissioner by regulation.

3 **Sec. 157.** NRS 694C.340 is hereby amended to read as  
4 follows:

5 694C.340 1. Except as otherwise provided in this section ~~§~~  
6 *and section 136 of this act*, an association captive insurer, an  
7 agency captive insurer, ~~or~~ a rental captive insurer *or a sponsored*  
8 *captive insurer* shall comply with the requirements relating to  
9 investments set forth in chapter 682A of NRS. Upon the request of  
10 the association captive insurer, agency captive insurer, ~~or~~ rental  
11 captive insurer ~~§~~ *or sponsored captive insurer*, the Commissioner  
12 may approve the use of reliable, alternative methods of valuation  
13 and rating.

14 2. A pure captive insurer is not subject to any restrictions on  
15 allowable investments, except that the Commissioner may prohibit  
16 or limit any investment that threatens the solvency or liquidity of the  
17 pure captive insurer.

18 3. A pure captive insurer may make a loan to its parent or  
19 affiliated company if the loan:

20 (a) Is first approved in writing by the Commissioner;

21 (b) Is evidenced by a note that is in a form that is approved by  
22 the Commissioner; and

23 (c) Does not include any money that has been set aside as capital  
24 or surplus as required by subsection 1 of NRS 694C.250 or  
25 subsection 1 of NRS 694C.260.

26 **Sec. 158.** NRS 694C.450 is hereby amended to read as  
27 follows:

28 694C.450 1. Except as otherwise provided in this section, a  
29 captive insurer shall pay to the Division, not later than March 1 of  
30 each year, a tax at the rate of:

31 (a) Two-fifths of 1 percent on the first \$20,000,000 of its net  
32 direct premiums;

33 (b) One-fifth of 1 percent on the next \$20,000,000 of its net  
34 direct premiums; and

35 (c) Seventy-five thousandths of 1 percent on each additional  
36 dollar of its net direct premiums.

37 2. Except as otherwise provided in this section, a captive  
38 insurer shall pay to the Division, not later than March 1 of each  
39 year, a tax at a rate of:

40 (a) Two hundred twenty-five thousandths of 1 percent on the  
41 first \$20,000,000 of revenue from assumed reinsurance premiums;

42 (b) One hundred fifty thousandths of 1 percent on the next  
43 \$20,000,000 of revenue from assumed reinsurance premiums; and

44 (c) Twenty-five thousandths of 1 percent on each additional  
45 dollar of revenue from assumed reinsurance premiums.



1   ↪ The tax on reinsurance premiums pursuant to this subsection  
2 must not be levied on premiums for risks or portions of risks which  
3 are subject to taxation on a direct basis pursuant to subsection 1. A  
4 captive insurer is not required to pay any reinsurance premium tax  
5 pursuant to this subsection on revenue related to the receipt of assets  
6 by the captive insurer in exchange for the assumption of loss  
7 reserves and other liabilities of another insurer that is under  
8 common ownership and control with the captive insurer, if the  
9 transaction is part of a plan to discontinue the operation of the other  
10 insurer and the intent of the parties to the transaction is to renew or  
11 maintain such business with the captive insurer.

12   3. If the sum of the taxes to be paid by a captive insurer  
13 calculated pursuant to subsections 1 and 2 is less than \$5,000 in any  
14 given year, the captive insurer shall pay a tax of \$5,000 for that  
15 year. *The maximum aggregate tax for any year must not exceed*  
16 *\$175,000. The maximum aggregate tax to be paid by a sponsored*  
17 *captive insurer applies only to each protected cell and does not*  
18 *apply to the sponsored captive insurer as a whole.*

19   4. Two or more captive insurers under common ownership and  
20 control must be taxed as if they were a single captive insurer.

21   5. Notwithstanding any specific statute to the contrary and  
22 except as otherwise provided in this subsection, the tax provided for  
23 by this section constitutes all the taxes collectible pursuant to the  
24 laws of this State from a captive insurer, and no occupation tax or  
25 other taxes may be levied or collected from a captive insurer by this  
26 State or by any county, city or municipality within this State, except  
27 for taxes imposed pursuant to chapter 363A or 363B of NRS and ad  
28 valorem taxes on real or personal property located in this State used  
29 in the production of income by the captive insurer.

30   6. ~~{Ten}~~ *Twenty-five* percent of the revenues collected from the  
31 tax imposed pursuant to this section must be deposited with the  
32 State Treasurer for credit to the Account for the Regulation and  
33 Supervision of Captive Insurers created pursuant to NRS 694C.460.  
34 The remaining 90 percent of the revenues collected must be  
35 deposited with the State Treasurer for credit to the State General  
36 Fund.

37   7. A captive insurer that is issued a license pursuant to this  
38 chapter after July 1, 2003, is entitled to receive a nonrefundable  
39 credit of \$5,000 applied against the aggregate taxes owed by the  
40 captive insurer for the first year in which the captive insurer incurs  
41 any liability for the payment of taxes pursuant to this section. A  
42 captive insurer is entitled to a nonrefundable credit pursuant to this  
43 section not more than once after the captive insurer is initially  
44 licensed pursuant to this chapter.



8. As used in this section, unless the context otherwise requires:

(a) "Common ownership and control" means:

(1) In the case of a stock insurer, the direct or indirect ownership of 80 percent or more of the outstanding voting stock of two or more corporations by the same member or members.

(2) In the case of a mutual insurer, the direct or indirect ownership of 80 percent or more of the surplus and the voting power of two or more corporations by the same member or members.

(b) "Net direct premiums" means the direct premiums collected or contracted for on policies or contracts of insurance written by a captive insurer during the preceding calendar year, less the amounts paid to policyholders as return premiums, including dividends on unabsorbed premiums or premium deposits returned or credited to policyholders.

**Sec. 159.** NRS 694C.460 is hereby amended to read as follows:

694C.460 1. There is hereby created in the State General Fund an Account for the Regulation and Supervision of Captive Insurers. Money in the Account must be used only to carry out the provisions of this chapter. Except as otherwise provided in NRS 694C.450, all fees and assessments received by the Commissioner or Division pursuant to this chapter must be credited to the Account. Not more than 2 percent of the tax collected and deposited in the Account pursuant to NRS 694C.450, may, upon application by the Division or an agency for economic development to, and with the approval of, the Interim Finance Committee, be transferred to an agency for economic development to be used by that agency to promote the industry of captive insurance in this State.

2. Except as otherwise provided in this section, all payments from the Account for the maintenance of staff and associated expenses, including contractual services, as necessary, must be disbursed from the State Treasury only upon warrants issued by the State Controller, after receipt of proper documentation of the services rendered and expenses incurred.

3. At the end of each fiscal year, that portion of the balance in the Account which exceeds ~~[\$100,000]~~ \$500,000 must be transferred to the State General Fund.

4. The State Controller may anticipate receipts to the Account and issue warrants based thereon.

**Sec. 160.** NRS 695B.150 is hereby amended to read as follows:

695B.150 A corporation organized under this chapter shall be deemed to be insolvent if its reserve fund is impaired so as to be less than the amounts set forth in NRS 695B.140. For the purposes of



1 determining such insolvency and the financial condition of ~~[such a]~~  
2 *the* corporation, for the purposes of preparation of annual  
3 statements, and for all other purposes not otherwise expressly  
4 provided for in this chapter, ~~[such a corporation shall be]~~ *the*  
5 *corporation is* subject to all requirements of the laws of the State of  
6 Nevada as to assets, liabilities and reserves which are applicable to  
7 mutual nonassessable ~~[legal reserve disability]~~ *life or health*  
8 insurers.

9 **Sec. 161.** NRS 695E.140 is hereby amended to read as  
10 follows:

11 695E.140 1. A risk retention group seeking to be chartered in  
12 this State must obtain a certificate of authority pursuant to chapter  
13 ~~[680A]~~ *694C* of NRS to transact liability insurance and, except as  
14 otherwise provided in this chapter, must comply with:

15 (a) All of the laws, regulations and requirements applicable to  
16 liability insurers in this State; and

17 (b) The provisions of NRS 695E.150 to 695E.210, inclusive, to  
18 the extent that those provisions do not limit or conflict with the  
19 provisions with which the group is required to comply pursuant to  
20 paragraph (a).

21 2. Before it may transact insurance in any state, the risk  
22 retention group must submit to the Commissioner for his approval a  
23 plan of operation. The risk retention group shall submit an  
24 appropriate revision in the event of any subsequent material change  
25 in any item of the plan of operation within 10 days after the change.  
26 The group shall not offer any additional kinds of liability insurance,  
27 in this State or in any other state, until a revision of the plan is  
28 approved by the Commissioner.

29 3. A risk retention group chartered in a state other than Nevada  
30 that is seeking to transact insurance as a risk retention group in this  
31 State must comply with the provisions of NRS 695E.150 to  
32 695E.210, inclusive.

33 **Sec. 162.** NRS 696A.300 is hereby amended to read as  
34 follows:

35 696A.300 1. Each license for a club agent issued under this  
36 chapter continues in force for 3 years unless it is suspended, revoked  
37 or otherwise terminated. A license may be renewed upon  
38 submission of the statement required pursuant to NRS 696A.303  
39 and payment to the Commissioner of the applicable fee for renewal  
40 and a fee of \$15 for deposit in the insurance recovery account  
41 created by NRS 679B.305. The statement must be submitted and the  
42 fees must be paid on or before the last day of the month in which the  
43 license is renewable.

44 2. Any license not so renewed expires at midnight on the last  
45 day specified for its renewal. The Commissioner may accept a



request for renewal received by him within 30 days after the expiration of the license if the request is accompanied by the statement required pursuant to NRS 696A.303, a fee for renewal of 150 percent of the fee otherwise required and the fee of \$15 for deposit in the insurance recovery account created by NRS 679B.305.

3. The Commissioner shall collect in advance and deposit with the State Treasurer for credit to the State General Fund the following fees for licensure as a club agent:

- (a) Application and license.....~~[\$78]~~ **\$125**
- (b) Appointment by each motor club .....~~[\$]~~ **15**
- (c) Triennial renewal of each license .....~~[78]~~ **125**

**Sec. 163.** NRS 696A.300 is hereby amended to read as follows:

696A.300 1. Each license for a club agent issued under this chapter continues in force for 3 years unless it is suspended, revoked or otherwise terminated. A license may be renewed upon payment to the Commissioner of the applicable fee for renewal and a fee of \$15 for deposit in the insurance recovery account created by NRS 679B.305. The fees must be paid on or before the last day of the month in which the license is renewable.

2. Any license not so renewed expires at midnight on the last day specified for its renewal. The Commissioner may accept a request for renewal received by him within 30 days after the expiration of the license if the request is accompanied by a fee for renewal of 150 percent of the fee otherwise required and the fee of \$15 for deposit in the insurance recovery account created by NRS 679B.305.

3. The Commissioner shall collect in advance and deposit with the State Treasurer for credit to the State General Fund the following fees for licensure as a club agent:

- (a) Application and license.....~~[\$78]~~ **\$125**
- (b) Appointment by each motor club .....~~[\$]~~ **15**
- (c) Triennial renewal of each license .....~~[78]~~ **125**

**Sec. 164.** NRS 689B.190, 690A.012, 690A.013, 690A.014, 690A.019, 690A.021, 690A.022, 690A.023, 690A.024, 690A.025, 690A.026, 690A.027, 690A.028, 690A.030, 690A.040, 690A.060, 690A.070, 690A.080, 690A.090, 690A.100, 690A.110, 690A.150, 690A.160, 690A.170, 690A.180, 690A.190, 690A.200, 690A.210, 690A.220, 690A.230, 690A.240, 690A.250, 690A.260, 690A.270 and 690B.060 are hereby repealed.

**Sec. 165.** 1. This section and sections 1 to 16, inclusive, 62, 63, 65 to 69, inclusive, 71 to 74, inclusive, 77, 78, 79, 81, 82, 83, 87 to 90, inclusive, 124 to 159, inclusive, and 161 of this act become effective upon passage and approval.



2. Sections 64, 70, 76, 80, 84, 85, 86, 160, 162 and 164 of this act become effective on October 1, 2005.

3. Sections 17 to 61, inclusive, and 91 to 123, inclusive, of this act become effective:

(a) Upon passage and approval for the purpose of adopting regulations and performing any other preparatory administrative tasks that are required to carry out the provisions of this act; and

(b) On October 1, 2005, for all other purposes.

4. Sections 74 and 162 of this act expire by limitation on the date on which the provisions of 42 U.S.C. § 666 requiring each state to establish procedures under which the state has authority to withhold or suspend, or to restrict the use of professional, occupational and recreational licenses of persons who:

(a) Have failed to comply with a subpoena or warrant relating to a proceeding to determine the paternity of a child or to establish or enforce an obligation for the support of a child; or

(b) Are in arrears in the payment for the support of one or more children,

↪ are repealed by the Congress of the United States.

5. Sections 75 and 163 of this act become effective on the date on which the provisions of 42 U.S.C. § 666 requiring each state to establish procedures under which the state has authority to withhold or suspend, or to restrict the use of professional, occupational and recreational licenses of persons who:

(a) Have failed to comply with a subpoena or warrant relating to a proceeding to determine the paternity of a child or to establish or enforce an obligation for the support of a child; or

(b) Are in arrears in the payment for the support of one or more children,

↪ are repealed by the Congress of the United States.

---

---

## LEADLINES OF REPEALED SECTIONS

---

---

**689B.190 Renewal of converted policy: Request for information on sources of other benefits; grounds for refusal to renew; notice concerning cancellation of other coverage.**

**690A.012 “Compensation” defined.**

**690A.013 “Contingent compensation” defined.**

**690A.014 “Credit disability insurance” defined.**

**690A.019 “Gross coverage” defined.**

**690A.021 “Indebtedness” defined.**

**690A.022 “Involuntary unemployment insurance” defined.**



- 690A.023 “Joint life insurance” defined.
- 690A.024 “Level term plan” defined.
- 690A.025 “Outstanding balance basis” defined.
- 690A.026 “Primary compensation” defined.
- 690A.027 “Producer” defined.
- 690A.028 “Single premium basis” defined.
- 690A.030 Limitations on form of issuance and type of insurance.
- 690A.040 Amounts of credit life insurance.
- 690A.060 Term.
- 690A.070 Policies and certificates of insurance: Contents; delivery.
- 690A.080 Forms, schedules and formulas: Filing; approval; regulations; withdrawal of approval.
- 690A.090 Premiums and refunds.
- 690A.100 Collection of premium or other charge.
- 690A.110 Premiums and gains not deemed interest.
- 690A.150 Maintenance of statistics regarding insurance and records regarding creditors.
- 690A.160 Use or continuation of compensating balances or accounts of special deposits prohibited.
- 690A.170 Insurer required to conduct audits and reviews; retention of results; payment of costs; Commissioner may order audit or review.
- 690A.180 Order issued by Commissioner for noncompliance with chapter.
- 690A.190 Excessive rates; approval of higher rate; filing of statistical experience for higher rate; restrictive provisions in policy.
- 690A.200 Rates: Credit life insurance.
- 690A.210 Rates: Credit disability insurance.
- 690A.220 Rates: Involuntary unemployment insurance.
- 690A.230 Restrictions based on age.
- 690A.240 Payment of compensation to producer.
- 690A.250 Formula for refund.
- 690A.260 Transfers to unauthorized insurer.
- 690A.270 Foreign insurers.
- 690B.060 Reports to Commissioner.









