

## Amendment No. 1135

Senate Amendment to Assembly Bill No. 338 Third Reprint (BDR 57-232)

**Proposed by:** Committee on Commerce and Labor**Amendment Box:****Resolves Conflicts with:** N/A**Amends:** Summary: No Title: No Preamble: No Joint Sponsorship: No Digest: No

Adoption of this amendment will MAINTAIN a 2/3s majority vote requirement for final passage of A.B. 338 R3 (§§ 7, 13, 61-64, 74, 75, 85, 123, 152, 158).

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

Amend sec. 21, page 7, by deleting lines 25 through 30 and inserting:

**“Sec. 21. “Compensation” means any valuable consideration, direct or indirect, paid by or on behalf of the insurer, or by any subsidiary or parent, or subsidiary of the parent of the insurer, or by any other person to or on behalf of any group policyholder or producer or withheld from an insurer by any group policyholder or producer, and includes:**

- 1. Paid or credited commissions or contingent commissions.**
- 2. Fees for services, consulting fees or any other fee paid or credited within or outside this State in direct relation to the volume of premiums produced or written in this State.**
- 3. The use of electronic data processing equipment or services, except for devices provided in lieu of books and charts of rates and refunds usable only for that purpose.**

KP

Date: 6/2/2005

A.B. No. 338—Makes various changes relating to insurance.



*4. The furnishing of supplies, except forms approved by the Commissioner, the usual forms for claims and reports, envelopes for transmitting claims and brochures, and books and charts of rates and refunds.*

*5. Providing rental equipment of any type.*

*6. Advertising.*

*7. Providing telephone service without charge or at a charge less than the usual cost.*

*8. Participation in a profit-sharing plan.*

*9. Dividends and refunds or credits based on experience ratings.*

*10. An allowance for expenses.*

*11. Participation in stock plans or bonuses.*

*12. Any form of credit, including the use of money.*

*13. Commissions for reinsurance, ceded or assumed.*

*14. Reinsurance with a nonauthorized insurer owned or controlled by a creditor or producer or with a nonauthorized insurer in which a creditor or producer is a stockholder.*

*15. Any commission or fee, inducement or intention to induce, or any other consideration arising from the sale of insurance or other product or service, except credit personal property insurance as part of the transaction in which the indebtedness is arranged or the application for the credit personal property insurance is made.”.*

Amend the bill as a whole by deleting sec. 55 and adding a new section designated sec. 55, following sec. 54, to read as follows:

*“Sec. 55. 1. Except as otherwise provided in subsection 2, an authorized insurer issuing credit personal property insurance may not enter into any agreement whereby the authorized*

*insurer transfers, by reinsurance or otherwise, to an unauthorized insurer, as they relate to credit personal property insurance written or issued in this State:*

- (a) A substantial portion of the risk of loss under the credit personal property insurance written by the authorized insurer in this State;*
- (b) All of one or more kinds, lines, types or classes of credit personal property insurance;*
- (c) All of the credit personal property insurance produced through one or more agents, agencies or creditors;*
- (d) All of the credit personal property insurance written or issued in a designated geographical area; or*
- (e) All of the credit personal property insurance under a policy of group insurance.*

*2. An authorized insurer may make the transfers listed in subsection 1 to an unauthorized insurer if the unauthorized insurer:*

*(a) Maintains security on deposit with the Commissioner in an amount which when added to the actual capital and surplus of the insurer is equal to the capital and surplus required of an authorized stock insurer pursuant to NRS 680A.120. The security may consist only of the following:*

- (1) Cash.*
- (2) General obligations of, or obligations guaranteed by, the Federal Government, this State or any of its political subdivisions. These obligations must be valued at the lower of market value or par value.*
- (3) Any other type of security that would be acceptable if posted by a domestic or foreign insurer.*

*(b) Files an annual statement with the Commissioner pursuant to NRS 680A.270.*

*(c) Maintains reserves on its credit personal property insurance business pursuant to NRS 681B.050.*

*(d) Values its assets and liabilities pursuant to NRS 681B.010 to 681B.040, inclusive.*

*(e) Agrees to examinations conducted by the Commissioner pursuant to NRS 679B.230.*

*(f) Complies with the standards adopted by the Commissioner pursuant to NRS 679A.150.*

*(g) Does not hold, issue or have an arrangement for holding or issuing any of its stock for which dividends are paid based on:*

*(1) The experience of a specific risk of all of one or more kinds, lines, types or classes of insurance;*

*(2) All of the business produced through one or more agents, agencies or creditors;*

*(3) All of the business written in a designated geographical area; or*

*(4) All of the business written for one or more forms of insurance.”.*