

Senate Bill No. 449–Committee on Finance

CHAPTER.....

AN ACT relating to structured settlement purchase companies; authorizing the Commissioner of Consumer Affairs of the Consumer Affairs Unit of the Department of Business and Industry, in consultation with the Director of the Department, to adopt regulations relating to structured settlement purchase companies; establishing certain fees for the initial, renewed or reinstated registration of a structured settlement purchase company; eliminating the authorization for a structured settlement purchase company to post a cash bond to protect payees who do business with the structured settlement purchase company; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law provides for the regulation of structured settlement purchase companies by the Consumer Affairs Unit of the Department of Business and Industry. (NRS 42.200-42.400) **Section 1** of this bill authorizes the Commissioner of Consumer Affairs of the Unit, in consultation with the Director of the Department, to adopt regulations relating to structured settlement purchase companies.

Existing law requires a structured settlement purchase company that wishes to do business in this State to: (1) register with the Unit; and (2) include in its application for registration a sworn certification that the structured settlement purchase company has secured a surety bond, has been issued a letter of credit or has posted a cash bond in the amount of \$50,000 which relates to its business as a structured settlement purchase company in this State and which is intended to protect payees who do business with the structured settlement purchase company. (NRS 42.340)

Section 3 of this bill requires: (1) an applicant for registration as a structured settlement purchase company to pay a nonrefundable application fee of \$250 for its initial registration; (2) a registrant to pay a nonrefundable renewal fee of \$250 for the timely renewal of its registration; and (3) a registrant who fails to timely renew its registration before expiration to pay a nonrefundable renewal fee of \$375 if the registration is renewed within 60 days after expiration or, if the registrant fails to renew its registration more than 60 days after expiration, to pay a nonrefundable reinstatement fee of \$500. **Section 3** also provides that all fees received by the Unit must be used only to acquire technology for, or improve technology used by, the Unit to carry out its duties. Finally, **section 3** eliminates the authorization for a structured settlement purchase company to post a cash bond as an option to protect payees who do business with the structured settlement purchase company, which means that the structured settlement purchase company must instead secure a surety bond or have been issued a letter of credit.

Section 2 of this bill makes a conforming change to indicate the proper placement of **section 1** in the Nevada Revised Statutes. **Section 4** of this bill makes a conforming change to reflect that a structured settlement purchase company is no longer authorized to post a cash bond pursuant to **section 3**.



EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~for omitted material~~ is material to be omitted.

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

Section 1. Chapter 42 of NRS is hereby amended by adding thereto a new section to read as follows:

The Commissioner of Consumer Affairs of the Unit may, in consultation with the Director of the Department of Business and Industry, adopt regulations to carry out the provisions of this section and NRS 42.200 to 42.400, inclusive.

Sec. 2. NRS 42.200 is hereby amended to read as follows:

42.200 NRS 42.200 to 42.400, inclusive, ***and section 1 of this act*** may be known and cited as the Structured Settlement Protection Act.

Sec. 3. NRS 42.340 is hereby amended to read as follows:

42.340 1. A person shall not act as a transferee, attempt to acquire structured settlement payment rights through a transfer from a payee who resides in this State or file a structured settlement transfer proceeding in this State unless the person is registered with the Unit to do business in this State as a structured settlement purchase company.

2. A person may apply pursuant to this section with the Unit for a registration to do business in this State as a structured settlement purchase company. ~~Am~~ ***Except as otherwise provided in this subsection, an*** application for an initial or renewed registration must be ***accompanied by a nonrefundable fee of \$250 and must be*** submitted on a form prescribed by the Unit. An initial or renewed registration expires 1 year after it is issued and may be renewed by the registrant on or before the renewal date for additional 1-year periods. ***If a registrant fails to pay the required fee or submit all required information for a renewed registration before the expiration of its registration, the registrant may:***

(a) Renew its registration if, within 60 days after the expiration of its registration, the registrant submits its application for a renewed registration accompanied by all required information and a nonrefundable renewal fee of \$375.

(b) Reinstate its registration if, more than 60 days after the expiration of its registration, the registrant submits its application for reinstatement of its registration accompanied by all required information and a nonrefundable reinstatement fee of \$500.

3. The application must contain a sworn certification by an owner, officer, director or manager of the applicant, if the applicant



is not a natural person, or by the applicant if the applicant is a natural person, certifying that:

(a) The applicant has secured a surety bond ~~{H} or~~ has been issued a letter of credit ~~{or has posted a cash bond}~~ in the amount of \$50,000 which relates to its business as a structured settlement purchase company in this State;

(b) The surety bond ~~{H} or~~ letter of credit : ~~{or cash bond}~~

(1) Is intended to protect payees who do business with the applicant when the applicant is acting as a structured settlement purchase company; and

(2) Complies with all applicable provisions of NRS 42.200 to 42.400, inclusive ~~{H}~~, and **section 1 of this act**; and

(c) The applicant will comply with all of the provisions of NRS 42.200 to 42.400, inclusive, **and section 1 of this act** when acting as a structured settlement purchase company and filing structured settlement transfer proceedings in this State.

4. The applicant must submit to the Unit with each initial and renewal application a copy of the surety bond ~~{H} or~~ letter of credit ~~{or cash bond}~~ obtained by the applicant for the purposes of subsection 3.

5. A surety bond obtained for the purposes of subsection 3 must be payable to the State of Nevada.

6. A surety bond ~~{H} or~~ letter of credit ~~{or cash bond}~~ obtained for the purposes of subsection 3 must be effective concurrently with the registration of the applicant and must remain in effect for not less than 3 years after the expiration or termination of the registration. The surety bond ~~{H} or~~ letter of credit ~~{or cash bond}~~ must be renewed each year as needed to keep it continuously in effect when the registration of the applicant is renewed unless the applicant obtains alternative security described in paragraph (a) of subsection 3 which complies with all applicable provisions of NRS 42.200 to 42.400, inclusive ~~{H}~~, and **section 1 of this act**.

7. A surety bond ~~{H} or~~ letter of credit ~~{or cash bond}~~ obtained for the purposes of subsection 3 must:

(a) Ensure that the structured settlement purchase company:

(1) Complies with the provisions of NRS 42.200 to 42.400, inclusive, **and section 1 of this act** which relate to a payee; and

(2) Performs its obligations to a payee pursuant to NRS 42.200 to 42.400, inclusive ~~{H}~~, and **section 1 of this act**; and

(b) Provide a source for recovery for a payee if the payee obtains a judgment against the structured settlement purchase company for a violation of NRS 42.200 to 42.400, inclusive ~~{H}~~, and **section 1 of this act**.



8. All fees received by the Unit pursuant to this section must be deposited in the Department of Business and Industry budget account and used only to acquire technology for, or improve technology used by, the Unit to carry out its duties pursuant to NRS 42.200 to 42.400, inclusive, and section 1 of this act.

Sec. 4. NRS 42.360 is hereby amended to read as follows:

42.360 1. The liability of the surety which issued a surety bond used by a structured settlement purchase company to satisfy the requirements of NRS 42.340 must not be affected by any:

(a) Breach of contract, breach of warranty, failure to pay a premium or other act or omission of the structured settlement purchase company; or

(b) Insolvency or bankruptcy of the structured settlement purchase company.

2. A surety which issued a surety bond used by a structured settlement purchase company to satisfy the requirements of NRS 42.340 and the structured settlement purchase company which obtained the surety bond shall not cancel or modify the surety bond during the term for which it is issued unless the surety or the structured settlement purchase company provides written notice to the Unit at least 20 days before the effective date of the cancellation or modification.

3. If a surety bond used by a structured settlement purchase company to satisfy the requirements of NRS 42.340 is modified so as to make the surety bond not comply with any provision of NRS 42.200 to 42.400, inclusive, ***and section 1 of this act*** or the surety bond is cancelled, the registration of the structured settlement purchase company automatically expires on the effective date of the modification or cancellation unless a new surety bond ~~or~~ **or** letter of credit ~~for cash bond~~ which complies with NRS 42.200 to 42.400, inclusive, ***and section 1 of this act*** is filed with the Unit on or before the effective date of the modification or cancellation.

4. A modification or cancellation of a surety bond used by a structured settlement purchase company to satisfy the requirements of NRS 42.340 does not affect any liability of the bonded surety company incurred before the modification or cancellation of the surety bond.

Sec. 5. 1. This section becomes effective upon passage and approval.

2. Sections 1 to 4, 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 necessary to carry out the provisions of this act; and



(b) On October 1, 2023, for all other purposes.

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