

**REVISED PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R089-97

September 23, 1997

EXPLANATION – Matter in *italics* is new; matter in brackets [] is material to be omitted.

AUTHORITY: §§ 2- 43, NRS 679B.130 and 686A.015.

Section 1. Chapter 686A of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 41, inclusive, of this regulation.

Sec. 2. *As used in sections 2 to 41, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3 to 20, inclusive, of this regulation, have the meanings ascribed to them in those sections.*

Sec. 3. *“Actuarial Standards Board” means the board established by the American Academy of Actuaries to develop and adopt standards of actuarial practice.*

Sec. 4. *“Basic illustration” means a ledger or proposal, used in connection with the sale of a policy of life insurance that sets forth the guaranteed and non-guaranteed elements of the policy.*

Sec. 5. *“Contract premium” means the premium that is required to be paid pursuant to a policy of life insurance that requires the payment of fixed premiums, including, without limitation, a premium for a rider for which benefits are set forth in the illustration for the policy.*

Sec. 6. *“Currently payable scale” means a scale of non-guaranteed elements that:*

- 1. Are in effect for a policy form on the date of the preparation of the illustration; or 2. Will be effective w*

Sec. 7. *"Disciplined current scale" means a scale of non-guaranteed elements constituting a limit on illustrations currently being used by an insurer that is reasonably based on actual recent historical experience and is certified annually by an illustration actuary designated by the insurer.*

Sec. 8. *"Generic name" means a term that is descriptive of a policy of life insurance being illustrated, including, without limitation, the terms "whole life", "term life" or "flexible premium adjustable life."*

Sec. 9. *"Guaranteed elements" means the premiums, benefits, values, credits or charges under a policy of life insurance that are guaranteed and determined at the time the policy is issued.*

Sec. 10. *"Illustrated scale" means a scale of non-guaranteed elements that is not more favorable to the policy owner than the lesser of the disciplined current scale or the currently payable scale.*

Sec. 11. *"Illustration" means a presentation or depiction of the non-guaranteed elements of a policy of life insurance over a period of years. The term includes, without limitation, a basic illustration, an in force illustration or a supplemental illustration.*

Sec. 12. *"In force illustration" means an illustration furnished at any time after the policy being illustrated has been in force for 1 year or more.*

Sec. 13. *"Lapse-supported illustration" means an illustration that:*

- 1. Is not a self-supporting illustration; and*
- 2. Uses persistency rates underlying the disciplined current scale for the first 5 years of the policy being illustrated and a 100 percent policy persistency rate thereafter.*

Sec. 14. *"Minimum assumed expenses" means the minimum expenses that may be used in the calculation of the disciplined current scale for a policy form.*

Sec. 15. *"Non-guaranteed elements" means the premiums, benefits, values, credits or charges under a policy of life insurance that are not guaranteed or not determined at the time the policy is issued.*

Sec. 16. *"Non-term group policy of life insurance" means a group policy or an individual policy of life insurance issued to the members of a group of employees or another authorized group of persons if:*

- 1. Every plan of coverage was selected by the employer or group representative;*
- 2. A portion of the premium is paid by the group or through payroll deduction;*
and
- 3. Group underwriting or simplified underwriting is used.*

Sec. 17. *"Policy owner" means:*

- 1. The owner named in an individual policy of life insurance; or*
- 2. If the policy of life insurance is a group policy, the certificate holder.*

Sec. 18. *"Premium outlay" means the amount of premium for a policy of life insurance that is paid out of pocket by the policy owner or any other person.*

Sec. 19. *"Self-supporting illustration" means an illustration for which the accumulated value of the policy cash flows equals or exceeds the total policy owner value available:*

- 1. When using experience assumptions underlying the disciplined current scale; and*
- 2. For illustrated points in time on or after the fifteenth anniversary of the policy, or the twentieth anniversary of a second-or-later-to-die policy, or upon the expiration of the policy,*

whichever occurs first. For the purposes of this subsection, the policy owner value includes, without limitation, the cash surrender value of a policy and any other illustrated benefits available at the election of the policy owner.

Sec. 20. *"Supplemental illustration" means an illustration that is furnished in addition to a basic illustration and complies with the applicable requirements of sections 2 to 41, inclusive, of this regulation.*

Sec. 21. *1. Except as otherwise provided in subsection 2, the provisions of sections 2 to 41, inclusive, of this regulation apply to all group and individual policies and certificates of life insurance.*

2. Sections 2 to 41, inclusive, of this regulation do not apply to:

(a) Variable life insurance;

(b) Individual and group annuity contracts;

(c) Credit life insurance; or

(d) Policies of life insurance that do not have illustrated death benefits for any person which exceed \$10,000.

Sec. 22. *Standards for determining a disciplined current scale established by the Actuarial Standards Board may be used if such standards:*

1. Are consistent with the provisions of sections 2 to 41, inclusive, of this regulation;

2. Limit the disciplined current scale to reflect only actions that have been taken or events that have occurred;

3. Do not permit the disciplined current scale to include any projected trends of improvements in experience or any assumed improvements in experience beyond the illustration date; and

4. *Do not permit the assumed expenses to be less than the minimum assumed expenses.*

Sec. 23. 1. *An insurer may, pursuant to the provisions of subsection 2, designate each year the method of determining assumed expenses for all policy forms from among the following methods:*

(a) *Fully allocated expenses;*

(b) *Marginal expenses; and*

(c) *A generally recognized expense table that is based on fully allocated expenses that are representative of a significant portion of insurance companies and is approved by the commissioner.*

2. *Marginal expenses may be used to determine assumed expenses only if they are greater than a generally recognized expense table. If a generally recognized expense table is not approved by the commissioner, fully allocated expenses must be used.*

Sec. 24. 1. *An insurer selling policies of life insurance for which sections 2 to 41, inclusive, of this regulation are applicable shall notify the commissioner in writing whether a policy form will be sold with or without an illustration. Any notice may be changed by filing an amended notice with the commissioner.*

2. *If a policy form is designated pursuant to subsection 1 as one to be sold:*

(a) *Without an illustration, an illustration must not be used for any policy using that form before the first anniversary of the policy.*

(b) *With an illustration, the basic illustration must be prepared and delivered in accordance with sections 2 to 41, inclusive, of this regulation, except that a basic illustration is not required to be provided to individual members of a group or to persons insured under coverage issued to a single applicant on multiple lives unless the coverage is sold to such*

persons. An illustration furnished to an applicant for a group policy of life insurance or a policy issued to a single applicant on multiple lives may be an individual or composite illustration representative of the coverage for the lives of members of the group or the multiple lives covered.

3. An insurer shall furnish to potential enrollees of a non-term group policy of life insurance a quotation with the enrollment materials. The quotation must show the potential values of the policy for sample ages and policy years on a guaranteed and non-guaranteed basis appropriate to the group and the coverage. The quotation is not an illustration for the purposes of this section, but all information provided in the quotation must be consistent with the illustrated scale.

4. An insurer shall provide a basic illustration upon delivery of the certificate to enrollees of a non-term group policy of life insurance who enroll for more than the minimum premium necessary to provide death benefits only. The insurer shall make a basic illustration available to such an enrollee upon request.

Sec. 25. *An illustration must be clearly labeled as a "life insurance illustration" and set forth the:*

- 1. Name of the insurer;*
- 2. Name and business address of the insurer's agent, broker or other authorized representative;*
- 3. Name, age and gender of the proposed insured, unless a composite illustration is permitted pursuant to sections 2 to 41, inclusive, of this regulation;*
- 4. Underwriting or rating classification upon which the illustration is based;*

5. *Generic name and form number of the policy;*
6. *The product name of the company if it is different from the generic name;*
7. *Amount of the initial death benefit; and*
8. *Election of a dividend option or the application of non-guaranteed elements.*

Sec. 26. *If an insurer or its agent, broker or other authorized representative is using an illustration in connection with the sale of a policy of life insurance, the insurer, agent, broker or authorized representative shall not:*

1. *Represent the policy as anything other than a policy of life insurance;*
2. *Use or describe non-guaranteed elements in a manner that is misleading or has the capacity or tendency to mislead;*
3. *State or imply that the payment or amount of non-guaranteed elements is guaranteed;*
4. *Use an illustration that does not comply with the requirements of sections 2 to 41, inclusive, of this regulation;*
5. *Use an illustration that at any time during the term of the contract depicts policy performance more favorable to the policy owner than that produced by the illustrated scale of the insurer whose policy is being illustrated;*
6. *Provide an applicant with an incomplete illustration;*
7. *Represent in any way that the payment of premiums will not be required for each year of the policy in order to maintain the illustrated death benefits, unless the representation is true;*

8. *Use a term that implies that the policy will become paid up, including, without limitation, the terms, "vanish" or "vanishing premium", to describe a plan for using non-guaranteed elements to pay for any portion of a future premium;*

9. *Except for policies that can never develop a nonforfeiture value, use a lapse-supported illustration; or*

10. *Use an illustration that is not a self-supporting illustration.*

Sec. 27. *If a rate of interest used to determine the non-guaranteed elements of a policy is shown in an illustration, the rate must not be greater than the earned rate of interest underlying the disciplined current scale.*

Sec. 28. *A basic illustration must conform with the following:*

1. *The illustration must include the date on which it was prepared.*
2. *Each page of the illustration, including, without limitation, any explanatory notes or pages, must be numbered in a manner that shows its relationship to the total number of pages in the illustration.*
3. *The assumed dates of payment of premiums and benefits within a policy year must be clearly identified.*
4. *If the age of the proposed insured is shown as a component of the tabular detail, it must be his age upon issuance of the policy plus the number of years the policy is assumed to be in force.*
5. *The assumed payments on which the illustrated benefits and values are based must be identified as the premium outlay or contract premium. For policies that do not require a contract premium, the illustrated payment of premiums must be identified as premium outlay.*

6. *Guaranteed death benefits and values available upon surrender of the policy, if any, for the illustrated premium outlay or contract premium must be shown and clearly labeled as guaranteed.*

7. *If the illustration shows any non-guaranteed elements, they must not be based on a scale more favorable to the policy owner than the insurer's illustrated scale at any time during the term of the contract. Such elements must be clearly labeled as non-guaranteed.*

8. *The guaranteed elements must be shown before corresponding non-guaranteed elements and must be specifically referred to on any page of an illustration that shows or describes only the non-guaranteed elements.*

9. *If the account or accumulation value of the policy being illustrated is depicted, it must be identified by the name this value is given in the policy and shown in close proximity to the corresponding value available upon surrender of the policy.*

10. *The value available upon surrender of the policy being illustrated must be identified by the name the value is given in the policy and must be the amount available to the policy owner in a lump sum after deduction of any charges for surrendering the policy, policy loans and interest on policy loans.*

11. *The illustration may show policy benefits and values in a graph or chart in addition to the tabular form.*

12. *An illustration of non-guaranteed elements must be accompanied by a statement that the:*

(a) Benefits and values are not guaranteed;

(b) Assumptions on which they are based are subject to change by the insurer; and

(c) Actual results may be more or less favorable than is illustrated.

13. If the illustration shows that the premium payer has the option to allow policy charges to be paid using non-guaranteed elements, the illustration must clearly set forth that a charge continues to be required and that, depending on actual results, the proposed insured may need to continue or resume premium outlays. A similar disclosure must be made for premium outlay of lesser amounts or shorter durations than the contract premium. If a contract premium is due, the display of the premium outlay must not be left blank or show zero unless it is accompanied by an asterisk or similar mark to draw attention to the fact that the policy has not been paid up.

14. If the applicant plans to use dividends or guaranteed or non-guaranteed policy values for any purpose, including, without limitation, to pay for all or a portion of the contract premium or policy charges, the illustration must set forth the impact of the use of the dividends and values on future policy benefits and values.

Sec. 29. *A basic illustration must contain a narrative summary which must include, without limitation, each of the following:*

1. A brief description of the policy being illustrated, including, without limitation, a statement that it is a policy of life insurance.

2. A brief description of the premium outlay or contract premium for the policy. If a policy does not require the payment of a contract premium, the illustration must show the premium outlay that must be paid to guarantee coverage for the term of the contract, subject to maximum premiums allowable to qualify as a policy of life insurance under the applicable provisions of the Internal Revenue Code.

3. *A brief description of any guaranteed or non-guaranteed elements, policy features, riders or options that are shown in the basic illustration and the impact they may have on the benefits and values of the policy.*

4. *An identification and a brief definition of column headings and key terms used in the illustration.*

5. *A statement in substantially the following form:*

This illustration assumes that the currently illustrated non-guaranteed elements will continue unchanged for all of the years shown. This is not likely to occur and actual results may be more or less favorable than those shown.

Sec. 30. *1. A basic illustration must include after the narrative summary a numeric summary of the death benefits and values of the policy being illustrated, and the premium outlay or contract premium. If the policy provides for a contract premium, the guaranteed death benefits and values must be based on the contract premium. This summary must be shown for policy years 5, 10 and 20, and at age 70 of the insured. For a multiple life policy, the summary must be shown for policy years 5, 10, 20 and 30.*

2. A numeric summary for any policy must include, without limitation:

(a) The guaranteed elements of the policy;

(b) The illustrated scale; and

(c) The illustrated scale with the non-guaranteed elements reduced

as follows:

(1) Dividends at 50 percent of the dividends contained in the illustrated scale used;

(2) Non-guaranteed credited interest at rates that are the average of the guaranteed rates and the rates contained in the illustrated scale used; and

(3) All non-guaranteed charges, including, but not limited to, charges for term insurance, mortality and expenses, at rates that are the average of the guaranteed rates and the rates contained in the illustrated scale used.

3. If coverage will cease before the policy reaches maturity or the insured reaches the age of 100, the year in which coverage ceases must be identified.

Sec. 31. *If an illustration is provided at the time of the delivery of the policy, statements in substantially the following form must be included on the same page as the numeric summary and must be signed by the applicant or the policy owner, and the insurance agent or broker:*

I, the applicant or policy owner, have received a copy of this illustration and understand that any non-guaranteed elements illustrated are subject to change and could be higher or lower. The insurance agent or broker has informed me they are not guranteed.

I, the insurance agent or broker, certify that this illustration has been presented to the applicant or policy owner and that I have explained that any non-guranteed elements illustrated are subject to change. I have made no statements that are inconsistent with the illustration.

Sec. 32. *1. A basic illustration must include, without limitation, the following information for each policy year from 1 to 10, inclusive, for every fifth policy year thereafter ending at age 100 of the insured, or upon maturity or final expiration of the policy, and except for term insurance beyond the 20th year, for any year in which the premium outlay or contract premium changes:*

(a) The premium outlay or contract premium, and the method by which the applicant intends to pay;

(b) The corresponding guaranteed death benefit; and

(c) The corresponding guaranteed value upon surrender of the policy.

2. If the policy provides for a contract premium, the guaranteed death benefit and value upon surrender of the policy must correspond to the contract premium.

3. Non-guaranteed elements may be shown if they are described in the contract. If the basic illustration is for a policy on which the insurer intends to credit terminal dividends, the non-guaranteed elements may be shown if the insurer's current practice is to pay terminal dividends. If any non-guaranteed elements are shown, they must be shown at the same durations as the corresponding guaranteed elements. If no guaranteed benefit or value is available at any duration for which a non-guaranteed benefit or value is shown, a zero must be displayed in the column for guaranteed benefits.

Sec. 33. *1. A supplemental illustration may be provided if:*

(a) It is appended to, accompanied by or preceded by a basic illustration that complies with the provisions of this regulation;

(b) The non-guaranteed elements depicted are not more favorable to the policy owner than the corresponding elements based on the illustrated scale used in the basic illustration;

(c) It contains a statement that the non-guaranteed elements are not guaranteed; and

(d) The contract premium or premium outlay underlying the supplemental illustration is equal to the contract premium or premium outlay depicted in the basic illustration.

2. A supplemental illustration may be presented in a format differing from the basic illustration, but it may only depict a scale of non-guaranteed elements that is not permitted in a basic illustration.

3. The supplemental illustration must include a notice referring to the basic illustration for guaranteed elements.

Sec. 34. *1. If a basic illustration is used by an insurer's agent, broker or other authorized representative in connection with the sale of a policy of life insurance and the policy is applied for as illustrated, the agent, broker or authorized representative shall submit a copy of that illustration, signed in accordance with sections 2 to 41, inclusive, of this regulation, to the insurer and the applicant at the time the applicant applies for the policy.*

2. If the policy is issued other than as applied for, the agent, broker or authorized representative shall deliver a revised basic illustration conforming to the policy as issued to the applicant or policy owner at the time the policy is delivered. The revised illustration must:

(a) Conform to the requirements of sections 2 to 41, inclusive, of this regulation that apply to basic illustrations;

(b) Be labeled "Revised Illustration";

(c) Be signed and dated by the applicant or policy owner and the insurer's agent, broker or other authorized representative of the insurer not later than the time the policy is delivered; and

(d) Be provided to the insurer and the applicant or policy owner.

3. *If an illustration is not used by an agent, broker or other authorized representative of an insurer in connection with the sale of a policy of life insurance or if the policy is applied for other than as illustrated, the agent, broker or authorized representative shall certify to that effect in writing on a form provided by the insurer. On the same form, the applicant shall acknowledge that no illustration conforming to the policy applied for was provided and that an illustration conforming to the policy as issued will be provided to him no later than at the time of the delivery of the policy. This form must be submitted to the insurer at the time the applicant applies for the policy.*

4. *If the policy is issued, the agent, broker or authorized representative shall deliver a basic illustration conforming to the policy as issued with the policy. The basic illustration must be signed no later than the date on which the policy is delivered. A copy must be provided to the insurer and the policy owner.*

Sec. 35. 1. *If a basic illustration or a revised basic illustration is delivered by an insurer to an applicant or policy owner by mail, it must include instructions for the applicant or policy owner to sign a duplicate copy of the page of the illustration containing the numeric summary and return the signed copy to the insurer. An insurer shall be deemed to have complied with the provisions of this subsection if it can demonstrate that it has made a diligent effort to secure a signed copy of the page containing the numeric summary. An insurer shall be deemed to have made a diligent effort if it includes in the mailing a self-addressed postage paid envelope with instructions for the return of the signed copy of the page containing the numeric summary.*

2. *A copy of a basic illustration, a revised basic illustration or a certification that an illustration was not used in connection with the sale of a policy or that a policy was applied for*

other than as illustrated, which is signed by the policy owner, must be retained by the insurer for not less than 3 years after the policy is no longer in force. A copy does not need to be retained if no policy is issued.

Sec. 36. *1. Except as otherwise provided in subsection 2, if a policy is designated pursuant to section 24 of this regulation as one for which an illustration will be used, the insurer shall provide each policy owner with an annual report on the status of the policy. The report must set forth:*

(a) For a policy of universal life insurance:

(1) The beginning and end date of the current reporting period;

(2) The value of the policy at the end of the previous reporting period and at the end of the current reporting period;

(3) The total amounts that have been credited to or debited from the value of the policy during the current reporting period, identifying each by type, including, without limitation, credits and debits related to interest, mortality, expenses and riders;

(4) The death benefit at the end of the current reporting period for each life covered by the policy;

(5) The net cash value of the policy upon surrender at the end of the current reporting period;

(6) The amount of outstanding loans, if any, at the end of the current reporting period;

(7) If the policy requires the payment of fixed premiums and the policy's net cash value upon surrender will not maintain insurance in force until the end of the next reporting period, a notice to this effect; and

(8) If the policy allows the payment of flexible premiums and the policy's net cash value upon surrender will not maintain insurance in force until the end of the next reporting period unless additional premiums are paid, a notice to this effect.

(b) For any other policy:

(1) The current death benefit;

(2) The annual contract premium;

(3) The current cash value upon surrender of the policy;

(4) The current dividend;

(5) The application of the current dividend; and

(6) The amount of any outstanding loan.

2. If the policy does not build nonforfeiture values, an annual report is required only for those years in which a change has been made to non-guaranteed elements by the insurer.

3. If an adverse change in non-guaranteed elements that could affect the policy has been made by the insurer since the last annual report, the annual report must contain a notice of that fact and the nature of the change. The notice must be prominently displayed.

4. If the annual report does not include an in force illustration, it must contain a statement in substantially the following form:

IMPORTANT NOTICE TO THE POLICY OWNER

You should consider requesting more detailed information about your policy to understand how it may perform in the future. You should not consider replacement of your policy or make changes in your coverage without requesting a current illustration. You may annually request such an illustration,

without charge, by calling your insurer's telephone number, writing to the insurer or contacting your agent. If you do not receive a current illustration of your policy within 30 days after your request, you should contact the insurance division of your state.

Sec. 37. *Upon the request of a policy owner, an insurer shall furnish an in force illustration of current and future benefits and values for the policy based on the insurer's present illustrated scale. This illustration must comply with the requirements of sections 25, 26, 28 and 32 of this regulation. A signature or other acknowledgment of receipt of this illustration is not required.*

Sec. 38. *1. Each insurer that sells policies of life insurance shall appoint at least one illustration actuary.*

2. The illustration actuary must:

(a) Be a member in good standing of the American Academy of Actuaries;

(b) Be familiar with the standard of practice regarding illustrations for policies of life insurance; and

(c) Not have been found by the commissioner, after notice and a hearing, to have:

(1) Violated any provision of, or failed to satisfy any obligation imposed by, the laws of this state relating to insurance in the course of his dealings as an illustration actuary;

(2) Been convicted of a crime involving fraud or dishonesty;

(3) Demonstrated incompetence, lack of cooperation or untrustworthiness to act as an illustration actuary; or

(4) Resigned or been removed as an illustration actuary within the past 5 years as a result of acts or omissions indicated in any adverse report on an examination or as a result of a failure to adhere to generally acceptable actuarial standards.

3. An illustration actuary shall notify the commissioner of any determination made by the regulatory authority of another state that the illustration actuary has engaged in an activity set forth in paragraph (c) of subsection 2.

4. If an insurer changes the illustration actuary responsible for all or a portion of the insurer's policy forms, the insurer shall notify the commissioner of that fact promptly and disclose the reason for the change.

Sec. 39. *1. An illustration actuary shall certify that:*

(a) The disciplined current scale used in illustrations authorized by the insurer comply with the "Actuarial Standard of Practice for Compliance with the NAIC Model Regulation on Life Insurance Illustrations" adopted by the Actuarial Standards Board; and

(b) The illustrated scales used in illustrations authorized by the insurer comply with the requirements of sections 2 to 41, inclusive, of this regulation.

2. The illustration actuary shall file the certification with the insurer and the commissioner:

(a) Annually for all policy forms for which illustrations are used on a date determined by the insurer; and

(b) Before a new policy form is illustrated.

3. The illustration actuary shall disclose in the certification:

(a) Whether, since the last certification, a currently payable scale applicable for business issued within the previous 5 years and within the scope of the certification has been reduced for

reasons other than changes in the experience factors underlying the disciplined current scale. If non-guaranteed elements illustrated for new policies are not consistent with those illustrated for similar policies that are in force, this fact must be disclosed in the certification. If non-guaranteed elements illustrated for new policies and policies that are in force are not consistent with the non-guaranteed elements actually being paid, charged or credited to the same or similar forms, this fact must be disclosed in the certification.

(b) The method used to allocate overhead expenses for all illustrations from one of the following methods:

(1) The fully allocated expense method;

(2) The marginal expense method; or

(3) A generally recognized expense table method based on fully allocated expenses that are representative of a significant portion of insurers in this state and is approved by the commissioner.

4. If an error in a previous certification is discovered, the illustration actuary shall notify the insurer and the commissioner promptly.

5. If an illustration actuary is unable to certify the disciplined current scale for an illustration the insurer intends to use, the actuary shall notify the insurer and the commissioner promptly of his inability to certify that scale.

6. For the purposes of this section, the “Actuarial Standard of Practice for Compliance with the NAIC Model Regulation on Life Insurance Illustrations,” adopted by the Actuarial Standards Board, is hereby adopted by reference. A copy of the standard may be obtained from the American Academy of Actuaries, 1100 17th Street N.W., 7th Floor, Washington, D.C. 20036-4601, telephone number (202) 223-8196 for the price of _____.

Sec. 40. *An officer of an insurer that sells policies of life insurance, other than the illustration actuary, shall certify annually that:*

- 1. The formats for the illustrations the insurer intends to use comply with the requirements of sections 2 to 41, inclusive, of this regulation;*
- 2. The scales used in illustrations authorized by the insurer are those scales certified by the illustration actuary; and*
- 3. The insurer has provided its agents and brokers with information about the method that is used by the insurer to allocate expenses in its illustrations and is disclosed as required in subsection 3 of section 39 of this regulation.*

Sec. 41. *An insurer, agent, broker or other authorized representative of an insurer who violates any provision of sections 2 to 40, inclusive, of this regulation shall be deemed to have violated the provisions of NRS 686A.030 or 686A.040, or both, and, in addition to any other penalties provided by law, is subject to the penalties set forth in NRS 686A.183.*

Sec. 42. NAC 686A.430 is hereby amended to read as follows:

686A.430

1. The insurer shall provide a buyer's guide and a policy summary to each applicant before accepting the applicant's initial premium or premium deposit, unless the policy summary or the policy for which application is made contains an unconditional refund provision of at least 12 days, in which event the buyer's guide and policy summary must be delivered with the policy or before delivery of the policy.
2. The insurer shall provide a buyer's guide and a policy summary to any prospective purchaser upon request.

3. The requirement to provide policy summaries for policies whose equivalent level death benefit, calculated as required by NAC 686A.440, does not exceed \$5,000 will be satisfied by delivery of a written statement containing the information described in subsection 1, paragraphs (b) to (e)(3), inclusive, (f), (g), (j), and (k) of NAC 686A.435.

4. The policy summary required pursuant to subsection 1 is not required if an illustration that conforms with the provisions of sections 2 to 41, inclusive, of this regulation, is provided.

Sec. 43. This regulation becomes effective on January 1, 1998, and applies to any policy sold on or after January 1, 1998.