

**ADOPTED REGULATION OF THE  
COMMISSIONER OF INSURANCE**

**LCB File No. R178-03**

Effective July 1, 2004

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

AUTHORITY: §§1-4, NRS 679B.130.

A REGULATION relating to life insurance; requiring insurers to provide a disclosure when delivering or issuing for delivery certain policies of life insurance; and providing other matters properly relating thereto.

**Section 1.** Chapter 688A of NAC is hereby amended by adding thereto a new section to read as follows:

*1. Except as otherwise provided in subsection 7, if at any time during the term of a policy of small face amount the total premiums paid for the policy may exceed the face amount of the policy, the insurer that delivers or issues for delivery the policy of small face amount shall provide the disclosure set forth in subsection 6.*

*2. The insurer shall provide the disclosure required pursuant to subsection 1 to the owner of the policy of small face amount or the holder of a certificate on the policy of small face amount before or at the time the policy or certificate is delivered.*

*3. The disclosure required pursuant to subsection 1 must not be attached to the policy of small face amount, but may be delivered with the policy.*

*4. If the total premiums paid for a policy of small face amount may exceed the face amount of the policy for only certain demographics or certain benefit combinations, the insurer shall provide the disclosure required pursuant to subsection 1:*

*(a) In any circumstance in which the total premiums paid for the policy may exceed the face amount of the policy; or*

*(b) In all circumstances.*

*5. An insurer and any agent of the insurer providing the disclosure required pursuant to subsection 1 shall promptly provide assistance to an insured who has questions relating to the disclosure.*

*6. The disclosure required pursuant to subsection 1 must be in substantially the following form:*

#### **IMPORTANT INFORMATION ABOUT YOUR POLICY**

*The premiums that you will pay for your policy may exceed the amount of your coverage (the face amount). You can find both the face amount and the annual premium for your policy. Look for the page labeled [Use the label the insurer uses on the page containing that information, for example, "Statement of Policy Cost and Benefit Information."]*

*Usually, you can calculate how many years it will take before the premiums paid will be greater than the face amount. For an estimate, divide the face amount by the annual premium. Several factors may affect how many years this might take for your policy. These factors include not paying premiums when due, taking out a loan on the policy, surrendering your policy for cash, riders on your policy, changes in the face amount and the payment of dividends, if applicable.*

*Many factors will affect how much your life insurance costs. Some are your age and health, the face amount of the policy and the cost of a policy rider. You may be able to pay less*

*for your life insurance if you answer health questions. You may also pay less if you pay your premium less often.*

*Ask your insurance agent or your insurance company if you have any questions about your premium, your coverage or anything else about your policy.*

### *If You Change Your Mind . . .*

*You can get a full refund of premiums you have paid if you return your policy and cancel your coverage. You must do this within the number of days stated on the front page of your policy. To return your policy for a full refund, send it back to the agent or the company.*

*If you stop paying premiums or cancel your policy after the time that a full refund is available, you have specific rights. Ask your insurance agent or your insurance company about your rights.*

### *Contact Information*

*If you have questions about your insurance policy, ask your agent or your insurance company. If your agent is not available, contact your insurance company at [provide telephone number (including toll-free number, if available), address and website (if available)].*

*7. The provisions of this section do not apply to:*

- (a) A policy of variable life insurance.*
- (b) An annuity contract.*

*(c) A policy of life insurance in which an illustration was provided that meets the requirements of NAC 686A.460 to 686A.479, inclusive.*

*(d) 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.*

*8. As used in this section, “policy of small face amount” means a policy of life insurance with an initial face amount of \$15,000 or less.*

**Sec. 2.** Chapter 688B of NAC is hereby amended by adding thereto a new section to read as follows:

*1. Except as otherwise provided in subsection 7, if at any time during the term of a policy of small face amount the total premiums paid for the policy may exceed the face amount of the policy, the insurer that delivers or issues for delivery the policy of small face amount shall provide the disclosure set forth in subsection 6.*

*2. The insurer shall provide the disclosure required pursuant to subsection 1 to the owner of the policy of small face amount or the holder of a certificate on the policy of small face amount before or at the time the policy or certificate is delivered.*

*3. The disclosure required pursuant to subsection 1 must not be attached to the policy of small face amount, but may be delivered with the policy.*

*4. If the total premiums paid for a policy of small face amount may exceed the face amount of the policy for only certain demographics or certain benefit combinations, the insurer shall provide the disclosure required pursuant to subsection 1:*

*(a) In any circumstance in which the total premiums paid for the policy may exceed the face amount of the policy; or*

*(b) In all circumstances.*

*5. An insurer and any agent of the insurer providing the disclosure required pursuant to subsection 1 shall promptly provide assistance to an insured who has questions relating to the disclosure.*

*6. The disclosure required pursuant to subsection 1 must be in substantially the following form:*

**IMPORTANT INFORMATION ABOUT YOUR POLICY**

*The premiums that you will pay for your policy may exceed the amount of your coverage (the face amount). You can find both the face amount and the annual premium for your policy. Look for the page labeled [Use the label the insurer uses on the page containing that information, for example, “Statement of Policy Cost and Benefit Information.”]*

*Usually, you can calculate how many years it will take before the premiums paid will be greater than the face amount. For an estimate, divide the face amount by the annual premium. Several factors may affect how many years this might take for your policy. These factors include not paying premiums when due, taking out a loan on the policy, surrendering your policy for cash, riders on your policy, changes in the face amount and the payment of dividends, if applicable.*

*Many factors will affect how much your life insurance costs. Some are your age and health, the face amount of the policy and the cost of a policy rider. You may be able to pay less*

*for your life insurance if you answer health questions. You may also pay less if you pay your premium less often.*

*Ask your insurance agent or your insurance company if you have any questions about your premium, your coverage or anything else about your policy.*

### *If You Change Your Mind . . .*

*You can get a full refund of premiums you have paid if you return your policy and cancel your coverage. You must do this within the number of days stated on the front page of your policy. To return your policy for a full refund, send it back to the agent or the company.*

*If you stop paying premiums or cancel your policy after the time that a full refund is available, you have specific rights. Ask your insurance agent or your insurance company about your rights.*

### *Contact Information*

*If you have questions about your insurance policy, ask your agent or your insurance company. If your agent is not available, contact your insurance company at [provide telephone number (including toll-free number, if available), address and website (if available)].*

*7. The provisions of this section do not apply to:*

*(a) A policy of group variable life insurance.*

*(b) A policy of group life insurance in which an illustration was provided that meets the requirements of NAC 686A.460 to 686A.479, inclusive.*

*(c) A policy of group 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.*

*8. As used in this section, “policy of small face amount” means:*

*(a) A policy of group life insurance with an initial face amount of \$15,000 or less.*

*(b) A certificate issued under a policy of group life insurance with an initial face amount of \$15,000 or less.*

**Sec. 3.** 1. The amendatory provisions of section 1 of this regulation apply to a policy of small face amount delivered or issued for delivery on or after July 1, 2004. As used in this subsection, “policy of small face amount” has the meaning ascribed to it in section 1 of this regulation.

2. The amendatory provisions of section 2 of this regulation apply to a policy of small face amount delivered or issued for delivery on or after July 1, 2004. As used in this subsection, “policy of small face amount” has the meaning ascribed to it in section 2 of this regulation.

**Sec. 4.** This regulation becomes effective on July 1, 2004.

**NOTICE OF ADOPTION OF PROPOSED REGULATION  
LCB File No. R178-03**

The Commissioner of Insurance adopted regulations assigned LCB File No. R178-03 which pertain to chapters 688A and 688B of the Nevada Administrative Code on March 31, 2004.

**Notice date:** 10/15/2003  
**Hearing date:** 11/18/2003

**Date of adoption by agency:** 3/31/2004  
**Filing date:** 5/21/2004

**INFORMATIONAL STATEMENT**

**The Informational Statement will be posted upon receipt from the agency.**