

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R178-03

November 12, 2003

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

AUTHORITY: §§1-3, NRS 679B.130.

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 3, if an insurer delivers, issues for delivery or renews a policy of small face value that during the term of the policy the premiums paid for the policy might exceed the face value of the policy, the insurer shall provide a disclosure to the insured containing:

(a) A statement that the disclosure is being provided because, during the term of the policy, the value of the premiums paid for the policy might exceed the face value of the policy;

(b) Directions on where in the policy the insured may locate:

(1) The face value of the policy; and

(2) The amount of the annual premium;

(c) Instructions for calculating the total premium that will be paid during the term of the policy compared to the face value of the policy;

(d) A list of factors that may affect the premium for the policy of life insurance;

(e) A list of factors that may affect the number of years that it may be required for the premium paid for the policy to exceed the face value of the policy;

(f) Procedures to obtain a full refund of the premium paid for the policy;

(g) If the premium payments were stopped or the policy was cancelled, procedures to obtain a full refund of the premium paid for the policy if the deadline to obtain a full refund of the premium paid for the policy has expired; and

(h) Information on whom to contact for assistance relating to the disclosure.

2. An insurer providing the disclosure required pursuant to subsection 1 shall promptly provide assistance to an insured who has questions relating to the disclosure.

3. 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.

4. As used in this section, "policy of small face value" means a policy of life insurance with an initial face value 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 3, if an insurer delivers, issues for delivery or renews a policy of small face value that during the term of the policy the premiums paid for

the policy might exceed the face value of the policy, the insurer shall provide a disclosure to the insured containing:

(a) A statement that the disclosure is being provided because, during the term of the policy, the value of the premiums paid for the policy might exceed the face value of the policy;

(b) Directions on where in the policy the insured may locate:

(1) The face value of the policy; and

(2) The amount of the annual premium;

(c) Instructions for calculating the total premium that will be paid during the term of the policy compared to the face value of the policy;

(d) A list of factors that may affect the premium for the policy of life insurance;

(e) A list of factors that may affect the number of years that it may be required for the premium paid for the policy to exceed the face value of the policy;

(f) Procedures to obtain a full refund of the premium paid for the policy;

(g) If the premium payments were stopped or the policy was cancelled, procedures to obtain a full refund of the premium paid for the policy if the deadline to obtain a full refund of the premium paid for the policy has expired; and

(h) Information on whom to contact for assistance relating to the disclosure.

2. An insurer providing the disclosure required pursuant to subsection 1 shall promptly provide assistance to an insured who has questions relating to the disclosure.

3. 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) An 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.

4. As used in this section, “policy of small face value” means:

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

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

Sec. 3. 1. An insurer who has issued a policy of small face value subject to the provisions of section 1 of this regulation before the effective date of this regulation shall provide the disclosure required pursuant to section 1 of this regulation no later than 6 months after the effective date of this regulation. As used in this subsection, “policy of small face value” has the meaning ascribed to it in section 1 of this regulation.

2. An insurer who has issued a policy of small face value subject to the provisions of section 2 of this regulation before the effective date of this regulation shall provide the disclosure required pursuant to section 2 of this regulation no later than 6 months after the effective date of this regulation. As used in this subsection, “policy of small face value” has the meaning ascribed to it in section 2 of this regulation.