

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

**NOTICE OF WORKSHOP TO SOLICIT COMMENTS ON
PROPOSED REGULATIONS**

The Department of Business and Industry, Division of Insurance (Division), is proposing new regulations pertaining to consumer protection for consumer credit insurance and credit personal property insurance. A workshop has been set for 9:00 a.m., on September 26, 2005, at the office of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701. Interested parties may also participate through a simultaneous video-conference conducted at the Bradley Building, 2501 East Sahara Avenue, Manufactured Housing Division Conference Room, 2nd Floor, Las Vegas, Nevada 89104. The purpose of the workshop is to solicit comments from interested persons on the following general topics addressed in the proposed regulations.

1. **Consumer Credit Insurance.** Chapter 690A of the Nevada Administrative Code (NAC) is amended to address guidelines in transacting credit life, accident and health, and unemployment insurance. The guidelines are for consumer protection and address the reasonableness of benefits, credit life, accident and health insurance, and unemployment rates, experience reports and loss ratios.
2. **Credit Personal Property Insurance.** Title 57 of the Nevada Revised Statutes (NRS) is amended to add a new chapter to address the guidelines in transacting credit personal property insurance, including guaranteed asset protection (GAP) insurance. The guidelines are for consumer protection and address the reasonableness of costs versus benefits of this line of insurance.
3. **Medical Discount Plan.** Chapter 683A of the NAC is amended to address guidelines related to registering to conduct business as a medical discount plan. The guidelines are promulgated to inform medical discount plan applicants which provisions of in the application form are deemed satisfied by an administrator, insurer or affiliate of an insurer that has previously submitted substantially similar information.

A copy of this notice and the proposed regulations will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the proposed regulations will be available at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, and 2501 East Sahara Avenue, Suite 302, Las Vegas, Nevada 89104, and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. Copies will also be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary.

This Notice of Workshop to Solicit Comments on Proposed Regulations has been sent to all persons on the agency's mailing list for administrative regulations and posted at the following locations:

Department of Business and Industry
Division of Insurance
788 Fairview Drive, Suite 300
Carson City, NV 89701

Legislative Counsel Bureau
Capitol Complex
Carson City, NV 89710

State Capitol
Capitol Complex
Carson City, NV 89710

County Clerk
Courthouse
Carson City, NV 89710

Carson City Library
900 North Roop Street
Carson City, NV 89701

Las Vegas Library
833 Las Vegas Blvd. North
Las Vegas, NV 89101

Elko County Library
720 Court Street
Elko, NV 89801

Eureka Branch Library
10190 Monroe Street
P.O. Box 293
Eureka, NV 89316

Battle Mountain Branch Library
P.O. Box 141
Battle Mountain, NV 89820

Department of Business and Industry
Division of Insurance
2501 East Sahara Avenue, Suite 302
Las Vegas, NV 89104

Blasdel Building
Capitol Complex
Carson City, NV 89710

Capitol Press Room
State Capitol Basement
Carson City, NV 89710

Nevada State Library & Archives
Capitol Complex
Carson City, NV 89710

Churchill County Library
553 South Maine Street
Fallon, NV 89406

Douglas County Library
1625 Library Lane
P.O. Box 337
Minden, NV 89423

Goldfield Public Library
Fourth & Cook Street
P.O. Box 430
Goldfield, NV 89013

Humboldt County Library
85 East 5th Street
Winnemucca, NV 89445

Lincoln County Library
93 Main Street
P.O. Box 330
Pioche, NV 89043

Lyon County Library
20 Nevin Way
Yerington, NV 89447

Mineral County Library
First & A Street
P.O. Box 1390
Hawthorne, NV 89415

Tonopah Public Library
171 Central Street
P.O. Box 449
Tonopah, NV 89049

Pershing County Library
1125 Central Avenue
P.O. Box 781
Lovelock, NV 89419

Storey County Library
95 South R Street
P.O. Box 14
Virginia City, NV 89440

Washoe County Library
ATTN: Reference
P.O. Box 2151
Reno, NV 89505-2151

White Pine County Library
950 Campton Street
Ely, NV 89301

Clark County Library
1401 East Flamingo Road
Las Vegas, NV 89119

Members of the public who are disabled and require special accommodations or assistance at the hearing are requested to notify the Commissioner's secretary in writing at 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, or by calling no later than 5 working days prior to the hearing, (775) 687-4270, extension 260.

NOTICE OF INTENT TO ACT UPON REGULATIONS

Notice of Hearing for the Adoption of Regulations of the Department of Business and Industry, Division of Insurance

The Department of Business and Industry, Division of Insurance (Division), will hold a public hearing at 9:00 a.m., on September 26, 2005, immediately following a public workshop, at the office of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701. Interested persons may also participate through a simultaneous video-conference conducted at the Bradley Building, 2501 East Sahara Avenue, Manufactured Housing Division Conference Room, 2nd Floor, Las Vegas, Nevada 89104. The purpose of the hearing is to receive comments from all interested persons regarding the adoption of:

REGULATION CONCERNING CONSUMER CREDIT INSURANCE

The following information is provided pursuant to the requirements of NRS 233B.0603:

1. The proposed regulation provides for the reasonableness of benefits in relation to premium charged for credit life, accident and health, and unemployment insurance rates.
2. The proposed regulation amends chapter 690A of the Nevada Administrative Code (NAC) by insuring that insurers provide reasonable benefits in relation to premium charged; and sets new credit life, accident and health, and unemployment insurance rates.
3. Estimated economic effect of the regulation:
On the business which is to be regulated: The proposed regulation would require insurers to revise their loss ratios from 50% to 60%; however, broker compensation would be not be limited.
On the public: The proposed regulation would protect the consumer from excessive overages for the cost of credit insurance and would ensure a reasonable measure of benefit in relation to the premium charged to consumers exists.
4. A statement identifying the methods used by the agency in determining the impact on a small business prepared pursuant to subsection 3 of NRS 233B.0608. Not applicable.
5. Division staff will be required to annually review the Credit Insurance Supplement Annual Statement Blank filed by insurers, which is a report of consumer credit insurance written on a calendar year basis.
6. The Division is not aware of any overlap or duplication of the regulation with state or local regulation. However, there may be an overlap or duplication of the regulation with federal regulations.
7. The proposed regulation is not pursuant to federal law.

8. If the proposed regulation includes provisions which are more stringent than a federal regulation that regulates the same activity, a summary of such provisions. Not applicable.
9. The proposed regulation does not require a new fee or increase of an existing fee.

Persons wishing to comment upon the proposed action of the Division may appear at the scheduled public hearing or may address their comments, data, views or arguments, in written form, to the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701. Written submissions must be received by the Division on or before September 19, 2005. If no person who is directly affected by the proposed action appears to request time to make an oral presentation, the Division may proceed immediately to act upon any written submissions.

A copy of this notice and the proposed regulation will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the proposed regulation will be available at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, and 2501 East Sahara Avenue, Suite 302, Las Vegas, Nevada 89104, and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. This notice and the text of the proposed regulation are also available in the **State of Nevada Register of Administrative Regulations** which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653 and on the Internet at <http://www.leg.state.nv.us>. Copies will also be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary.

Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, will issue a concise statement of the principal reasons for and against its adoption, and incorporate therein its reason for overruling the consideration urged against its adoption.

This notice of hearing has been posted at the following locations:

Department of Business and Industry
Division of Insurance
788 Fairview Drive, Suite 300
Carson City, NV 89701

Department of Business and Industry
Division of Insurance
2501 East Sahara Avenue, Suite 302
Las Vegas, NV 89104

Legislative Counsel Bureau
Capitol Complex
Carson City, NV 89710

Blasdel Building
Capitol Complex
Carson City, NV 89710

State Capitol
Capitol Complex
Carson City, NV 89710

Capitol Press Room
State Capitol Basement
Carson City, NV 89710

County Clerk
Courthouse
Carson City, NV 89710

Carson City Library
900 North Roop Street
Carson City, NV 89701

Las Vegas Library
833 Las Vegas Blvd. North
Las Vegas, NV 89101

Elko County Library
720 Court Street
Elko, NV 89801

Eureka Branch Library
10190 Monroe Street
P.O. Box 293
Eureka, NV 89316

Battle Mountain Branch Library
P.O. Box 141
Battle Mountain, NV 89820

Mineral County Library
First & A Street
P.O. Box 1390
Hawthorne, NV 89415

Tonopah Public Library
171 Central Street
P.O. Box 449
Tonopah, NV 89049

Storey County Library
95 South R Street
P.O. Box 14
Virginia City, NV 89440

White Pine County Library
950 Campton Street
Ely, NV 89301

Nevada State Library & Archives
Capitol Complex
Carson City, NV 89710

Churchill County Library
553 South Maine Street
Fallon, NV 89406

Douglas County Library
1625 Library Lane
P.O. Box 337
Minden, NV 89423

Goldfield Public Library
Fourth & Cook Street
P.O. Box 430
Goldfield, NV 89013

Humboldt County Library
85 East 5th Street
Winnemucca, NV 89445

Lincoln County Library
93 Main Street
P.O. Box 330
Pioche, NV 89043

Lyon County Library
20 Nevin Way
Yerington, NV 89447

Pershing County Library
1125 Central Avenue
P.O. Box 781
Lovelock, NV 89419

Washoe County Library
ATTN: Reference
P.O. Box 2151
Reno, NV 89505-2151

Clark County Library
1401 East Flamingo Road
Las Vegas, NV 89119

Members of the public who are disabled and require special accommodations or assistance at the hearing are requested to notify the Commissioner's secretary in writing at 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, or by calling no later than 5 working days prior to the hearing, (775) 687-4270, extension 260.

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

CONSUMER CREDIT INSURANCE

AUTHORITY: NRS 679B.130, §§ 110 and 110.7 of AB 338 as enrolled.

A REGULATION relating to insurance; adopting approved rates, policy and operating standards for the transaction of consumer credit insurance; and defining amount of unearned premium that must be refunded upon cancellation of consumer credit insurance.

Section 1. Chapter 690A of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 18, inclusive of this regulation.

Sec. 2. *“Composite percentage” means an average of all percentages offered by creditors of an insurer.*

Sec. 3. *“Composite rate” means an average of all rates offered by creditors of an insurer.*

Sec. 4. *“Full time” means a regular work week of not less than 30 hours.*

Sec. 5. *“Joint life insurance” means credit life insurance issued to two debtors who are jointly and severally liable for the debt.*

Sec. 6. *“Outstanding balance insurance” means insurance to cover the outstanding amount of a mortgage or an installment loan.*

Sec. 7. *“Prima facie rates” means rates which are presumed to be reasonable in relation to the premium charged without filing additional actuarial support.*

Sec. 8. *“Single life insurance” means credit life insurance issued to one debtor who is liable for the debt.*

Sec. 9. *“Single premium basis” means the present value of the monthly premiums that would be charged over the term of insurance.*

Sec. 10. 1. *If a debtor is covered by a group consumer credit insurance policy providing for the payment of single premiums to the insurer, or any other premium payment method which prepays coverage beyond one month, then provision shall be made by the insurer that in the event of termination of the policy for any reason, insurance coverage with respect to any debtor insured under the policy shall be continued for the entire period for which the premium has been paid.*

2. In any refinancing of the debt, the effective date of the coverage as respects any policy provision shall be deemed to be the first date on which the debtor became insured under the policy with respect to the debt which was refinanced, at least to the extent of the amount and term of the debt outstanding at the time of refinancing of the debt.

3. If the prepayment of a debt in full is a result of death or any other lump sum consumer credit insurance payment, no refund shall be required for the coverage under which the lump sum was paid. If a claim under credit accident and health coverage or credit unemployment coverage is in progress at the time of prepayment, the amount of refund may be determined as if the prepayment did not occur until the payment of benefits terminates. No refund need be paid during any period of disability for which credit accident and health benefits are payable or during any period of unemployment for which credit unemployment benefits are payable. A refund shall be computed as if prepayment occurred at the end of the disability period or at the end of the unemployment period.

Sec. 11. 1. *Subject to the conditions and requirements in subsection 2 of section 11 and section 15, the prima facie rates shown below are considered to be reasonable in relation to the premium charged and may be used without filing additional actuarial support.*

(a) Monthly outstanding balance basis: 65 cents per month per \$1,000 of outstanding insured debt on single life and \$1.00 per month per \$1,000 of outstanding insured debt on joint life if premiums are payable on a monthly outstanding balance basis.

(b) Single premium basis: If the premium is charged on a single premium basis, the rate shall be computed according to the following formula or according to a formula approved by the Commissioner which produces rates substantially the same as those produced by the following formula:

$$Sp = \frac{\sum_{t=1}^n \left(\frac{Op}{10} \times \frac{It}{Ii} \right)}$$

Sp = Single Premium per \$100 of initial consumer credit life insurance coverage.

Op = .65 cents or \$1.00, the prima facie consumer credit life insurance premium rate for monthly outstanding balance coverage from paragraph (a).

It = The scheduled amount of insurance for month t.

Ii = Initial amount of insurance. For a net insurance policy, Ii equals the initial principal balance of the loan.

n = The number of months in the term of the insurance.

(c) If the benefits provided are other than those described in the introduction to this subsection, premium rates for such benefits shall be actuarially consistent with the rates provided in paragraphs (a) and (b).

2. The premium rates in subsection 1 shall apply to contracts providing credit life insurance that are offered to all eligible debtors and shall contain the provisions below:

(a) Coverage for death by whatever means caused, except that coverage may exclude death resulting from:

(1) War or any act of war;

(2) Suicide within 2 years after the effective date of the coverage; or,

(3) Subject to the provisions of paragraph (b) of subsection 2 of section 11, a preexisting condition or conditions.

(b) For the purpose of subparagraph 3 of paragraph (a) of subsection 2 of section 11, no preexisting condition exclusion shall apply unless death is caused by or substantially contributed to by the preexisting condition and unless death occurs within 6 months following the effective date of coverage; and,

(c) For the exclusions listed in paragraph (a) of subsection 2 of section 11 and paragraph (b) of subsection 2 of section 11 above, the effective date of coverage for each part of the insurance attributable to a different advance or a charge to the plan account is the date on which the advance or charge occurs.

(d) An age restriction providing that no insurance will become effective on debtors on or after the attainment of age 66 and that all insurance will terminate upon attainment by the debtor of age 70.

Sec. 12. 1. *Subject to the conditions and requirements in section 15, the prima facie rates shown below are considered to be reasonable in relation to the premium charged and may be used without filing additional actuarial support.*

(a) If premiums are payable on a single-premium basis for the duration of the coverage, the prima facie rate per \$100 of initial insured debt for single accident and health is as set

forth in the table below. Rates for monthly periods other than those listed shall be interpolated or extrapolated:

<i>Term of Loan in Months</i>	<i>Prospective Benefits</i>		<i>Retroactive Benefits</i>		
	<i>14-Day</i>	<i>30-Day</i>	<i>7-Day</i>	<i>14-Day</i>	<i>30-Day</i>
<i>1 to 12</i>	<i>.61</i>	<i>0.35</i>	<i>1.30</i>	<i>.95</i>	<i>.74</i>
<i>13 to 24</i>	<i>.95</i>	<i>0.69</i>	<i>1.73</i>	<i>1.30</i>	<i>1.08</i>
<i>25 to 36</i>	<i>1.30</i>	<i>1.04</i>	<i>2.17</i>	<i>1.65</i>	<i>1.43</i>
<i>37 to 48</i>	<i>1.52</i>	<i>1.26</i>	<i>2.60</i>	<i>1.86</i>	<i>1.65</i>
<i>49 to 60</i>	<i>1.69</i>	<i>1.43</i>	<i>3.04</i>	<i>2.04</i>	<i>1.82</i>
<i>61 to 72</i>	<i>1.86</i>	<i>1.60</i>	<i>3.47</i>	<i>2.21</i>	<i>1.99</i>
<i>73 to 84</i>	<i>2.04</i>	<i>1.78</i>	<i>3.90</i>	<i>2.38</i>	<i>2.17</i>
<i>85 to 96</i>	<i>2.21</i>	<i>1.95</i>	<i>4.34</i>	<i>2.56</i>	<i>2.34</i>
<i>97 to 108</i>	<i>2.38</i>	<i>2.12</i>	<i>4.77</i>	<i>2.73</i>	<i>2.52</i>
<i>109 to 120</i>	<i>2.56</i>	<i>2.30</i>	<i>5.20</i>	<i>2.91</i>	<i>2.69</i>
<i>121 to 132</i>	<i>2.73</i>	<i>2.47</i>	<i>5.64</i>	<i>3.08</i>	<i>2.86</i>
<i>133 to 144</i>	<i>2.91</i>	<i>2.65</i>	<i>6.07</i>	<i>3.25</i>	<i>3.04</i>
<i>145 to 156</i>	<i>3.08</i>	<i>2.82</i>	<i>6.50</i>	<i>3.43</i>	<i>3.21</i>
<i>157 to 168</i>	<i>3.25</i>	<i>2.99</i>	<i>6.94</i>	<i>3.60</i>	<i>3.43</i>
<i>169 to 180</i>	<i>3.43</i>	<i>3.08</i>	<i>7.37</i>	<i>3.82</i>	<i>3.60</i>

(b) If premiums are paid on the basis of a premium rate per month per thousand of outstanding insured gross debt, these premiums shall be computed according to the following

formula or according to a formula approved by the Commissioner which produces rates actuarially consistent with the single premium rates in paragraph (a) of subsection 1 of section 12:

$$OP_n = \frac{10 SP_n}{\frac{n}{\{\sum_{t=1}^{n-t+1} \}}}$$

Where SP_n = Single Premium Rate per \$100 of initial insured debt repayable in n equal monthly installments as shown in paragraph (a) of subsection 1 of section 12.

OP_n = Monthly Outstanding Balance Premium Rate per \$1,000.

n = The number of months in the term of the insurance.

(c) If the coverage provided is a constant maximum indemnity for a given period of time, the actuarial equivalent of paragraph (a) of subsection 1 of section 12 and paragraph (b) of subsection 1 of section 12 shall be used.

(d) If the coverage provided is a combination of a constant maximum indemnity for a given period of time after which the maximum indemnity begins to decrease in even amounts per month, an appropriate combination of the premium rate for a constant maximum indemnity for a given period of time and the premium rate for a maximum indemnity which decreases in even amounts per month shall be used.

(e) The outstanding balance rate for credit accident and health insurance may be either a term-specified rate or may be a single composite term outstanding balance rate.

2. Subject to the conditions and requirements in subsection 3 of section 12, the prima facie rates for credit accident and health insurance shown below are considered to be reasonable in relation to the premium charged where the insurance is written on an open-end loan. These prima facie rates and the formulae used to calculate them may be used without filing additional actuarial support. Other formulae to convert from a closed-end credit rate to an open-end credit rate may be used if approved by the Commissioner.

(a) If the maximum benefit of the insurance equals the net debt on the date of disability, the term of the loan is calculated according to the formula: $1/(\text{minimum payment percent})$. The prima facie rate is determined by applying the calculated term to the rates shown in subsection 1 of section 12. A composite minimum payment percentage may be used in place of the minimum payment percentage for a specific credit transaction.

(b) If the maximum benefit of the insurance equals the outstanding balance of the loan on the date of disability plus any interest accruing on that amount during disability, the term of the insurance (n) is calculated by using the following formula:

$$n = \ln\{1-(1000i/x)\}/\ln(v)$$

where:

i = interest rate on the account or a composite interest rate used for the type of policy;

x = monthly payment per \$1000 of coverage consistent with the term calculated above; and,

$$v = 1/(1 + i).$$

The calculated value of the term is used to look up an initial rate in subsection 1 of section 12.

The final prima facie rate is calculated by multiplying the initial rate by:

the adjustment n/a where:

n is the term calculated above; and

$$a_n = (1 - v)^n / i$$

3. If the accident and health coverage is sold on a joint basis the rate for the joint coverage must be computed by multiplying the corresponding single coverage rate by 1.54.

4. If the benefits provided are other than those described in subsection 1 of section 12 or subsection 2 of section 12 above, rates for those benefits shall be actuarially consistent with rates provided in subsection 1 of section 12 and subsection 2 of section 12.

5. The premium rates in subsection 1 of section 12 shall apply to contracts providing credit accident and health insurance that are offered to all eligible persons and shall contain the provisions below:

(a) Coverage for disability by whatever means caused, except that coverage may be excluded for disabilities resulting from:

(1) normal pregnancy;

(2) war or any act of war;

(3) elective surgery;

(4) intentionally self-inflicted injury;

(5) sickness or injury caused by or resulting from the use of alcoholic beverages or narcotics unless they are administered on the advice of and taken as directed, by a licensed physician other than the insured;

(6) flight in any aircraft other than a commercial scheduled aircraft;

(7) a preexisting condition.

(b) For the exclusion listed in subparagraph 7 of paragraph (a) of subsection 5 of section 12 above, the effective date of coverage for each part of the insurance attributable to a

different advance or a charge to the plan account is the date on which the advance or charge occurs.

(c) A definition of disability providing that for the first 12 months of disability, total disability shall be defined as the inability to perform the essential functions of the insured's own occupation. Thereafter, it shall mean the inability of the insured to perform the essential functions of any occupation for which he or she is reasonably suited by virtue of education, training or experience.

(d) No employment requirement more restrictive than one requiring that the debtor be employed full-time on the effective date of coverage and for at least 12 consecutive months prior to the effective date of coverage.

(e) An age restriction providing that no insurance will become effective on debtors on or after the attainment of age 66 and that all insurance will terminate upon attainment by the debtor of age 70.

(f) A daily benefit of not less than one-thirtieth of the monthly benefit payable under the policy.

Sec. 13. *1. Each insurer filing rates for credit unemployment insurance shall include in its rate filing with the Commissioner the appropriate rate formula upon which its rates are based. Rates shall be presumed reasonable if they do not exceed \$1.10 for \$100 of insurance per annum, paid on a single premium basis.*

2. Credit unemployment insurance policies shall contain benefits at least as favorable to insureds as the provisions below:

(a) Coverage for unemployment for any reason, except that coverage may be excluded for:

(1) voluntary forfeiture of salary, wage or other employment income;

- (2) resignation;*
- (3) retirement;*
- (4) general strike;*
- (6) illegal walk out;*
- (7) war;*
- (8) separation from the military;*
- (9) willful misconduct or criminal misconduct or unlawful behavior; and*
- (10) disability caused by injury, sickness or pregnancy.*

(b) For credit unemployment insurance which provides for a monthly benefit in the event of unemployment, benefits must start after a waiting period of not longer than 30 days but need not be retroactive to the first day of unemployment and must have a maximum benefit period that is no shorter than 6 months.

3. Credit unemployment insurance policies shall not contain eligibility requirements more restrictive than the restrictions below:

(a) Exclusion from qualification for coverage:

- (1) self employed individuals;*
- (2) workers in seasonal or temporary jobs, defined as jobs designed to last 6 consecutive months or less; and,*
- (3) debtors who have been notified either orally or in writing of any layoff or of employment termination either now or within the next 60 days. This exclusion must be disclosed to all prospective insureds.*

(b) No employment requirement more restrictive than one requiring that the debtor be employed full-time on the effective date of coverage for at least 12 consecutive months prior to the effective date of coverage.

(c) An age restriction providing that no insurance will become effective on debtors on or after the attainment of age 66 and that all insurance will terminate upon attainment by the debtor of age 70.

Sec. 14. *A person is entitled to a refund of unearned premium if his policy or contract is cancelled, for any reason, before the scheduled date of termination. Except that, if the amount of unearned premium is less than \$5.00, the person is not entitled to a refund.*

Sec. 15. 1. *An insurer may file for approval by the Commissioner of and use rates that are higher than the prima facie rates shown in sections 11 and 12 as long as the filed rates are reasonable in relation to the premium charged. If rates higher than the prima facie rates shown in sections 11 and 12 are filed for approval, the filing shall specify the account or accounts to which the rates apply. The rates shall be:*

(a) Applied uniformly to all accounts of the insurer; or

(b) Applied on an equitable basis approved by the Commissioner to only one or more accounts of the insurer for which the experience has been less favorable than expected; or

(c) Applied according to a case-rating procedure on file with the Commissioner.

2. *(a) A deviated rate will be in effect for a period of time not longer than the experience period used to establish the rate. An insurer may file for a new rate before the end of a rate period, but not more often than once during any twelve-month period.*

(b) Notwithstanding the provision of subsection 1 of this section, if an account changes insurers, the rate approved to be used for the account by the prior insurer is the maximum rate

that may be used by the succeeding insurer for the remainder of the rate approval period approved for the prior insurer or until a new rate is approved for use on the account, if sooner.

3. An insurer may at any time use a rate for an account that is lower than its filed rate without notice to the Commissioner.

Sec. 16. *The sale or placement of credit insurance shall be subject to the Unfair Trade Practices Act of this State, as stated in Chapter 686A of NRS.*

Sec. 17. *If any provision or clause of this regulation or the application thereof to any person or situation is held invalid, such invalidity shall not affect any other provision or application of the regulation which can be given effect without the invalid provision or application, and to this end the provisions of this regulation are declared severable.*

Sec. 18. 1. *This regulation shall take effect October 1, 2005 as to premium rates.*

2. Approval of all forms not in compliance with this regulation is hereby withdrawn as October 1, 2005. No such form may be issued after said date unless it has been submitted to and approved by the Commissioner subsequent to 60 days prior to October 1, 2005, or unless a rider approved subsequent to such date has been attached bringing the form into compliance with this regulation.

3. Any deviations thought to be appropriate by an insurer as a result of promulgation of this regulation shall be filed in accordance with the provisions of section 17 no later than August 2, 2005.

4. Certificates, notices of proposed insurance and premium rates in connection with existing group policies shall conform to the requirements of this regulation not later than the anniversary date of the group policy next following the effective date of this regulation.

5. Any group policy issued to replace an existing group policy of consumer credit insurance or an amendment to an existing group policy of consumer credit insurance shall be ignored for the purposes of determining the anniversary date if the change is made on or after October 1, 2005.