

**PROPOSED REGULATION OF THE  
COMMISSIONER OF INSURANCE**

**LCB File No. R132-05**

September 20, 2005

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

AUTHORITY: §§1-5, NRS 679B.130 and sections 56 and 60 of Assembly Bill No. 338 of the 73rd Session of the Nevada Legislature, chapter 456, Statutes of Nevada 2005, at page 2113 (NRS 691C.390 and 691C.430, respectively).

A REGULATION relating to insurance; providing that a guaranteed asset protection policy must cover an insurance deductible in certain circumstances; providing guidelines for rate making of credit personal property insurance; providing for the refund of any unearned premium of \$5 or more on a cancelled credit personal property insurance policy or contract; and providing other matters properly relating thereto.

**Section 1.** Chapter 691C of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 5, inclusive, of this regulation.

**Sec. 2.** *As used in sections 2 to 5, inclusive, of this regulation, unless the context otherwise requires, “guaranteed asset protection” means an insurance policy that supplements primary vehicle insurance coverage and covers the difference between the actual cash value of the insured vehicle and the outstanding loan balance.*

**Sec. 3.** *Guaranteed asset protection must cover an insurance deductible, up to \$1,000, as part of a claim settlement.*

**Sec. 4.** *Rates filed pursuant to section 49 of Assembly Bill No. 338 of the 73rd Session of the Nevada Legislature, chapter 456, Statutes of Nevada 2005, at page 2110 (NRS 691C.320), must be actuarially justified based on:*

*1. Actual and expected loss experience;*

2. *General and administrative expenses;*
3. *Loss settlement and adjustment expenses;*
4. *Reasonable producer compensation;*
5. *The manner in which premiums are charged;*
6. *Other acquisition costs;*
7. *Reserves;*
8. *Taxes;*
9. *Regulatory license fees and fund assessments;*
10. *Reasonable insurer profit; and*
11. *Other relevant data consistent with generally accepted actuarial standards.*

**Sec. 5. 1.** *Except as otherwise provided in subsection 2, a person is entitled to a refund of any unearned premium if his policy or contract is cancelled, for any reason, before the scheduled date of termination.*

2. *A person is not entitled to a refund if the amount of any unearned premium is less than \$5.*