

LCB File No. R109-07

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

PROPOSED REGULATION CONCERNING ANNUITY CONTRACTS

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

AUTHORITY: §§1, NRS 686A.015 and NRS 679B.130.

A REGULATION relating to annuity contracts.

Section 1. Chapter 686A of NAC is hereby amended by adding thereto a new section to read as follows:

Sec. 2. *Persons who replace or offer or propose to replace existing annuity contracts with other annuity contracts are required to leave with the prospect, written, signed and dated statements which fully and accurately compare the terms, conditions and benefits of the existing contract with the proposed contract. The signed statement must include any penalties, premium tax implications, bonus vesting schedule and other additional costs. Additionally, the producer must present notice of annuity replacement form to the prospective buyer.*

Sec. 3. *When a producer recommends the replacement of an annuity contract, he shall explain the provisions of the replacement without being critical of the replaced annuity contract.*

Sec. 4. *The annuity notice must be substantially the following form:*

***IMPORTANT NOTICE REGARDING THE
REPLACEMENT OF YOUR ANNUITY CONTRACT***

You have been offered an annuity contract to replace your current annuity contract.

Before you replace your existing annuity contract, you should consider the financial gains and losses should you choose to replace your annuity contract.

You will incur additional costs to acquire the new annuity contract, including the payment of commissions to your producer advocating the replacement of your existing annuity contract, the premium tax financial implications, and other additional costs.

To make an informed decision about the replacement of your annuity contract, you should discuss the provisions of your existing annuity contract with your producer or company which issued it to determine whether your annuity contract can be changed to meet your present needs.

Your new annuity contract provides 10 days for you to decide whether you wish to keep it.

The producer who is offering to replace your existing policy is required to obtain your signature on this notice. Also, he will be notifying your existing insurance company that you are considering the replacement of your annuity contract.

I have read this notice and received a copy of it for my records. I have also received the written comparison which fully and accurately compares the terms, conditions, benefits and costs to include any penalties and premium tax implications of the existing annuity contract with the proposed annuity contract.

Applicant

Date

Agent

Date