

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R109-07

September 12, 2007

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

AUTHORITY: §§1-3, NRS 679B.130 and 686A.015.

A REGULATION relating to annuity contracts; requiring an insurer or producer of insurance who replaces, offers to replace or proposes to replace an existing annuity contract to provide certain information to the prospective buyer; prohibiting such an insurer or producer of insurance from criticizing the provisions of the existing annuity contract; and providing other matters properly relating thereto.

Section 1. Chapter 686A of NAC is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this regulation.

Sec. 2. *An insurer or producer of insurance who replaces, offers to replace or proposes to replace an existing annuity contract with a new annuity contract shall provide to the prospective buyer:*

1. A written, signed and dated statement which fully and accurately compares the terms, conditions and benefits of the existing annuity contract with the new annuity contract. The statement must include, without limitation, any penalties, premium tax implications, bonus vesting schedule and other additional costs; and

2. A notice of annuity replacement, which must be in substantially the following form:

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

You have been offered a new annuity contract to replace your existing annuity contract.

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

You will incur additional costs to acquire the new annuity contract, which may include, without limitation, the payment of commissions, premium tax implications and other additional costs.

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

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

The agent or insurance company which is offering to replace your existing annuity contract is required to obtain your signature on this notice and to notify your existing insurance company that you are considering the replacement of your existing 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, including any penalties and premium tax implications, of replacing my existing annuity contract with the new annuity contract.

Applicant

Date

Agent

Date

Sec. 3. *An insurer or producer of insurance who recommends the replacement of an existing annuity contract shall explain the provisions of the new annuity contract without criticizing the provisions of the existing annuity contract.*