

**ADOPTED REGULATION OF
THE COMMISSIONER OF INSURANCE**

LCB File No. R001-18

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

AUTHORITY: §§1 and 3, NRS 679B.130, 686A.015 and 686A.230; §§2 and 4, NRS 679B.130 and 686A.015.

A REGULATION relating to insurance; requiring certain information to be included in certain agreements for consultation or related advice; requiring a copy of certain agreements for consultation or related advice to be made available to the Division of Insurance of the Department of Business and Industry upon request; authorizing certain persons to charge and collect a fee for providing consultation or related advice concerning individual health benefit plans; requiring an agreement for consultation or related advice concerning individual health benefit plans to contain certain information; revising references to insurance agents and brokers; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law authorizes the Commissioner of Insurance to adopt reasonable regulations for the administration of any provision of the Nevada Insurance Code. (NRS 679B.130) Existing law further sets forth that the Commissioner has exclusive jurisdiction in regulating trade practices in the business of insurance in this State. (NRS 686A.015)

Existing law authorizes the Commissioner to adopt regulations to allow the charging and collecting of a fee by an insurance broker, consultant or financial planner for consultation or related advice on the purchase of individual or group life or health insurance or an individual or group annuity, whether or not such consultation or related advice results in the purchase of a policy of insurance or annuity. (NRS 686A.230) Existing regulations require an agreement for consultation or related advice which is entered into by a financial planner, life or health insurance agent or broker or insurance consultant to: (1) be in writing; and (2) contain certain information. (NAC 686A.330) **Section 3** of this regulation requires an agreement for consultation or related advice also to contain the name and address of the client or prospective client. Existing regulations additionally require each client or prospective client of a financial planner, life or health insurance agent or broker or insurance consultant to be provided with a copy of the agreement. (NAC 686A.330) **Section 3** further requires a financial planner, producer of insurance or insurance consultant to retain a copy of the agreement and make such a copy available to the Division of Insurance of the Department of Business and Industry upon request.

Existing regulations authorize a financial planner, life or health insurance agent or broker or insurance consultant to charge a fee for providing consultation or related advice concerning:

(1) group life or group annuity products; and (2) group health products. (NAC 686A.330) **Section 3** authorizes a financial planner, life or health insurance agent or broker or insurance consultant to charge a fee for providing consultation or related advice concerning certain individual health benefit plans. **Section 1** of this regulation requires an agreement for consultation or related advice concerning individual health benefit plans to contain certain information in addition to the information required by **section 3**. **Section 2** of this regulation makes conforming changes by defining the term “individual health benefit plan” and amending the definition for “health insurance” to include individual or group health insurance.

Existing law replaces various references to insurance agents and brokers with the term “producer of insurance.” (Sections 15, 21, 26, 27, 29-32, 164 and 165 of Assembly Bill No. 83, chapter 376, Statutes of Nevada 2017, at page 2323) **Sections 2 and 3** make conforming changes by replacing “agent or broker” with “producer of insurance.”

Section 4 of this regulation makes conforming changes.

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

If a financial planner, producer of insurance or insurance consultant charges a fee pursuant to paragraph (c) of subsection 3 of NAC 686A.330, the agreement for consultation or related advice must contain, in addition to the information required pursuant to subsection 1 of NAC 686A.330:

1. The license number assigned by the Division, or the identification number issued by the National Insurance Producer Registry, to the financial planner, producer of insurance or insurance consultant.

2. A statement of whether the fee charged pursuant to paragraph (c) of subsection 3 of NAC 686A.330 is refundable pro rata. If the fee is not refundable pro rata, a statement explaining that the fee is fully earned at the completion of the consultation or related advice and is not refundable.

3. The names of all health insurance carriers of which the financial planner, producer of insurance or insurance consultant is appointed to represent.

4. *A statement of whether the financial planner, producer of insurance or insurance consultant is certified by the Silver State Health Insurance Exchange.*

5. *A statement of whether the financial planner, producer of insurance or insurance consultant currently maintains insurance covering liability for errors and omissions.*

6. *A disclosure notice which contains the following language:*

The Affordable Care Act currently provides premium subsidies to those meeting the eligibility criteria. Premium subsidies are only available through policies offered on the Silver State Health Insurance Exchange.

If an individual health benefit plan is purchased through an insurance carrier of which the financial planner, life or health insurance agent or broker or insurance consultant is appointed to represent, the financial planner, life or health insurance agent or broker or insurance consultant may receive compensation or commission in addition to the fee that may be charged by a financial planner, life or health insurance agent or broker or insurance consultant. The amount of compensation or commission typically varies by insurance carrier.

7. *The telephone numbers of the Silver State Health Insurance Exchange, (855) 768-5465, and the Nevada Division of Insurance, (888) 872-3234.*

8. *The following statement that must be signed and dated by the client or prospective client prior to the consultation:*

CLIENT OR PROSPECTIVE CLIENT ATTESTATION

By signing below, I attest that I have reviewed the information provided in this disclosure and have received a copy of this form.

9. *The following statement that must be signed and dated by the financial planner, producer of insurance or insurance consultant prior to the consultation:*

***FINANCIAL PLANNER, PRODUCER OF INSURANCE OR INSURANCE
CONSULTANT ATTESTATION***

By signing below, I attest that I have disclosed all relevant facts concerning the services to be provided and the fees, charges or other remuneration that will be charged or received for providing the consultation or related advice described.

Sec. 2. NAC 686A.320 is hereby amended to read as follows:

686A.320 As used in NAC 686A.320 to 686A.340, inclusive, *and section 1 of this regulation*, unless the context otherwise requires:

1. “Agent” has the meaning ascribed to it in NRS 683A.321.
2. “Financial planner” means ~~{an agent or broker}~~ *a producer of insurance* who has successfully completed a course of instruction required for designation as a financial planner by a recognized professional association of financial planners.
3. “Health insurance” includes any:
 - (a) *Individual health insurance or group health insurance provided pursuant to chapter 689A or 689B of NRS;*
 - (b) Contract for hospital, medical or dental services entered into pursuant to chapter 695B of NRS;
 - ~~{(b)}~~ (c) Health care plan provided pursuant to chapter 695C of NRS;
 - ~~{(e)}~~ (d) Plan for dental care provided pursuant to chapter 695D of NRS; or
 - ~~{(d)}~~ (e) Plan for prepaid limited health service provided pursuant to chapter 695F of NRS.
4. *“Individual health benefit plan” has the meaning ascribed to it in NRS 689A.555.*

Sec. 3. NAC 686A.330 is hereby amended to read as follows:

686A.330 1. Any agreement for consultation or related advice which is entered into by a financial planner, ~~life or health insurance agent or broker,~~ *producer of insurance* or insurance consultant must be in writing and must contain:

(a) *The name and address of the client or prospective client seeking the consultation or related advice;*

(b) The name, ~~and~~ address, *telephone number and electronic mail address* of the financial planner, ~~life or health insurance agent or broker,~~ *producer of insurance* or insurance consultant;

~~The~~ (c) *If applicable, the* name and address of any person or entity licensed pursuant to title 57 of NRS which ~~he~~ *the financial planner, producer of insurance* or ~~she~~ *insurance consultant* represents;

~~e~~ (d) A description of any license ~~he~~ *the financial planner, producer of insurance* or ~~she~~ *insurance consultant* holds;

~~d~~ (e) A description of ~~the~~ *any* fee to be charged and the services to be provided under the agreement;

~~e~~ (f) A provision allowing the client, without penalty, to rescind the agreement within 10 days after it is entered into; and

~~f~~ (g) A statement of whether the financial planner ~~for life or health insurance agent or broker,~~ *producer of insurance or insurance consultant* is to receive any commission or other compensation for services in addition to ~~the~~ *any* fee paid by the client.

2. ~~Each~~ *A financial planner, producer of insurance or insurance consultant must:*

(a) *Provide each* client or prospective client of ~~the~~ *the* financial planner, ~~life or health insurance agent or broker,~~ *producer of insurance* or insurance consultant ~~must be provided~~ with a copy of ~~the~~ *each* agreement ~~entered into in accordance with this section or section 1 of this regulation;~~ *and*

(b) *Retain a copy of each agreement entered into in accordance with this section or section 1 of this regulation and make such a copy available to the Division upon request.*

3. A financial planner, life or health insurance agent or broker, or insurance consultant shall not charge a fee pursuant to this section except with respect to:

(a) Group life or group annuity products provided pursuant to chapter 688A or 688B of NRS; ~~and~~

(b) Group health products provided pursuant to chapter 689B of NRS ~~and~~ *and*

(c) *Individual health benefit plans provided pursuant to chapter 689A or 695C of NRS.*

Sec. 4. NAC 686A.340 is hereby amended to read as follows:

686A.340 Any commission received by a financial planner, agent or broker *or producer of insurance pursuant to NAC 686A.320 to 686A.340, inclusive, and section 1 of this regulation* for services related to the sale of insurance shall be deemed a premium for purposes of the tax imposed by chapter 680B of NRS.