

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R114-06

June 2, 2006

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

AUTHORITY: §§1-12, NRS 679B.130, 691C.340 and 691C.430; §13, NRS 679B.130 and 691C.430.

A REGULATION relating to insurance; establishing reasonable rates for policies of credit personal property insurance; limiting the amount of commission payable for a policy of credit personal property insurance; requiring all rates for policies of credit personal property insurance to be submitted for review and approval by the Commissioner of Insurance; 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 12, inclusive, of this regulation.

Sec. 2. *For the purposes of subsection 1 of NRS 691C.340, the Commissioner will consider rates for policies of credit personal property insurance, including, without limitation, guaranteed asset protection, that are not in excess of the rates set forth in sections 3 to 10, inclusive, of this regulation to be reasonable in relation to the benefits provided and not excessive, inadequate or unfairly discriminatory.*

Sec. 3. *For a policy of credit personal property insurance with a closed-end single premium, the recommended premium rate for dual-interest coverage with theft is \$1.18 per \$100 of initial net indebtedness per year.*

Sec. 4. *For a policy of credit personal property insurance with a closed-end single premium, the recommended premium rate for dual-interest coverage without theft is 88 cents per \$100 of initial net indebtedness per year.*

Sec. 5. *For a policy of credit personal property insurance with a closed-end single premium, the recommended premium rate for single-interest coverage with theft is 59 cents per \$100 of initial net indebtedness per year.*

Sec. 6. *For a policy of credit personal property insurance with a closed-end single premium, the recommended premium rate for single-interest coverage without theft is 44 cents per \$100 of initial net indebtedness per year.*

Sec. 7. *For a policy of open-end credit property insurance with a monthly outstanding balance, the recommended premium rate for dual-interest coverage with theft is 14 cents per \$100 of the outstanding balance of initial net indebtedness per month.*

Sec. 8. *For a policy of open-end credit property insurance with a monthly outstanding balance, the recommended premium rate for dual-interest coverage without theft is 10 cents per \$100 of the outstanding balance per month.*

Sec. 9. *For a policy of guaranteed asset protection, the recommended premium rates are as follows:*

<i>Term</i>	<i>Recommended Premium Rate</i>	<i>Suggested Commission</i>	<i>Percent of Commission</i>	<i>Company Retained Amount</i>
<i>1-48 months</i>	<i>\$285</i>	<i>\$85</i>	<i>30%</i>	<i>\$200</i>
<i>49-60 months</i>	<i>\$342</i>	<i>\$102</i>	<i>30%</i>	<i>\$240</i>

<i>61-72 months</i>	<i>\$412</i>	<i>\$124</i>	<i>30%</i>	<i>\$288</i>
<i>73-84 months</i>	<i>\$495</i>	<i>\$149</i>	<i>30%</i>	<i>\$346</i>
<i>85-96 months</i>	<i>\$594</i>	<i>\$178</i>	<i>30%</i>	<i>\$416</i>
<i>97-108 months</i>	<i>\$713</i>	<i>\$214</i>	<i>30%</i>	<i>\$499</i>
<i>109-120 months</i>	<i>\$855</i>	<i>\$256</i>	<i>30%</i>	<i>\$599</i>

Sec. 10. *For a policy of credit personal property insurance, including, without limitation, guaranteed asset protection, the commission payable to a producer of insurance or any combination of producers of insurance must not exceed 30 percent.*

Sec. 11. *All rates for policies of credit personal property insurance, including rates for guaranteed asset protection, must be submitted for review and approval by the Commissioner pursuant to NRS 691C.320. Any rates for credit personal property insurance, including, without limitation, rates for guaranteed asset protection, filed before the effective date of this regulation are null and void.*

Sec. 12. *The Commissioner will review the recommended premium rates for credit personal property insurance, including guaranteed asset protection insurance, not later than September 1, 2009, to determine whether the rates are reasonable in relation to the benefits provided.*

Sec. 13. Section 8 of LCB File No. R132-05, which was adopted by the Commissioner of Insurance and was filed with the Secretary of State on October 31, 2005, is hereby repealed.

TEXT OF REPEALED SECTION

Section 8 of LCB File No. R132-05

Sec. 8. 1. As soon as practicable, the Commissioner will conduct a survey of credit personal property insurers to determine reasonable rates pursuant to section 51 of Assembly Bill No. 338 of the 73rd Session of the Nevada Legislature, chapter 456, Statutes of Nevada 2005, at page 2111 (NRS 691C.340).

2. An insurer surveyed by the Commissioner pursuant to subsection 1 shall provide the information requested by the Commissioner by the date specified by the Commissioner.

3. Any rate filed with and approved by the Commissioner before October 1, 2005, shall be deemed reasonable until the Commissioner:

(a) Determines that the rate is excessive, inadequate or unfairly discriminatory in accordance with the standards established in NRS 686B.050; or

(b) Establishes by regulation reasonable rates pursuant to subsection 1.