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**NEW FINANCIAL RESPONSIBILITY REQUIREMENTS TO OBTAIN A
CERTIFICATE OF REGISTRATION AS A SERVICE CONTRACT PROVIDER**

Effective October 1, 2011, the financial responsibility options available for use by a company applying to obtain a Certificate of Registration to issue, sell or offer for sale service contracts in Nevada were changed as a result of an amendment made to Nevada Revised Statute (NRS) 690C.170 during the 2011 Legislative Session (See Sec. 55 of Assembly Bill 74 (2011)). NRS 690C.170, as amended, requires companies applying for a Certificate of Registration to either:

- 1) Purchase a contractual liability insurance policy (CLIP) that insures the obligations of each service contract the provider issues, sells or offers for sale. The policy must be issued by an insurer that is not an affiliate of the service contract provider; or
- 2) Maintain, or be a subsidiary of a parent company that maintains, a net worth or stockholders' equity of at least \$100,000,000.

Pursuant to the new law, as of October 1, 2011, the option to maintain a reserve account and to deposit with the Commissioner security in a minimum amount of \$25,000, is no longer a method available to new applicants to establish the requisite financial responsibility component in order to obtain a Certificate of Registration as a service contract provider in Nevada.

However, the new law only applies to new providers applying for a Certificate of Registration on or after October 1, 2011. Applicants that have submitted complete applications for a Certificate of Registration - including all necessary supporting documentation and fees - before October 1, 2011, will not be subject to the new law and, therefore, may establish the requisite financial responsibility component according to the pre-2011 Session amended version of NRS 690C.170.

If you have any questions regarding the contents of this Bulletin, you may contact Dolores Bennett at (775) 687-0763.

A handwritten signature in blue ink, appearing to read "Amy L. Parks".

AMY L. PARKS
Acting Commissioner of Insurance