

Bulletin No. 06-002

April 14, 2006

**PREMIUM FINANCE AGREEMENTS**

There has been considerable confusion and misinformation about the legality of a Premium Finance Company paying a fee, commission, or other compensation to a producer of insurance in exchange for the arranging or completing the premium finance agreement. This Bulletin is intended to provide accurate information regarding the legality of such activities.

Nevada Revised Statute (NRS) 686A.500 provides:

**NRS 686A.500 Disclosure of financial interest required; agent or broker who submits or performs services in connection with agreement prohibited from receiving compensation.**

1. Any licensed resident or nonresident agent or broker who has any financial interest in a company, other than in submitting agreements through the company, shall disclose to the insured, in the manner prescribed by the Commissioner, his interest in the company.

2. A licensed resident or nonresident agent or broker who submits any agreement shall not accept any compensation for arranging, directing or performing services in connection with the agreement. A company shall not pay or offer to pay any compensation to a licensed resident or nonresident agent or broker who submits an agreement to the company.

Based on this statute, it is clear that such a payment is in violation of Nevada law.

Failure to abide by the law can result in administrative action.

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ALICE A. MOLASKY-ARMAN  
Commissioner of Insurance