

Department of Business and Industry, Division of Insurance

Amendment #1

Amend Section 1 to correct a typo, from “financial” to “financed.”

Section 1. NAC 686A.526 is hereby amended to read as follows:

686A.526 “Replacement” means a transaction in which a new policy is to be purchased and the agent or insurer who proposes the replacement knows or should know, by reason of the transaction, that an existing policy has been or will be:

1. ~~Terminated;~~ *Lapsed, forfeited, surrendered or partially surrendered, assigned to the replacing insurer or otherwise terminated;*
2. Converted to reduced paid-up insurance, continued as extended term insurance or otherwise reduced in value by the use of nonforfeiture benefits or other values in the policy;
3. Amended to reduce benefits or to reduce the term for which coverage would otherwise remain in force ~~or~~ *or for which benefits would be paid;*
4. Reissued with any reduction in the cash value of the policy; ~~or~~
5. Pledged as collateral or subjected to borrowing for an aggregate amount that exceeds 25 percent of the loan value set forth in the policy ~~or~~; *or*
6. *Used in a ~~financial~~ financed purchase.*

Amendment #2

Amend Section 4 to define “Annuity” using the same definition as NRS 688A.020. This term does not need another new definition in this regulation.

Sec. 4. *“Annuity” ~~means an annuity that is an insurance product under the laws of this State that is individually solicited, whether the product is classified as an individual or group annuity.~~ has the meaning ascribed to it in NRS 688A.020.*

Amendment #3

Amend Section 11 to define a “Producer” as a producer of insurance using the NRS 679A.117 definition. The term ‘producer’ is a genericized version of ‘producer of insurance’ and should share the same definition.

Sec. 11. *“Producer” means a ~~person required to be licensed under the laws of this State to sell, solicit or negotiate insurance, including, without limitation, annuities.~~ producer of insurance as defined in NRS 679A.117. For the purposes of sections 3 to 27, inclusive, of this regulation, the term includes an insurer where no producer is involved.*

Amendment #4

Amend Section 13 to define “Replacement” using the same definition as NAC 686A.526. The term does not need to have the definition repeated in this regulation.

Sec. 13. *“Replacement”* ~~means a transaction in which a new annuity is to be purchased and the agent or insurer who proposes the replacement knows or should know, by reason of the transaction, that an existing annuity or other insurance policy has been or will be:~~

~~1. Lapsed, forfeited, surrendered or partially surrendered, assigned to the replacing insurer or otherwise terminated;~~

~~2. Converted to reduced paid-up insurance, continued as extended term insurance or otherwise reduced in value by the use of nonforfeiture benefits or other values in the policy;~~

~~3. Amended to reduce benefits or to reduce the term for which coverage would otherwise remain in force or for which benefits would be paid;~~

~~4. Reissued with any reduction in the cash value of the policy;~~

~~5. Pledged as collateral or subjected to borrowing for an aggregate amount that exceeds 25 percent of the loan value set forth in the policy; or~~

~~6. Used in a financial purchase;~~ has the meaning ascribed to it in NAC 686A.526.

Amendment #5

Amend Section 19 to correct a drafting error in which a reference to ‘suitability information’ was held over from a prior version of the regulation.

Sec. 19. *At the time of the recommendation or sale of an annuity, the producer shall:*

1. Make a written record of any recommendation and the basis for the recommendation subject to sections 3 to 27, inclusive, of this regulation;

2. If the consumer refuses to provide or provides insufficient ~~suitability~~ consumer profile information, obtain a statement, on a form prescribed by the Commissioner, signed by the consumer, which documents that refusal or insufficiency and states that the consumer understands the ramifications of not providing or providing insufficient consumer profile information; and

3. If the consumer decides to enter into an annuity transaction that is not recommended by the producer, obtain a statement, on a form prescribed by the Commissioner, signed by the consumer, in which the consumer acknowledges that the annuity transaction is not recommended.