

### **CREDIT PERSONAL PROPERTY INSURANCE**

Assembly Bill 338 of the 73<sup>rd</sup> Session, Sections 17 through 61, inclusive, sets forth new requirements for insurers of credit personal property insurance, including guaranteed asset protection (GAP). These provisions become effective October 1, 2005. Insurers of credit personal property insurance are advised to review their business practices, forms and rates in relation to the requirements set forth in AB 338. To assist insurers, the Commissioner offers the following clarifications:

Credit personal property insurance must, at a minimum, provide coverage against all direct loss by fire, lightening and for costs incurred for removal of property from the premises endangered by the perils insured against, as described in the policy declarations. Covered perils must include internal explosion; riot; explosion; vehicles; civil commotion; smoke; hail; aircraft; windstorm; volcanic eruption; vandalism and malicious mischief; burglary; weight of ice, snow, sleet; discharge of water or steam; falling objects; freezing; sudden tearing, cracking, burning; electrical current; and fireplace smoke.

Insurers of credit personal property insurance must comply with all consumer disclosures included in Sections 17 through 61, inclusive, of Assembly Bill 338, on or before October 1, 2005.

Forms must comply with the standards set forth in Sections 17 through 61, inclusive, of Assembly Bill 338. If forms do not comply with these standards, insurers must file revised forms or amendatory endorsements for approval by the Commissioner on or before October 1, 2005.

The Commissioner has been mandated to establish reasonable rates in accordance with standards established in NRS 686B.050 and 686B.060. Until rates are established, any rate filed with and approved by the Commissioner on or before October 1, 2005, shall be deemed reasonable unless the rate is determined by the Commissioner to be excessive, inadequate or unfairly discriminatory. Once reasonable rates are established by regulation, all insurers writing credit personal property insurance will be required to refile rates for approval by the Commissioner.

---

ALICE A. MOLASKY-ARMAN  
Commissioner of Insurance