

REPORTING REQUIREMENTS OF INSURERS WRITING CREDIT INSURANCE IN NEVADA AND NOTICE OF PROHIBITION AGAINST CERTAIN REINSURANCE TRANSACTIONS THIS BULLETIN REPLACES BULLETIN NUMBER 88-005.

In 1987, the Nevada Legislature enacted Senate Bill 371. This legislation requires credit insurers to prepare certain statistical data, audits and reviews. Pursuant to NRS 690A.150, each insurer who writes credit insurance in Nevada shall prepare statistics for each creditor with debtors covered by credit insurance. Insurers must compile these statistics by calendar year for individual policies and policy year for group policies. The statistics listed in NRS 690A.150 must separately exhibit each type of credit insurance issued and insurance coverage directly assumed by reinsurance. The insurer shall report these statistics to each creditor.

The Department of Insurance realizes that some insurers have operated credit insurance programs in Nevada and ceded the business to foreign reinsurers. The purpose of this arrangement is to generate additional income for those agencies who produced that business. Nevada has had a cap on compensation to producing agencies for many years and has refined that prohibition specifically as it relates to reinsurance transactions. In addition, NRS 690A.170 requires each insurer who writes credit insurance in Nevada to conduct an annual audit and annual review. Pursuant to NRS 690A.170, the initial audit and review was due January 1, 1989, and then every 24 months thereafter. Each insurer who writes credit insurance in the state of Nevada shall submit to the Department of Insurance by January 15, 1993, and every 24 months thereafter, subsequent reports kept pursuant to NRS 690A.170. This information should be sent to the attention of the Life and Health section of the Department. Insurers should carefully review the cited Nevada Revised Statutes when preparing these reports. Failure to comply with the statutes may subject the insurer to sanctions and administrative fines.

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