

**MEMBERSHIP OR ASSOCIATION DUES AND FEES ARE PREMIUMS
INSURED CONSENT NEEDED TO ALTER APPLICATION**

MEMBERSHIP OR ASSOCIATION DUES AND FEES ARE PREMIUMS

The Division of Insurance is aware that some associations or trusts for health insurance do not regard their membership dues or subscription fees as premiums. Dues or fees charged by associations or trusts that offer life or health insurance are premiums. An association or trust may require these amounts from their members to obtain the insurance coverage offered. Insurers that underwrite associations or trusts must report those premiums for premium taxes regardless of the location of the association or trust.

NRS 679A.115 defines premium as "any 'membership,'... or similar fee or other charge assessed or collected by the insurer or his agent in consideration for an insurance contract or its procurement." NRS 686A.230 prohibits any person from collecting ... "any sum as a premium or charge for insurance which is not then provided... by an insurance policy...."

Insurers must collect such premiums and report them. NRS 680B.025 defines income subject to premium tax. No one other than a licensed insurer, administrator or agent acting as a fiduciary for the underwriting insurer may collect premiums. Failure to pay premium taxes on these amounts will subject the insurer to penalties and administrative actions under NRS 680B.039.

INSURED CONSENT NEEDED TO ALTER APPLICATION

Recent consumer complaints about health insurance indicates that insurers are changing information supplied on applications without the consent of the applicant. NRS 687B.090 expressly prohibits insurers from altering an application for individual or group life or health insurance. Insurers may not modify such applications in any way, including waivers, without the written consent of the applicant. This applies to coverages issued to associations or trusts domiciled outside the state of Nevada as well as coverage issued inside the state.

Teresa P. Froncek Rankin, J.D., CPCU
Commissioner of Insurance