

ASSEMBLY BILL NO. 453—COMMITTEE ON TRANSPORTATION

MARCH 10, 1999

Referred to Committee on Transportation

SUMMARY—Provides that operator's policy of liability insurance does not satisfy requirements for liability insurance for motor vehicle that is registered or required to be registered in Nevada. (BDR 43-1306)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~[omitted material]~~ is material to be omitted.

AN ACT relating to motor vehicles; providing that an operator's policy of liability insurance does not satisfy the requirements for liability insurance for a motor vehicle that is registered or required to be registered in this state; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE
AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 **Section 1.** NRS 482.215 is hereby amended to read as follows:
2 482.215 1. All applications for registration, except applications for
3 renewal of registration, must be made as provided in this section.
4 2. Applications for all registrations, except renewals of registration,
5 must be made in person, if practicable, to any office or agent of the
6 department or to a registered dealer.
7 3. Each application must be made upon the appropriate form furnished
8 by the department and contain:
9 (a) The signature of the owner.
10 (b) His residential address.
11 (c) His declaration of the county where he intends the vehicle to be
12 based, unless the vehicle is deemed to have no base. The department shall
13 use this declaration to determine the county to which the privilege tax is to
14 be paid.
15 (d) A brief description of the vehicle to be registered, including the
16 name of the maker, the engine, identification or serial number, whether *the*
17 *vehicle is* new or used and the last license number, if known, and the state

1 in which it was issued, and ~~upon~~ **for** the registration of a new vehicle, the
2 date of sale by the manufacturer or franchised and licensed dealer in this
3 state for the make to be registered to the person first purchasing or
4 operating the vehicle.

5 (e) Proof satisfactory to the department or registered dealer that the
6 applicant has provided the insurance required by NRS 485.185 and his
7 signed declaration that he will maintain the insurance during the period of
8 registration.

9 (f) If the insurance is provided by a contract of insurance, evidence of
10 that insurance provided by the insurer in the form of:

11 (1) A certificate of insurance on a form approved by the
12 commissioner of insurance; or

13 (2) A ~~card~~ **form** issued pursuant to NRS 690B.023 which identifies
14 the vehicle and indicates, at the time of application for registration,
15 coverage which ~~meets~~ **complies with** the requirements of NRS 485.185.
16 The department may file that evidence, return it to the applicant or
17 otherwise dispose of it.

18 (g) If required, evidence of the applicant's compliance with controls
19 over emission.

20 4. The application must contain such other information as is required
21 by the department or registered dealer, and must be accompanied by proof
22 of ownership satisfactory to the department.

23 5. For purposes of the proof, declaration and evidence required by
24 paragraphs (e) and (f) of subsection 3:

25 (a) Vehicles which are subject to the fee for a license and the
26 requirements of registration of the Interstate Highway User Fee
27 Apportionment Act, and which are based in this state, may be declared as a
28 fleet by the registered owner thereof, on his original application for or
29 application for renewal of a proportional registration. The owner may file a
30 single certificate of insurance ~~covering~~ **for** that fleet.

31 (b) Other fleets composed of 10 or more vehicles based in this state or
32 vehicles insured under a blanket policy which does not identify individual
33 vehicles may each be declared annually as a fleet by the registered owner
34 thereof for the purposes of an application for his original or any renewed
35 registration. The owner may file a single certificate of insurance ~~covering~~
36 **for** that fleet.

37 (c) A person who qualifies as a self-insurer pursuant to the provisions of
38 NRS 485.380 may file a copy of his certificate of self-insurance.

39 ~~[(d) A person who qualifies for an operator's policy of liability~~
40 ~~insurance pursuant to the provisions of NRS 485.186 and 485.3091 may~~
41 ~~file evidence of that insurance.]~~

1 **Sec. 2.** Chapter 485 of NRS is hereby amended by adding thereto a
2 new section to read as follows:

3 **1. An operator's policy of liability insurance must state, in addition**
4 **to the requirements of NRS 485.3091, that:**

5 **(a) The insurer is only liable under the policy for liability incurred by**
6 **the insured while the named insured is the operator of a motor vehicle or**
7 **while a motor vehicle owned by the insured is not being operated by any**
8 **person;**

9 **(b) The policy does not provide coverage for any vicarious liability**
10 **imposed on the owner of the motor vehicle as a result of the operation by**
11 **another person of a motor vehicle owned by the insured or for any**
12 **liability imposed by NRS 41.440 or 483.300; and**

13 **(c) The coverage provided by the policy may not meet the**
14 **requirements of the financial responsibility laws of other states,**
15 **unless such extended coverage is expressly included in the policy. No**
16 **operator's policy of liability insurance may be delivered or issued for**
17 **delivery in this state unless the insured has signed an endorsement**
18 **stating that he has read and understood the policy and its limitations.**

19 **2. An operator's policy of liability insurance must not provide**
20 **coverage for damages incurred while a person other than the named**
21 **insured is operating a motor vehicle.**

22 **3. An operator's policy of liability insurance must provide coverage**
23 **for liability incurred by the insured while a motor vehicle owned by the**
24 **insured is not being operated by any person.**

25 **Sec. 3.** NRS 485.0335 is hereby amended to read as follows:

26 485.0335 "Dormant vehicle" means a motor vehicle:

27 1. For which ~~an~~ **an owner's** policy of liability insurance is required
28 pursuant to this chapter; and

29 2. That will not be operated for an extended period because of
30 mechanical or seasonal circumstances.

31 **Sec. 4.** NRS 485.034 is hereby amended to read as follows:

32 485.034 "Evidence of insurance" means:

33 1. The form provided by an insurer pursuant to NRS 690B.023 as
34 evidence of ~~an contract of insurance for a motor vehicle liability policy;~~ **an**
35 **owner's policy of liability insurance;** or

36 2. The certificate of self-insurance issued to a self-insurer by the
37 ~~department~~ **division** pursuant to NRS 485.380.

38 **Sec. 5.** NRS 485.186 is hereby amended to read as follows:

39 485.186 ~~1. Except as otherwise provided in subsection 6, any~~
40 ~~natural~~ **A** person may **not** satisfy the requirements of NRS 485.185 by
41 obtaining, in lieu of an owner's policy of liability insurance, an operator's
42 policy of liability insurance . ~~which meets the requirements of this section~~
43 ~~and~~ ~~NRS~~ ~~485.3091.~~

1 ~~—2.—An operator’s policy of liability insurance must state, in addition to~~
2 ~~the requirements of NRS 485.3091, that:~~

3 ~~—(a) The insurer is only liable under the policy for liability incurred by~~
4 ~~the insured while the named insured is the operator of a motor vehicle or~~
5 ~~while a motor vehicle owned by the insured is not being operated by any~~
6 ~~person;~~

7 ~~—(b) The policy does not provide coverage for any vicarious liability~~
8 ~~imposed on the owner of the motor vehicle as a result of the operation by~~
9 ~~another person of a motor vehicle owned by the insured or for any liability~~
10 ~~imposed by NRS 41.440 or 483.300; and~~

11 ~~—(c) The coverage provided by the policy may not meet the requirements~~
12 ~~of the financial responsibility laws of other states,~~
13 ~~unless such extended coverage is expressly included in the policy. No~~
14 ~~operator’s policy of liability insurance may be delivered or issued for~~
15 ~~delivery in this state unless the insured has signed an endorsement stating~~
16 ~~that he has read and understood the policy and its limitations.~~

17 ~~—3.—An owner of a motor vehicle which is registered or required to be~~
18 ~~registered in this state and who holds an operator’s policy of liability~~
19 ~~insurance shall not permit another person to operate his motor vehicle if the~~
20 ~~owner knows or should have known that the person does not have liability~~
21 ~~insurance to cover his own operation of that motor vehicle.~~

22 ~~—4.—An operator’s policy of liability insurance must not provide~~
23 ~~coverage for damages incurred while a person other than the named insured~~
24 ~~is operating a motor vehicle.~~

25 ~~—5.—An operator’s policy of liability insurance must provide coverage for~~
26 ~~liability incurred by the insured while a motor vehicle owned by the insured~~
27 ~~is not being operated by any person.~~

28 ~~—6.—This section does not apply to a lessor, dealer, manufacturer,~~
29 ~~rebuilder or distributor of a motor vehicle, an owner of a fleet, a common,~~
30 ~~contract or private motor carrier or any other employer who owns a motor~~
31 ~~vehicle for use in his business.}~~

32 **Sec. 6.** NRS 485.187 is hereby amended to read as follows:

33 485.187 1. Except as otherwise provided in subsection 5, the owner
34 of a motor vehicle shall not:

35 (a) Operate the motor vehicle, if it is registered or required to be
36 registered in this state, without having insurance as required by NRS
37 485.185.

38 (b) Operate or knowingly permit the operation of the motor vehicle
39 without having evidence of insurance of the operator or the vehicle in the
40 vehicle.

41 (c) Fail or refuse to surrender, upon demand, to a peace officer or to an
42 authorized representative of the department the evidence of insurance.

1 ~~[(d) Knowingly permit the operation of the motor vehicle in violation of~~
2 ~~subsection 3 of NRS 485.186.]~~

3 2. A person shall not operate the motor vehicle of another person
4 unless:

5 (a) He first ensures that the required evidence of insurance is present in
6 the motor vehicle; or

7 (b) He has his own evidence of insurance which ~~{covers}~~ **provides**
8 **coverage for** him as the operator of the motor vehicle.

9 3. Except as otherwise provided in subsection 4, any person who
10 violates subsection 1 or 2 shall be punished by a fine of not less than \$600
11 ~~{nor}~~ **and not** more than \$1,000 for each violation. The fine must be
12 reduced to \$100 for the first violation if the person obtains ~~{a motor vehicle~~
13 ~~liability}~~ **an owner's policy of liability insurance** not later than 30 days
14 after the fine is imposed, unless:

15 (a) The person has registered the vehicle as part of a fleet of vehicles
16 pursuant to subsection 5 of NRS 482.215; or

17 (b) The person has been issued a certificate of self-insurance pursuant to
18 NRS 485.380.

19 4. A court:

20 (a) Shall not fine a person for a violation of ~~{paragraph (a), (b) or (c) of}~~
21 ~~subsection 1 or {for a violation of subsection}~~ 2 if he presents evidence to
22 the court that the insurance required by NRS 485.185 was in effect at the
23 time demand was made for it.

24 (b) Except as otherwise provided in paragraph (a), may impose a fine of
25 \$1,000 for a violation of ~~{paragraph (a), (b) or (c) of}~~ subsection 1, and
26 suspend the fine on the condition that the person presents proof to the court
27 each month for 12 months that the insurance required by NRS 485.185 is
28 ~~{currently}~~ in effect.

29 5. The provisions of paragraphs (b) and (c) of subsection 1 do not
30 apply if the motor vehicle in question displays a ~~{valid}~~ permit issued by
31 the department pursuant to subsection 1 or 2 of NRS 482.3955, or NRS
32 482.396, 482.3965, 482.423 or 482.424 authorizing the movement or
33 operation of that vehicle within ~~{the}~~ **this** state for a limited time.

34 **Sec. 7.** NRS 485.190 is hereby amended to read as follows:

35 485.190 1. If 20 days after the receipt of a report of an accident
36 involving a motor vehicle within this state which has resulted in bodily
37 injury or death, or damage to the property of any one person in excess of
38 \$750, the division does not have on file evidence satisfactory to ~~{it}~~ **the**
39 **division** that the person who would otherwise be required to file security
40 under subsection 2 of this section has been released from liability, has been
41 finally adjudicated not to be liable or has executed an acknowledged
42 written agreement providing for the payment of an agreed amount in
43 installments with respect to all claims for injuries or damages resulting

1 from the accident, the division shall upon request set the matter for a
2 hearing as provided in NRS 485.191.

3 2. The division shall, at any time after a determination adverse to an
4 operator or owner pursuant to NRS 485.191, suspend the license of each
5 operator and all registrations of each owner of a motor vehicle involved in
6 such an accident, and, if the operator is a nonresident, the privilege of
7 operating a motor vehicle within this state, and, if the owner is a
8 nonresident, the privilege of the use within this state of any motor vehicle
9 owned by him, unless the operator or owner, or both, deposit security in the
10 sum so determined by the division. Notice of such a suspension must be
11 sent by the division to the operator and owner not less than 10 days before
12 the effective date of the suspension and must state the amount required as
13 security. ~~{Where}~~ If erroneous information is given to the division with
14 respect to the matters set forth in ~~{paragraph (a), (b) or (c) of}~~ subsection 1 ,
15 2 or 3 of NRS 485.200, the division shall take appropriate action as
16 provided in this section after it receives correct information with respect to
17 those matters.

18 **Sec. 8.** NRS 485.200 is hereby amended to read as follows:

19 485.200 ~~{1.}~~ The requirements ~~{as}~~ relating to security and
20 suspension in NRS 485.190 to 485.300, inclusive, do not apply:

21 ~~{(a)}~~ 1. To the operator or owner if he had in effect at the time of the
22 accident a motor vehicle liability policy with respect to the motor vehicle
23 involved in the accident;

24 ~~{(b)}~~ 2. To the operator if there was in effect at the time of the accident
25 a motor vehicle liability policy with respect to his operation of any motor
26 vehicle;

27 ~~{(c)}~~ 3. To the operator or owner if his liability for damages resulting
28 from the accident is, in the judgment of the division, covered by any other
29 form of liability insurance policy or a bond;

30 ~~{(d)}~~ 4. To any person qualifying as a self-insurer pursuant to NRS
31 485.380, or to any person operating a motor vehicle for the self-insured;

32 ~~{(e)}~~ 5. To the operator or the owner of a motor vehicle involved in an
33 accident wherein no injury or damage was caused to the person or property
34 of ~~{anyone}~~ another person other than the operator or owner;

35 ~~{(f)}~~ 6. To the operator or the owner of a motor vehicle legally parked
36 at the time of the accident;

37 ~~{(g)}~~ 7. To the owner of a motor vehicle if at the time of the accident
38 the vehicle was being operated without his permission, express or implied,
39 or was parked by a person who had been operating the motor vehicle
40 without permission; or

41 ~~{(h)}~~ 8. If, before the date that the division would otherwise suspend
42 the license and registration or nonresident's operating privilege pursuant to
43 NRS 485.190, there is filed with the division evidence satisfactory to ~~{it}~~

1 **the division** that the person who would otherwise have to file security has
2 been released from liability or has received a determination in his favor at a
3 hearing conducted pursuant to NRS 485.191, or has been finally
4 adjudicated not to be liable or has executed an acknowledged written
5 agreement providing for the payment of an agreed amount in installments,
6 with respect to all claims for injuries or damages resulting from the
7 accident.

8 ~~{2.—An owner who is not the operator of the motor vehicle is not~~
9 ~~exempt from the requirements as to security and suspension in NRS~~
10 ~~485.190 to 485.300, inclusive, if he holds a motor vehicle liability policy~~
11 ~~which provides coverage only when he is operating the motor vehicle and,~~
12 ~~at the time of the accident, another person is operating the motor vehicle~~
13 ~~with the express or implied permission of the owner.}~~

14 **Sec. 9.** NRS 485.280 is hereby amended to read as follows:

15 485.280 A deposit or any balance thereof must be returned to the
16 depositor or his personal representative:

17 1. ~~{When}~~ **If** evidence satisfactory to the division has been filed with it
18 that there has been a release from liability, a final adjudication of
19 nonliability or an acknowledged agreement, in accordance with ~~{paragraph~~
20 ~~(h) of subsection 1}~~ **the provisions of subsection 8** of NRS 485.200; or

21 2. If 2 years after the date of the accident or 1 year ~~{from}~~ **after** the
22 date of deposit of any security under NRS 485.230, whichever period is
23 longer, the division is given reasonable evidence that there is no action
24 pending and no judgment rendered in such an action left unpaid.

25 **Sec. 10.** NRS 485.314 is hereby amended to read as follows:

26 485.314 1. On or before the 15th calendar day of each month, each
27 insurer that has executed a contract of insurance for ~~{a motor vehicle~~
28 ~~liability}~~ **an owner's policy of liability insurance** which may be used to
29 ~~{meet}~~ **comply with** the requirements of NRS 485.185 shall provide the
30 department with a record of each such policy issued, amended or
31 terminated in the previous month on the date the record is provided. The
32 record must include:

33 (a) The name or identification number of each insured named in the
34 policy of insurance;

35 (b) The make, year and vehicle identification number of each motor
36 vehicle included in the policy of insurance;

37 (c) The number, effective date and expiration date of the policy of
38 insurance; and

39 (d) Any other information required by the department.

40 2. The record provided pursuant to subsection 1 must be submitted in a
41 form approved by the department and may include, without limitation,
42 magnetic tape or any other electronic medium deemed acceptable by the
43 department.

1 3. The department shall notify the commissioner of insurance if an
2 insurer:

3 (a) Fails to comply with subsection 1 or 2; or

4 (b) In complying with subsection 1 or 2, provides to the department
5 information that is false, incomplete or misleading.

6 **Sec. 11.** NRS 485.317 is hereby amended to read as follows:

7 485.317 1. The department shall, at least monthly, compare the
8 current registrations of motor vehicles to the information in the data base
9 created pursuant to NRS 485.313 to verify that each motor vehicle:

10 (a) Which is newly registered in this state; or

11 (b) For which a policy of liability insurance has been issued, amended or
12 terminated,

13 is covered by ~~{a policy of liability}~~ insurance as required by NRS 485.185.

14 In identifying a motor vehicle for verification pursuant to this subsection,
15 the department shall, if the motor vehicle was manufactured during or after
16 1981, use only the vehicle identification number, in whole or in part.

17 2. The department shall send a form for verification by first-class mail
18 to each registered owner that it determines has not maintained the insurance
19 required by NRS 485.185. The owner shall complete the form with all the
20 information which is requested by the department, including whether he
21 carries an owner's ~~{or operator's}~~ policy of liability insurance or a
22 certificate of self-insurance, and return the completed form within 20 days
23 after the date on which the form was mailed by the department. If the
24 department does not receive the completed form within 20 days after it
25 mailed the form to the owner, the department shall send to the owner a
26 second form for verification by certified mail. The owner shall complete
27 the form and return it to the department within 15 days after the date on
28 which it was sent by the department. ~~{This subsection does}~~ **The provisions**
29 **of this subsection do** not prohibit an authorized agent of the owner from
30 providing to the department:

31 (a) The information requested by the department pursuant to this
32 subsection.

33 (b) Additional information to amend or correct information already
34 submitted to the department pursuant to this subsection.

35 3. When the department receives a completed form for verification , it
36 shall verify the information on the form.

37 4. The department shall suspend the registration and require the return
38 to the department of the license plates of any vehicle for which:

39 (a) Neither of the forms for verification set forth in subsection 2 is
40 returned to the department by the registered owner or his authorized agent
41 within the period specified in that subsection;

1 (b) Either of the forms for verification set forth in subsection 2 is
2 returned to the department by the registered owner or his authorized agent
3 and the department is not able to verify the information on the form; or

4 (c) Either of the forms for verification set forth in subsection 2 is
5 returned by the registered owner or his authorized agent with an admission
6 of having no insurance or without indicating an insurer or the number of a
7 motor vehicle liability policy or a certificate of self-insurance.

8 5. If the department suspends a registration pursuant to subsection 4
9 because:

10 (a) Neither the owner nor his authorized agent returned a form for
11 verification within the specified period or the owner or his authorized agent
12 returned a form for verification that was not completed sufficiently, and the
13 owner or his authorized agent, thereafter:

14 (1) Proves to the satisfaction of the department that there was a
15 justifiable cause for his failure to do so;

16 (2) Submits a completed form regarding his insurance on the date
17 stated in the form mailed by the department pursuant to subsection 2; and

18 (3) Presents evidence of current insurance; or

19 (b) The owner or his authorized agent submitted to the department a
20 form for verification containing information that the department was unable
21 to verify and, thereafter, the owner or his authorized agent presents to the
22 department:

23 (1) A corrected form or otherwise verifiable evidence setting forth
24 that the owner possessed insurance on the date stated in the form; and

25 (2) Evidence of current insurance,
26 the department shall rescind its suspension of the registration if it is able to
27 verify the information on the form or the other evidence presented. The
28 department shall not charge a fee to reinstate a registration, the suspension
29 of which was rescinded pursuant to this subsection. For the purposes of this
30 subsection, "justifiable cause" may include, but is not limited to, the fact
31 that the owner did not receive the form mailed by the department pursuant
32 to subsection 2.

33 6. Except as otherwise provided in subsection 7, if a registered owner
34 whose registration is suspended pursuant to subsection 4, failed to have
35 insurance on the date specified in the form for verification, the department
36 shall reinstate the registration of the vehicle and reissue the license plates
37 only upon filing by the registered owner of evidence of current insurance
38 and payment of the fee for reinstatement of registration prescribed in
39 paragraph (a) of subsection 6 of NRS 482.480.

40 7. If a registered owner proves to the satisfaction of the department that
41 his vehicle was a dormant vehicle during the period in which the
42 information provided pursuant to NRS 485.314 indicated that there was no
43 insurance for the vehicle, the department shall reinstate his registration and,

1 if applicable, reissue his license plates. If such an owner of a dormant
2 vehicle failed to cancel the registration for the vehicle in accordance with
3 subsection 3 of NRS 485.320, the department shall not reinstate his
4 registration or reissue his license plates unless the owner pays the fee set
5 forth in paragraph (b) of subsection 6 of NRS 482.480.

6 8. For the purposes of verification of insurance by the department
7 pursuant to this section, a registered owner shall not be deemed to have
8 failed to maintain ~~liability~~ insurance for a motor vehicle unless the vehicle
9 is without coverage for ~~a period of~~ more than 7 days.

10 **Sec. 12.** NRS 690B.023 is hereby amended to read as follows:

11 690B.023 If insurance for the operation of a motor vehicle required
12 pursuant to NRS 485.185 is provided by ~~a contract~~ *an owner's policy* of
13 *liability* insurance, the insurer shall:

14 1. Provide evidence of insurance to the insured on a form approved by
15 the commissioner. The evidence of insurance must include:

16 (a) The name and address of the policyholder;

17 (b) The name and address of the insurer;

18 (c) The year, make and complete identification number of the insured
19 vehicle or vehicles;

20 (d) The term of the insurance, including the day, month and year on
21 which the policy:

22 (1) Becomes effective; and

23 (2) Expires;

24 (e) The number of the policy;

25 (f) A statement that the coverage ~~meets~~ *complies with* the
26 requirements set forth in NRS 485.185; and

27 (g) The statement "This card must be carried in the insured motor
28 vehicle for production upon demand." The statement must be prominently
29 displayed.

30 2. Provide new evidence of insurance if:

31 (a) The information regarding the insured vehicle or vehicles required
32 pursuant to paragraph (c) of subsection 1 no longer is accurate;

33 (b) An additional motor vehicle is added to the policy;

34 (c) A new number is assigned to the policy; or

35 (d) The insured notifies the insurer that the original evidence of
36 insurance has been lost.

37 **Sec. 13.** Each insurer who has issued operators' policies of liability
38 insurance pursuant to NRS 485.186 and 485.3091 for the purpose of
39 complying with the requirements of NRS 485.185 which are in effect on
40 July 1, 1999:

41 1. Shall not renew an operator's policy of liability insurance issued for
42 that purpose; and

1 2. Shall provide, not later than October 1, 1999, a written notice to
2 each holder of an operator's policy of liability insurance issued by the
3 insurer which states that, after December 31, 1999, the policy will not
4 satisfy the requirements set forth in NRS 485.185 for insurance for the
5 payment of liability arising from the maintenance or use of a motor vehicle
6 that is registered or required to be registered in this state.
7 **Sec. 14.** 1. This section and section 13 of this act become effective
8 on July 1, 1999.
9 2. Sections 1 to 12, inclusive, of this act become effective on
10 January 1, 2000.

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