

CHAPTER.....

AN ACT relating to insurance; revising provisions relating to the notice that must be provided when an insurer cancels or refuses to renew a policy of insurance issued to a common-interest community; and providing other matters properly relating thereto.

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

Section 1. NRS 116.31133 is hereby amended to read as follows:

116.31133 1. Insurance policies carried pursuant to NRS 116.3113 must provide to the extent reasonably available that:

(a) Each unit's owner is an insured person under the policy with respect to liability arising out of his interest in the common elements or membership in the association;

(b) The insurer waives its right to subrogation under the policy against any unit's owner or member of his household;

(c) No act or omission by any unit's owner, unless acting within the scope of his authority on behalf of the association, will void the policy or be a condition to recovery under the policy; and

(d) If, at the time of a loss under the policy, there is other insurance in the name of a unit's owner covering the same risk covered by the policy, the association's policy provides primary insurance.

2. Any loss covered by the property policy under subsections 1 and 2 of NRS 116.3113 must be adjusted with the association, but the proceeds for that loss are payable to any trustee designated for that purpose, or otherwise to the association, and not to any holder of a security interest. The trustee or the association shall hold any proceeds in trust for the association, units' owners and lienholders as their interests may appear. Subject to the provisions of NRS 116.31135, the proceeds must be disbursed first for the repair or restoration of the damaged property, and the association, units' owners, and ~~liens holders~~ **lienholders** are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored, or the common-interest community is terminated.

3. An insurer that has issued an insurance policy under this section shall issue certificates or memoranda of insurance to the association and, upon written request, to any unit's owner or holder of a security interest. The insurer issuing the policy may not cancel or refuse to renew it until 30 days after notice of the proposed cancellation or nonrenewal has been mailed to the association **h**

~~each unit's owner and each holder of a security interest]~~ *and to any person* to whom a certificate or memorandum of insurance has been issued at their respective last known addresses.