

ASSEMBLY BILL NO. 137—ASSEMBLYMEN ANDERSON, BUCKLEY, OHRENSCHALL, PARKS, HORNE, ARBERRY JR., CONKLIN, DENIS, GERHARDT, GIUNCHIGLIANI, KIRKPATRICK, KOIVISTO, LESLIE, MANENDO, MCCLAIN, MUNFORD, OCEGUERA, PARNELL, PIERCE AND SMITH

FEBRUARY 24, 2005

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing insurance payments in settlement of certain third-party liability claims. (BDR 57-503)

FISCAL NOTE: Effect on Local Government: Increases or Newly Provides for Term of Imprisonment in County or City Jail or Detention Facility.
Effect on the State: Yes.

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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 insurance; prohibiting an insurer under certain circumstances from making payment to a representative of a claimant in settlement of a third-party liability claim without providing notice of the payment to the claimant; providing a penalty; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law imposes various requirements upon the trade practices of insurers.
2 (NRS 686A.010-686A.730) Existing law also provides that a violation of any
3 provision of the Insurance Code is a misdemeanor unless another penalty is set
4 forth in statute. (NRS 679A.180)

5 This bill requires an insurer to provide written notice of payment to a claimant
6 if the insurer is paying a claim of \$5,000 or more to a person other than the
7 claimant when the claimant is a natural person. Violation of this provision is a
8 misdemeanor.



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

Section 1. Chapter 686A of NRS is hereby amended by adding thereto a new section to read as follows:

1. In any third-party liability claim, an insurer shall not issue a check or draft or otherwise make payment of \$5,000 or more in settlement of the claim to a representative of the claimant, including, without limitation, the lawyer for the claimant, unless the insurer, at the time of making the payment or as soon as practicable thereafter, mails written notice of the payment to the claimant at his last known address.

2. The failure of an insurer to serve notice as required by subsection 1 or defective service of the notice does not:

(a) Create, and must not be construed to create, a cause of action for any natural person or entity other than the Commissioner.

(b) Establish, and must not be construed to establish, a defense for any party to any cause of action.

3. As used in this section, "third-party liability claim" means a claim brought under a liability insurance policy by a person other than the insured, where the claimant is a natural person.

