S.B. 475

SENATE BILL NO. 475–COMMITTEE ON COMMERCE AND LABOR

MARCH 26, 2007

Referred to Committee on Commerce and Labor

SUMMARY—Revises certain provisions governing policies of insurance for motor vehicles. (BDR 57-1133)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: 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 insurance; requiring an insurance company that transacts motor vehicle insurance in this State to include in each policy of insurance certain provisions relating to reimbursement and payments for injuries arising out of the maintenance or use of a motor vehicle; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law governs insurance contracts and motor vehicle insurance. (Chapter 687B of NRS and NRS 690B.015-690B.042) **Section 1** of this bill requires that a policy of motor vehicle insurance provide coverage for all applicable losses from an injury arising from the maintenance or use of a motor vehicle in an amount not less than $15,000 per person, of which not less than $15,000 must be available for medical expenses. This section also provides that the benefits required pursuant to this section cannot be provided through a contract with a managed care organization or health maintenance organization. **Sections 1 and 2** of this bill provide that the benefits for medical expenses required pursuant to **section 1** cannot be reduced pursuant to another provision of law.

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

Section 1. Chapter 687B of NRS is hereby amended by adding thereto a new section to read as follows:

1. An insurance company transacting motor vehicle insurance in this State shall include in each policy of motor vehicle insurance provisions that require:

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(a) Reimbursement for all losses incurred as a result of an injury arising out of the maintenance or use of a motor vehicle, subject to any applicable deductible, exclusion, disqualification or other condition; and

(b) The payment of at least $15,000 for all losses arising out of an injury to any one person, consisting of at least $15,000 for medical expenses.

2. Notwithstanding any other provision of law, a person who is entitled to any reimbursement or payment pursuant to subsection 1 may not receive benefits for medical expenses pursuant to that subsection in an amount that is less than the benefits to which the person is entitled to receive pursuant to that subsection.

3. An insurance company transacting motor vehicle insurance in this State shall not enter into or renew a contract that provides, or has the effect of providing, health care services through a managed care organization or health maintenance organization to a person who is entitled to any reimbursement or payment pursuant to subsection 1.

4. The provisions of subsection 1 of NRS 687B.145 do not apply to any coverage that is required to be included in a policy of insurance pursuant to this section. Any provision of a policy of insurance that is included in the policy of insurance in violation of this subsection is void.

5. All payments made to a provider of health care pursuant to this section must be issued directly to the provider of health care.

6. As used in this section:

(a) "Health maintenance organization" has the meaning ascribed to it in NRS 695C.030.

(b) "Managed care organization" has the meaning ascribed to it in NRS 695G.050.

(c) "Provider of health care" has the meaning ascribed to it in NRS 695G.070.

Sec. 2. NRS 687B.145 is hereby amended to read as follows:

687B.145 1. ~~[Any]~~ ***Except as otherwise provided in section 1 of this act, any*** policy of insurance or endorsement providing coverage under the provisions of NRS 690B.020 or other policy of casualty insurance may provide that if the insured has coverage available to him under more than one policy or provision of coverage, any recovery or benefits may equal but not exceed the higher of the applicable limits of the respective coverages, and the recovery or benefits must be prorated between the applicable coverages in the proportion that their respective limits bear to the aggregate of their limits. Any provision which limits benefits pursuant to this section must be in clear language and be prominently displayed in the policy, binder or endorsement. Any limiting provision is void if the named insured has purchased separate coverage on the same risk and has paid a premium calculated for full reimbursement under that coverage.

2. Except as otherwise provided in subsection ~~[5,]~~ ***4,*** insurance companies transacting motor vehicle insurance in this State must offer, on a form approved by the Commissioner, uninsured and underinsured vehicle coverage in an amount equal to the limits of coverage for bodily injury sold to an insured under a policy of insurance covering the use of a passenger car. The insurer is not required to reoffer the coverage to the insured in any replacement, reinstatement, substitute or amended policy, but the insured may purchase the coverage by requesting it in writing from the insurer. Each renewal must include a copy of the form offering such coverage. Uninsured and underinsured vehicle coverage must include a provision which enables the insured to recover up to the limits of his own coverage any amount of damages for bodily injury from his insurer which he is legally entitled to recover from the owner or operator of the other vehicle to the extent that those damages exceed the limits of the coverage for bodily injury carried by that owner or operator. If an insured suffers actual damages subject to the limitation of liability provided pursuant to NRS 41.035, underinsured vehicle coverage must include a provision which enables the insured to recover up to the limits of his own coverage any amount of damages for bodily injury from his insurer for the actual damages suffered by the insured that exceed that limitation of liability.

3. An ~~[insurance company transacting motor vehicle insurance in this State must offer an insured under a policy covering the use of a passenger car, the option of purchasing coverage in an amount of at least $1,000 for the payment of reasonable and necessary medical expenses resulting from an accident. The offer must be made on a form approved by the Commissioner. The insurer is not required to reoffer the coverage to the insured in any replacement, reinstatement, substitute or amended policy, but the insured may purchase the coverage by requesting it in writing from the insurer. Each renewal must include a copy of the form offering such coverage.~~

~~4. An]~~ insurer who makes a payment to an injured person on account of underinsured vehicle coverage as described in subsection 2 is not entitled to subrogation against the underinsured motorist who is liable for damages to the injured payee. This subsection does not affect the right or remedy of an insurer under subsection 5 of NRS 690B.020 with respect to uninsured vehicle coverage. As used in this subsection, “damages” means the amount for which the underinsured motorist is alleged to be liable to the claimant in excess of the limits of bodily injury coverage set by the underinsured motorist's policy of casualty insurance.

~~[5.]~~ ***4.*** An insurer need not offer, provide or make available uninsured or underinsured vehicle coverage in connection with a general commercial liability policy, an excess policy, an umbrella policy or other policy that does not provide primary motor vehicle insurance for liabilities arising out of the ownership, maintenance, operation or use of a specifically insured motor vehicle.

~~[6.]~~ ***5.*** As used in this section:

(a) "Excess policy" means a policy that protects a person against loss in excess of a stated amount or in excess of coverage provided pursuant to another insurance contract.

(b) "Passenger car" has the meaning ascribed to it in NRS 482.087.

(c) "Umbrella policy" means a policy that protects a person against losses in excess of the underlying amount required to be covered by other policies.