

✱

A.B. 299

ASSEMBLY BILL NO. 299—ASSEMBLYMEN ATKINSON, CONKLIN, KIRKPATRICK; AIZLEY, ANDERSON, BENITEZ-THOMPSON, BUSTAMANTE ADAMS, CARLTON, DIAZ, FLORES, FRIERSON, HOGAN, HORNE, MUNFORD, OCEGUERA, PIERCE AND SMITH

MARCH 17, 2011

Referred to Committee on Commerce and Labor

SUMMARY—Creates the Low-Cost Automobile Insurance Pilot Program. (BDR 57-178)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

~

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

AN ACT relating to insurance; creating the Low-Cost Automobile Insurance Pilot Program; providing that a low-cost automobile insurance policy issued under the Program satisfies the coverage requirements for a motor vehicle liability policy; establishing the requirements for participation in the Program; imposing an assessment on motor vehicle liability policies to fund the operation of and publicity for the Program; requiring the Commissioner of Insurance to report to the Legislature on the effectiveness of the Program; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Under existing law, an owner of a motor vehicle in this State must provide liability insurance for the motor vehicle. Such liability insurance must include, at a minimum, coverage for bodily injury or death in the amount of \$15,000 per person and \$30,000 for two or more people per accident and coverage for property damage in the amount of \$10,000 per accident. (NRS 485.185)

Section 6 of this bill creates the Low-Cost Automobile Insurance Pilot Program. **Section 8** of this bill provides that a low-cost automobile insurance policy issued through the Program must include coverage for bodily injury or death in the amount of \$10,000 per person and \$20,000 for two or more people per accident and coverage for property damage in the amount of \$3,000 per accident. **Section 9** of this bill establishes the factors that the Commissioner of Insurance must consider in



* A B 2 9 9 *

12 setting the rate for a low-cost automobile insurance policy. **Section 9** also provides
13 the methods that an insured may use to pay the rate for a low-cost automobile
14 insurance policy and prohibits the financing of the rate with a third party.

15 **Section 10** of this bill establishes the requirements that a person must meet to
16 purchase a low-cost automobile insurance policy. **Section 11** of this bill requires
17 that a low-cost automobile insurance policy be purchased through a producer of
18 insurance. **Section 12** of this bill prohibits a producer of insurance from charging
19 any additional fee or requiring the purchase of any additional product or service in
20 connection with the sale of a low-cost automobile insurance policy. **Section 13** of
21 this bill establishes the conditions under which a low-cost automobile insurance
22 policy may be cancelled or not renewed.

23 **Section 14** of this bill prohibits a person who purchases a low-cost automobile
24 insurance policy through the Program from purchasing additional liability coverage
25 or from purchasing liability coverage other than a low-cost automobile insurance
26 policy for any additional vehicles in his or her household. **Section 14** allows a
27 person to purchase up to two low-cost automobile insurance policies for his or her
28 household and to purchase other types of coverage, such as uninsured or
29 underinsured motorist coverage.

30 **Section 15** of this bill requires an insurer who sells motor vehicle liability
31 policies in this State to participate in the Program. **Section 16** of this bill creates an
32 assessment of 30 cents on each motor vehicle liability policy sold or renewed in
33 this State.

34 **Sections 17-21** of this bill provide that a low-cost automobile insurance policy
35 satisfies the minimum requirements for liability coverage otherwise required by
36 law.

37 **Section 22** of this bill requires the Commissioner to report to the Legislature
38 before the 2013 Legislative Session on the effectiveness of the Program.

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

1 **Section 1.** Chapter 690B of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 17, inclusive, of this
3 act.

4 **Sec. 2.** *As used in sections 2 to 17, inclusive, of this act,*
5 *unless the context otherwise requires, the words and terms defined*
6 *in sections 3, 4 and 5 of this act have the meanings ascribed to*
7 *them in those sections.*

8 **Sec. 3.** *“Low-cost automobile insurance policy” means a*
9 *policy which is delivered, issued for delivery or renewed through*
10 *the Program and which meets the requirements set forth in section*
11 *8 of this act and any regulations adopted pursuant to section 7 of*
12 *this act.*

13 **Sec. 4.** *“Motor vehicle liability policy” has the meaning*
14 *ascribed to it in NRS 485.055.*

15 **Sec. 5.** *“Program” means the Low-Cost Automobile*
16 *Insurance Pilot Program created pursuant to section 6 of this act.*

17 **Sec. 6.** *There is hereby created the Low-Cost Automobile*
18 *Insurance Pilot Program within the Division.*



* A B 2 9 9 *

1 **Sec. 7.** *The Commissioner shall adopt such regulations as*
2 *are necessary to carry out the provisions of sections 2 to 17,*
3 *inclusive, of this act, including, without limitation, regulations*
4 *that:*

5 1. *Equitably apportion the assignment of applications for*
6 *low-cost automobile insurance policies among the producers of*
7 *insurance required to offer such policies through the Program.*

8 2. *Establish the rate for the purchase of a low-cost*
9 *automobile insurance policy by an applicant, including a*
10 *surcharge of not more than 25 percent of the rate if the applicant*
11 *is an unmarried male who is at least 19 and not more than 24*
12 *years of age or if the applicant's household includes an unmarried*
13 *male who is at least 19 and not more than 24 years of age and who*
14 *will be a driver of the motor vehicle covered by the low-cost*
15 *automobile insurance policy.*

16 3. *Establish the commission to be paid to a producer of*
17 *insurance upon the purchase of a low-cost automobile insurance*
18 *policy.*

19 4. *Establish educational requirements for a producer of*
20 *insurance relating to the sale of low-cost automobile insurance*
21 *policies.*

22 5. *Provide for advertising to raise public awareness of the*
23 *availability of the Program.*

24 **Sec. 8.** *The Program must make available a low-cost*
25 *automobile insurance policy for purchase by a person who meets*
26 *the requirements set forth in section 10 of this act and any*
27 *regulations adopted pursuant to section 7 of this act. A low-cost*
28 *automobile insurance policy must:*

29 1. *Continuously provide, while the motor vehicle is present or*
30 *registered in this State, insurance provided by a producer of*
31 *insurance:*

32 (a) *In the amount of \$10,000 for bodily injury to or death of*
33 *one person in any one accident;*

34 (b) *Subject to the limit for one person, in the amount of*
35 *\$20,000 for bodily injury to or death of two or more persons in any*
36 *one accident; and*

37 (c) *In the amount of \$3,000 for injury to or destruction of*
38 *property of others in any one accident,*

39 ↪ *for the payment of tort liabilities arising from the maintenance*
40 *or use of the motor vehicle.*

41 2. *Have an initial term of 1 year and be renewable on an*
42 *annual basis thereafter.*

43 3. *Cover the person named in the policy and, to the same*
44 *extent that insurance is provided to the named insured, any other*
45 *person who uses the motor vehicle with the permission of the*



1 *named insured unless the person is a member of the household of*
2 *the named insured and does not satisfy the requirements of*
3 *subsections 3, 4 and 5 of section 10 of this act and any applicable*
4 *regulations adopted pursuant to section 7 of this act.*

5 *4. Cover a motor vehicle with a value of \$20,000 or less as*
6 *determined by the Department of Motor Vehicles.*

7 **Sec. 9.** *1. In determining the rate for the purchase of low-*
8 *cost automobile insurance policies, the Commissioner shall ensure*
9 *that:*

10 *(a) The rate would be sufficient to cover the losses incurred*
11 *under low-cost automobile insurance policies, including claims*
12 *paid, claims incurred and reported and claims incurred but not yet*
13 *reported, and the expenses of operating the Program, including,*
14 *without limitation, the costs of administration, underwriting,*
15 *taxes, commissions and adjustment of claims; and*

16 *(b) Except as otherwise provided in section 16 of this act, the*
17 *rate would not result in a subsidy of the Program by policyholders*
18 *of the producers of insurance who participate in the Program if*
19 *those policyholders are not participants in the Program.*

20 *2. The rate for a low-cost automobile insurance policy may*
21 *only be paid by:*

22 *(a) A payment by the insured of the entire rate upon the*
23 *issuance or renewal of the low-cost automobile insurance policy;*

24 *(b) A payment by the insured of \$125 upon the issuance or*
25 *renewal of the low-cost automobile insurance policy, followed by a*
26 *payment of the remainder of the rate within 30 days after the*
27 *payment made upon the issuance or renewal;*

28 *(c) A payment by the insured of \$100 upon the issuance or*
29 *renewal of the low-cost automobile insurance policy, followed by*
30 *six equal bimonthly payments of the remainder of the rate;*

31 *(d) A payment by the insured of \$125 upon the issuance or*
32 *renewal of the low-cost automobile insurance policy, followed by*
33 *five equal bimonthly payments of the remainder of the rate; or*

34 *(e) A payment by the insured of 15 percent of the rate upon the*
35 *issuance or renewal of the low-cost automobile insurance policy,*
36 *followed by six equal bimonthly payments of the remainder of the*
37 *rate.*

38 *3. The insured may not finance the payment of the rate with*
39 *any third party.*

40 **Sec. 10.** *A person may purchase a low-cost automobile*
41 *insurance policy only if:*

42 *1. The person resides in, and the motor vehicle would be*
43 *garaged in, a county whose population is 400,000 or more.*



* A B 2 9 9 *

2. The person's household has a gross annual income which is at or below 250 percent of the federally designated level signifying poverty.

3. The person is at least 19 years of age and has been continuously licensed to drive a motor vehicle for at least the immediately preceding 3 years, including licensure in the United States or Canada for at least the immediately preceding 18 months.

4. The person has been involved in or received, within the immediately preceding 3 years, not more than one of either, but not both, of:

(a) An accident involving only property damage for which the person was found to be at fault; and

(b) One demerit point for a moving traffic violation pursuant to the uniform system of demerit points established pursuant to NRS 483.473 or one conviction for a moving traffic violation of similar severity in another jurisdiction.

5. The person has not been involved in an accident involving bodily injury or death for which the person was found to be at fault within the immediately preceding 3 years.

6. The person is not a college student claimed as a dependent of another person for federal income tax purposes.

Sec. 11. 1. A person may apply for a low-cost automobile insurance policy only through a producer of insurance.

2. Before accepting an application for a low-cost automobile insurance policy, the producer of insurance must provide the applicant with the following statement in 14-point bold type:

NOTICE

INSURANCE COVERAGE PROVIDED IN THE POLICY YOU ARE BUYING CONTAINS REDUCED LIABILITY COVERAGE FOR PERSONAL INJURIES OR PROPERTY DAMAGE RESULTING FROM THE OPERATION OF THE INSURED VEHICLE. IF LOSSES FROM AN AUTOMOBILE ACCIDENT EXCEED THE COVERAGE PROVIDED BY THIS POLICY, YOU CAN BE HELD PERSONALLY LIABLE AND RESPONSIBLE FOR THOSE LOSSES.

THIS POLICY PROVIDES LIABILITY COVERAGE FOR INJURIES OR DEATH CAUSED TO OTHER PERSONS IN THE TOTAL AMOUNT OF TEN THOUSAND DOLLARS (\$10,000) PER PERSON IN ANY ONE ACCIDENT, AND UP TO A TOTAL AMOUNT OF



* A B 2 9 9 *

TWENTY THOUSAND DOLLARS (\$20,000) FOR ALL PERSONS IN ANY ONE ACCIDENT. THE POLICY ALSO PROVIDES UP TO A TOTAL AMOUNT OF THREE THOUSAND DOLLARS (\$3,000) IN LIABILITY COVERAGE FOR PROPERTY DAMAGE IN ANY ONE ACCIDENT. IF YOU WANT MORE INSURANCE COVERAGE, YOU MUST REQUEST A DIFFERENT POLICY.

THIS POLICY ALSO DOES NOT COVER DAMAGE TO YOUR OWN VEHICLE, LOSSES RESULTING FROM YOUR BODILY INJURY OR DEATH, OR LOSSES CAUSED BY AN UNINSURED OR UNDERINSURED DRIVER. HOWEVER, THESE OTHER COVERAGES MAY BE AVAILABLE AT EXTRA COST THROUGH OTHER POLICIES OR INSURERS.

THIS POLICY DOES NOT COVER ANY OTHER DRIVER IN YOUR HOUSEHOLD WHO:

- (1) IS UNDER 19 YEARS OF AGE; OR
- (2) HAS LESS THAN 3 YEARS OF CONTINUOUSLY LICENSED DRIVING EXPERIENCE; OR
- (3) HAS BEEN INVOLVED IN OR RECEIVED, IN THE PREVIOUS 3 YEARS, MORE THAN ONE OF EITHER, OR HAS BOTH, OF THE FOLLOWING:
 - AN ACCIDENT INVOLVING PROPERTY DAMAGE IN WHICH THE DRIVER WAS AT FAULT; OR
 - A DEMERIT POINT FOR A MOVING TRAFFIC VIOLATION OR A CONVICTION FOR A SIMILAR VIOLATION IN ANOTHER JURISDICTION; OR
- (4) HAS, IN THE PREVIOUS 3 YEARS, BEEN INVOLVED IN AN ACCIDENT INVOLVING BODILY INJURY OR DEATH IN WHICH THE DRIVER WAS AT FAULT.

3. An application for a low-cost automobile insurance policy must include:

- (a) An application form approved by the Commissioner;
- (b) A copy of the applicant's federal income tax return for the previous year or some other reliable evidence of income that shows that the applicant meets the financial eligibility requirement set forth in section 10 of this act and any regulations adopted pursuant to section 7 of this act; and
- (c) A statement signed by the applicant that the representations made in the documents submitted as proof of financial eligibility



1 *and the application are true, correct and contain no material*
2 *misrepresentations or omissions of fact to the best knowledge and*
3 *belief of the applicant.*

4 *4. The producer of insurance shall forward the application*
5 *materials required by subsection 3 to the Commissioner.*

6 **Sec. 12.** *1. A producer of insurance may only charge the*
7 *rate established by the Commissioner for the low-cost automobile*
8 *insurance policy.*

9 *2. The producer of insurance may not charge or collect any*
10 *other fee of any kind in connection to the sale of a low-cost*
11 *automobile insurance policy.*

12 *3. The producer of insurance may not condition the sale of a*
13 *low-cost automobile insurance policy on the purchase of any other*
14 *product or service.*

15 **Sec. 13.** *1. A low-cost automobile insurance policy may be*
16 *cancelled only for:*

17 *(a) Nonpayment of premium;*

18 *(b) Fraud or material misrepresentation affecting the policy or*
19 *the insured; or*

20 *(c) The purchase of additional liability coverage in violation of*
21 *section 14 of this act.*

22 *2. Renewal of a low-cost automobile insurance policy may be*
23 *denied only if:*

24 *(a) There is a substantial increase in the hazard insured*
25 *against; or*

26 *(b) The insured no longer meets the eligibility requirements set*
27 *forth in section 10 of this act and any regulations adopted*
28 *pursuant to section 7 of this act.*

29 **Sec. 14.** *1. A person who purchases a low-cost automobile*
30 *insurance policy may not purchase motor vehicle liability coverage*
31 *in addition to the liability coverage provided by the low-cost*
32 *automobile insurance policy.*

33 *2. A person who purchases a low-cost automobile insurance*
34 *policy may not purchase or maintain any motor vehicle liability*
35 *coverage other than a low-cost automobile insurance policy for*
36 *any other motor vehicles in the person's household.*

37 *3. No more than two low-cost automobile insurance policies*
38 *may be purchased in a household.*

39 *4. A person who purchases a low-cost automobile insurance*
40 *policy may purchase any other additional type of motor vehicle*
41 *insurance coverage outside of the Program, including, without*
42 *limitation, uninsured or underinsured motorist coverage, collision*
43 *coverage or comprehensive coverage.*

44 **Sec. 15.** *Each producer of insurance who delivers, issues for*
45 *delivery or renews in this State a motor vehicle liability policy*



1 *must participate in the Program and must offer low-cost*
2 *automobile insurance policies as required by sections 2 to 17,*
3 *inclusive, of this act and the regulations adopted pursuant to*
4 *section 7 of this act.*

5 **Sec. 16.** *1. The Commissioner shall assess each insurer*
6 *who delivers, issues for delivery or renews in this State a motor*
7 *vehicle liability policy an amount of 30 cents for each such policy*
8 *that is sold or renewed in this State.*

9 *2. The Commissioner shall allocate 25 cents of each*
10 *assessment collected pursuant to this section to defray the costs*
11 *and expenses of the Program.*

12 *3. The Commissioner shall allocate 5 cents of each*
13 *assessment collected pursuant to this section to inform consumers*
14 *about the existence of the Program.*

15 *4. The Account for the Low-Cost Automobile Insurance Pilot*
16 *Program is hereby created in the State Agency Fund for Bonds.*
17 *All money received by the Commissioner pursuant to this section*
18 *must be deposited with the State Treasurer to the credit of the*
19 *Account for the Low-Cost Automobile Insurance Pilot Program.*
20 *All claims against the Account must be paid as other claims*
21 *against the State are paid.*

22 **Sec. 17.** *Notwithstanding any other provision of law, a low-*
23 *cost automobile insurance policy issued pursuant to sections 2 to*
24 *17, inclusive, of this act shall be deemed to satisfy the*
25 *requirements for liability coverage for a motor vehicle otherwise*
26 *required by law.*

27 **Sec. 18.** NRS 485.185 is hereby amended to read as follows:

28 485.185 ~~{Every}~~

29 *1. Except as otherwise provided in subsection 2, every* owner
30 of a motor vehicle which is registered or required to be registered in
31 this State shall continuously provide, while the motor vehicle is
32 present or registered in this State, insurance provided by an
33 insurance company licensed by the Division of Insurance of the
34 Department of Business and Industry and approved to do business in
35 this State:

36 ~~{1-}~~ (a) In the amount of \$15,000 for bodily injury to or death of
37 one person in any one accident;

38 ~~{2-}~~ (b) Subject to the limit for one person, in the amount of
39 \$30,000 for bodily injury to or death of two or more persons in any
40 one accident; and

41 ~~{3-}~~ (c) In the amount of \$10,000 for injury to or destruction of
42 property of others in any one accident,

43 ➤ for the payment of tort liabilities arising from the maintenance or
44 use of the motor vehicle.



2. *Notwithstanding the coverage limits provided in subsection 1, an owner of a motor vehicle which is registered or required to be registered in this State may satisfy the requirements of subsection 1 by continuously providing, while the motor vehicle is present or registered in this State, insurance provided pursuant to sections 2 to 17, inclusive, of this act:*

(a) *In the amount of \$10,000 for bodily injury to or death of one person in any one accident;*

(b) *Subject to the limit for one person, in the amount of \$20,000 for bodily injury to or death of two or more persons in any one accident; and*

(c) *In the amount of \$3,000 for injury to or destruction of property of others in any one accident,*

↪ for the payment of tort liabilities arising from the maintenance or use of the motor vehicle.

Sec. 19. NRS 485.210 is hereby amended to read as follows:

485.210 For the purposes of NRS 485.200, a policy or bond is not effective unless:

1. The policy or bond is subject **[H]**:

(a) *Except as otherwise provided in paragraph (b), if the accident has resulted in bodily injury or death, to a limit, exclusive of interest and costs, of not less than \$15,000 because of bodily injury to or death of one person in any one accident and, subject to the limit for one person, to a limit of not less than \$30,000 because of bodily injury to or death of two or more persons in any one accident and, if the accident has resulted in injury to or destruction of property, to a limit of not less than \$10,000 because of injury to or destruction of property of others in any one accident; or*

(b) *For a policy of liability insurance issued pursuant to sections 2 to 17, inclusive, of this act, if the accident has resulted in bodily injury or death, to a limit, exclusive of interest and costs, of not less than \$10,000 because of bodily injury to or death of one person in any one accident and, subject to the limit for one person, to a limit of not less than \$20,000 because of bodily injury to or death of two or more persons in any one accident and, if the accident has resulted in injury to or destruction of property, to a limit of not less than \$3,000 because of injury to or destruction of property of others in any one accident; and*

2. The insurance company or surety company issuing that policy or bond is authorized to do business in this State or, if the company is not authorized to do business in this State, unless it executes a power of attorney authorizing the Director to accept service on its behalf of notice or process in any action upon that policy or bond arising out of an accident.



Sec. 20. NRS 485.304 is hereby amended to read as follows:
485.304 ~~Judgments~~

1. Except as otherwise provided in subsection 2, judgments must, for the purpose of this chapter only, be deemed satisfied:

~~1-1~~ (a) When \$15,000 has been credited upon any judgment or judgments rendered in excess of that amount because of bodily injury to or death of one person as the result of any one accident;

~~1-2~~ (b) When, subject to the limit of \$15,000 because of bodily injury to or death of one person, the sum of \$30,000 has been credited upon any judgment or judgments rendered in excess of that amount because of bodily injury to or death of two or more persons as the result of any one accident; or

~~1-3~~ (c) When \$10,000 has been credited upon any judgment or judgments rendered in excess of that amount because of injury to or destruction of property of others as a result of any one accident, but payments made in settlement of any claims because of bodily injury, death or property damage arising from a motor vehicle accident must be credited in reduction of the amounts provided for in this section.

2. If the person against whom the judgment was rendered is covered by a policy of liability insurance issued pursuant to sections 2 to 17, inclusive, of this act, judgments must, for the purpose of this chapter only, be deemed satisfied:

(a) *When \$10,000 has been credited upon any judgment or judgments rendered in excess of that amount because of bodily injury to or death of one person as the result of any one accident;*

(b) *When, subject to the limit of \$10,000 because of bodily injury to or death of one person, the sum of \$20,000 has been credited upon any judgment or judgments rendered in excess of that amount because of bodily injury to or death of two or more persons as the result of any one accident; or*

(c) *When \$3,000 has been credited upon any judgment or judgments rendered in excess of that amount because of injury to or destruction of property of others as a result of any one accident, but payments made in settlement of any claims because of bodily injury, death or property damage arising from a motor vehicle accident must be credited in reduction of the amounts provided for in this section.*

Sec. 21. NRS 485.3091 is hereby amended to read as follows:
485.3091 1. An owner's policy of liability insurance must:

(a) Designate by explicit description or by appropriate reference all motor vehicles with respect to which coverage is thereby to be granted; and

(b) Insure the person named therein and any other person, as insured, using any such motor vehicle with the express or implied



1 permission of the named insured, against loss from the liability
2 imposed by law for damages arising out of the ownership,
3 maintenance or use of such motor vehicle within the United States
4 of America or the Dominion of Canada, subject to limits exclusive
5 of interest and costs, with respect to each such motor vehicle, as
6 follows:

7 (1) *Except as otherwise provided in subparagraph (2):*

8 (I) Because of bodily injury to or death of one person in
9 any one accident, \$15,000;

10 ~~[(2)]~~ (II) Subject to the limit for one person, because of
11 bodily injury to or death of two or more persons in any one accident,
12 \$30,000; and

13 ~~[(3)]~~ (III) Because of injury to or destruction of property of
14 others in any one accident, \$10,000.

15 (2) *For a policy of liability insurance issued pursuant to*
16 *sections 2 to 17, inclusive, of this act:*

17 (I) *Because of bodily injury to or death of one person in*
18 *any one accident, \$10,000;*

19 (II) *Subject to the limit for one person, because of bodily*
20 *injury to or death of two or more persons in any one accident,*
21 *\$20,000; and*

22 (III) *Because of injury to or destruction of property of*
23 *others in any one accident, \$3,000.*

24 2. An operator's policy of liability insurance must insure the
25 person named as insured therein against loss from the liability
26 imposed upon the person by law for damages arising out of the
27 person's use of any motor vehicle within the same territorial limits
28 and subject to the same limits of liability as are set forth in
29 *subparagraph (1) of* paragraph (b) of subsection 1.

30 3. A motor vehicle liability policy must state the name and
31 address of the named insured, the coverage afforded by the policy,
32 the premium charged therefor, the period of effectiveness and the
33 limits of liability, and must contain an agreement or be endorsed
34 that insurance is provided thereunder in accordance with the
35 coverage defined in this chapter as respects bodily injury and death
36 or property damage, or both, and is subject to all the provisions of
37 this chapter.

38 4. A motor vehicle liability policy need not insure any liability
39 under any workers' compensation law nor any liability on account
40 of bodily injury to or death of an employee of the insured while
41 engaged in the employment, other than domestic, of the insured, or
42 while engaged in the operation, maintenance or repair of any motor
43 vehicle owned by the insured nor any liability for damage to
44 property owned by, rented to, in charge of or transported by the
45 insured.



1 5. Every motor vehicle liability policy is subject to the
2 following provisions which need not be contained therein:

3 (a) The liability of the insurance carrier with respect to the
4 insurance required by this chapter becomes absolute whenever
5 injury or damage covered by the policy occurs. The policy may not
6 be cancelled or annulled as to such liability by any agreement
7 between the insurance carrier and the insured after the occurrence of
8 the injury or damage. No statement made by the insured or on behalf
9 of the insured and no violation of the policy defeats or voids the
10 policy.

11 (b) The satisfaction by the insured of a judgment for injury or
12 damage is not a condition precedent to the right or duty of the
13 insurance carrier to make payment on account of the injury or
14 damage.

15 (c) The insurance carrier may settle any claim covered by the
16 policy, and if such a settlement is made in good faith, the amount
17 thereof is deductible from the limits of liability specified in
18 paragraph (b) of subsection 1.

19 (d) The policy, the written application therefor, if any, and any
20 rider or endorsement which does not conflict with the provisions of
21 this chapter constitute the entire contract between the parties.

22 6. Any policy which grants the coverage required for a motor
23 vehicle liability policy may also grant any lawful coverage in excess
24 of or in addition to the coverage specified for a motor vehicle
25 liability policy, and the excess or additional coverage is not subject
26 to the provisions of this chapter.

27 7. Any motor vehicle liability policy may provide for the
28 prorating of the insurance thereunder with other valid and collectible
29 insurance.

30 8. The requirements for a motor vehicle liability policy may be
31 fulfilled by the policies of one or more insurance carriers, which
32 policies together meet those requirements.

33 9. Any binder issued pending the issuance of a motor vehicle
34 liability policy shall be deemed to fulfill the requirements for such a
35 policy.

36 **Sec. 22.** 1. On or before February 1, 2013, the
37 Commissioner of Insurance shall submit a report on the
38 effectiveness of the Low-Cost Automobile Insurance Pilot Program
39 and any recommendations for legislation to the Director of the
40 Legislative Counsel Bureau for transmission to the 77th Session of
41 the Nevada Legislature.

42 2. As used in this section, "Low-Cost Automobile Insurance
43 Pilot Program" means the program created pursuant to section 6 of
44 this act.



- 1 **Sec. 23.** This act becomes effective:
2 1. Upon passage and approval for the purpose of adopting
3 regulations and performing any other preparatory administrative
4 tasks that are necessary to carry out the provisions of this act; and
5 2. On July 1, 2012, for all other purposes.

