

Amendment No. 482

Senate Amendment to Senate Bill No. 88 (BDR 57-109)

Proposed by: Senate Committee on Commerce, Labor and Energy

Amends: Summary: Yes Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes

ASSEMBLY ACTION				Initial and Date	SENATE ACTION				Initial and Date
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) *green bold italic underlining* is new language proposed in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill that is proposed to be retained in this amendment; and (6) *green bold underlining* is newly added transitory language.

EWR/MSM



Date: 4/18/2013

S.B. No. 88—Increases notice required before insurer cancels policy of motor vehicle insurance. (BDR 57-109)



SENATE BILL NO. 88—SENATOR HARDY

PREFILED FEBRUARY 1, 2013

Referred to Committee on Commerce, Labor and Energy

SUMMARY—~~[Increases notice required before insurer cancels policy of motor vehicle insurance.]~~ Authorizes the Department of Motor Vehicles to waive certain fines under certain circumstances.
(BDR ~~157-109~~) 43-109)

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; increasing the notice an insurance company or carrier is required to provide to an insured party or~~ motor vehicles; authorizing the Department of Motor Vehicles, ~~as applicable, before cancelling a policy of motor vehicle insurance;~~ to waive certain fines required to reinstate the registration of a motor vehicle under certain circumstances; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Under existing law, ~~an insurer if the Department of Motor Vehicles cannot verify that a motor vehicle is covered by a policy of liability insurance, the Department~~ is required to ~~provide to the insured party certain notice of the insurer's intent to cancel certain insurance policies before the cancellation of the policy. (NRS 485.3092, 686A.460, 687B.220) Sections 1, 2 and 5 of this bill require an insurer to provide to the insured party notice of the insurer's intent to cancel any motor vehicle insurance policy at least 14 days before the cancellation of that policy. Sections 3 and 4 of this bill increase from 10 to 14 days the notice an insurer is required to provide to the Department of Motor Vehicles before cancelling a motor vehicle liability policy, to keep this requirement uniform with the notice insurers are required to provide to insured parties before cancelling a motor vehicle liability policy. (NRS 482.740, 485.308)~~ suspend the registration of and require the return of the license plates of that vehicle. (NRS 485.317) If the registration of a vehicle is suspended, the registered owner of the vehicle is required to pay a fee before that suspension is rescinded. (NRS 482.480, 482.557) Registered owners whose coverage has lapsed for at least 31 days are also required to pay a fine. (NRS 482.557) The Department is currently authorized to waive the fee if the registered owner of the vehicle can prove to the satisfaction of the Department that he or she could not maintain insurance or cancel his or her registration because of extenuating circumstances. (NRS 485.317) This bill authorizes the Department to also waive the fine if the registered owner of the vehicle can prove to the satisfaction of the Department that he or she could not maintain insurance or cancel his or her registration because of extenuating circumstances and that the vehicle was a dormant vehicle during the period in which

24 the information provided pursuant to NRS 485.314 indicated that there was no
25 insurance for the vehicle.

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

Section 1. ~~NRS 686A.460 is hereby amended to read as follows:~~

~~686A.460 1. When an agreement contains a power of attorney enabling the company, in the name of the insured, to cancel any insurance policy listed in the agreement, the insurance policy must not be cancelled by the company unless it is cancelled in accordance with this section.~~

~~2. A company shall mail written notice of its intent to cancel an insurance policy because of a default in payment under an agreement to the insured at the last known address of the insured as indicated in the records of the company and to the agent who submitted the agreement at least 14 days before the cancellation of a motor vehicle insurance policy or at least 10 days before the cancellation [] of all other insurance policies. If the default is cured within this 14 day or 10 day period, as applicable, the company shall not cancel the insurance policy.~~

~~3. If the default is not cured within the 14 day or 10 day period, as applicable, the company may cancel the policy if it mails to the insured at the last known address of the insured as indicated in the records of the company and to the insurer a notice of cancellation which must include the effective date of cancellation. The policy must be cancelled as if the notice of cancellation had been submitted by the insured, but without requiring the return of the policy.~~

~~4. No insurance policy may be cancelled for nonpayment of a charge for a late payment.~~

~~5. This section does not authorize the cancellation of an insurance policy without giving any other notice required by law or satisfying other conditions for cancellation.~~

~~6. A company shall not impose or collect a fee for the cancellation of a policy or agreement.~~ **(Deleted by amendment.)**

Sec. 2. ~~NRS 687B.220 is hereby amended to read as follows:~~

~~687B.220 1. Except as otherwise provided in subsection 3, no insurance policy that has been in effect for at least 70 days or that has been renewed may be cancelled by the insurer before the expiration of the agreed term or 1 year from the effective date of the policy or renewal, whichever occurs first, except on any one of the following grounds:~~

~~(a) Failure to pay a premium when due;~~

~~(b) Conviction of the insured of a crime arising out of acts increasing the hazard insured against;~~

~~(c) Discovery of fraud or material misrepresentation in the obtaining of the policy or in the presentation of a claim thereunder;~~

~~(d) Discovery of:~~

~~(1) An act or omission; or~~

~~(2) A violation of any condition of the policy;~~

~~which occurred after the first effective date of the current policy and substantially and materially increases the hazard insured against;~~

~~(e) A material change in the nature or extent of the risk, occurring after the first effective date of the current policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;~~

~~(f) A determination by the Commissioner that continuation of the insurer's present volume of premiums would jeopardize the insurer's solvency or be hazardous to the interests of policyholders of the insurer, its creditors or the public; or~~

~~(g) A determination by the Commissioner that the continuation of the policy would violate, or place the insurer in violation of, any provision of the Code.~~

~~2. No cancellation under subsection 1 is effective until [in]:~~

~~(a) In the case of paragraph (a) of subsection 1 [at]:~~

~~(1) At least 14 days after the notice is delivered or mailed to the policyholder with regard to a motor vehicle insurance policy; and~~

~~(2) At least 10 days after the notice is delivered or mailed to the policyholder with regard to all other insurance policies; and [in]~~

~~(b) In the case of any other paragraph of subsection 1, at least 30 days after the notice is delivered or mailed to the policyholder.~~

~~3. The provisions of this section do not apply to a policy of industrial insurance.~~ **(Deleted by amendment.)**

Sec. 3. ~~[NRS 482.740 is hereby amended to read as follows:~~

~~482.740 1. A person operating a school for training drivers shall maintain liability insurance on motor vehicles used in driving instruction, insuring the liability of the driving school, the driving instructor and any person taking instruction, in at least the following amounts:~~

~~(a) For bodily injury to or death of one person in any one accident, \$100,000;~~

~~(b) For bodily injury to or death of two or more persons in any one accident, \$300,000; and~~

~~(c) For damage to property of others in any one accident, \$50,000.~~

~~2. Evidence of the insurance coverage in the form of a certificate from the insurance carrier must be filed with the Department. The certificate must stipulate that the insurance may not be cancelled except upon [10] 14 days' written notice to the Department.~~ **(Deleted by amendment.)**

Sec. 4. ~~[NRS 485.308 is hereby amended to read as follows:~~

~~485.308 1. Proof of financial responsibility may be furnished by filing with the Department the written certificate of any insurance carrier authorized to do business in this State certifying that there is in effect a motor vehicle liability policy for the benefit of the person required to furnish proof of financial responsibility. The certificate must specify its effective date and:~~

~~(a) If the policy is an owner's policy of liability insurance, designate by appropriate reference all motor vehicles covered by it; or~~

~~(b) If the policy is an operator's policy of liability insurance, designate the person covered.~~

~~2. The Department may authorize the filing of the certificates described in subsection 1 by electronic transmission or any other means deemed appropriate by the Department.~~

~~3. An insurance carrier that certifies the existence of a motor vehicle liability policy pursuant to subsection 1, must notify the Department at least [10] 14 days before the cancellation or termination of the policy.~~ **(Deleted by amendment.)**

Sec. 5. ~~[NRS 485.3092 is hereby amended to read as follows:~~

~~485.3092 When an insurance carrier has issued a motor vehicle liability policy, the insurance so issued must not be cancelled or terminated until at least [10] 14 days after a notice of cancellation or termination of the insurance has been mailed first class or delivered to the insured and, if the insurance carrier has certified the policy under NRS 485.308 or 485.309, a notice has also been filed in the office of the Department. A policy subsequently procured and certified, on the effective date of its certification, terminates the insurance previously certified with~~

~~respect to any motor vehicle designated or the person named as the insured operator in both certificates. If the effective date of the termination is within 3 years after the date of reinstatement of a license, registration or privilege, the Department shall suspend the license and registration or privilege.~~ (Deleted by amendment.)

Sec. 5.5. NRS 485.317 is hereby amended to read as follows:

485.317 1. The Department shall verify that each motor vehicle which is registered in this State is covered by a policy of liability insurance as required by NRS 485.185.

2. Except as otherwise provided in this subsection, the Department may use any information to verify whether a motor vehicle is covered by a policy of liability insurance as required by NRS 485.185. The Department may not use the name of the owner of a motor vehicle as the primary means of verifying that a motor vehicle is covered by a policy of liability insurance.

3. If the Department is unable to verify that a motor vehicle is covered by a policy of liability insurance as required by NRS 485.185, the Department shall send a request for information by first-class mail to the registered owner of the motor vehicle. The owner shall submit all the information which is requested to the Department within 15 days after the date on which the request for information was mailed by the Department. If the Department does not receive the requested information within 15 days after it mailed the request to the owner, the Department shall send to the owner a notice of suspension of registration by certified mail. The notice must inform the owner that unless the Department is able to verify that the motor vehicle is covered by a policy of liability insurance as required by NRS 485.185 within 10 days after the date on which the notice was sent by the Department, the owner's registration will be suspended pursuant to subsection 4.

4. The Department shall suspend the registration and require the return to the Department of the license plates of any vehicle for which the Department cannot verify the coverage of liability insurance required by NRS 485.185.

5. Except as otherwise provided in subsection 6, the Department shall reinstate the registration of the vehicle and reissue the license plates only upon verification of current insurance and compliance with the requirements for reinstatement of registration prescribed in paragraph (a) of subsection 6 of NRS 482.480.

6. If a registered owner proves to the satisfaction of the Department that the vehicle was a dormant vehicle during the period in which the information provided pursuant to NRS 485.314 indicated that there was no insurance for the vehicle, the Department shall reinstate the registration and, if applicable, reissue the license plates. ~~## Except as otherwise provided in subsection 7, if~~ such an owner of a dormant vehicle failed to cancel the registration for the vehicle in accordance with subsection 3 of NRS 485.320, the Department shall not reinstate the registration or reissue the license plates unless the owner pays the fee set forth in paragraph (b) of subsection 6 of NRS 482.480.

7. If the Department suspends the registration of a motor vehicle pursuant to subsection 4 because the registered owner of the motor vehicle failed to have insurance on the date specified in the form for verification, and if the registered owner, in accordance with regulations adopted by the Department, proves to the satisfaction of the Department that the owner was unable to comply with the provisions of NRS 485.185 on that date because of extenuating circumstances, the Department may:

(a) Reinstate the registration of the motor vehicle and reissue the license plates upon payment by the registered owner of a fee of \$50, which must be deposited in the Account for Verification of Insurance created by subsection 6 of NRS 482.480; or

(b) Rescind the suspension of the registration without the payment of a fee, ~~and, if the registered owner proves to the satisfaction of the Department that the vehicle was a dormant vehicle during the period in which the information provided pursuant to NRS 485.314 indicated that there was no insurance for the vehicle, without the payment of any fine prescribed by NRS 482.557.~~

➡ The Department shall adopt regulations to carry out the provisions of this subsection.

Sec. 6. This act becomes effective on July 1, 2013.