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. (BDR 57-109)

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

~

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 the Department of Motor Vehicles, as applicable, before cancelling a policy of motor vehicle insurance; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Under existing law, an insurer 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.320) **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 483.740, 485.308)

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.

Sec. 2. NRS 687B.320 is hereby amended to read as follows:

687B.320 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.

Sec. 3. NRS 483.740 is hereby amended to read as follows:

483.740 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.

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.

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.

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