

ASSEMBLY BILL NO. 18—COMMITTEE
ON COMMERCE AND LABOR

(ON BEHALF OF THE DIVISION OF INSURANCE OF THE
DEPARTMENT OF BUSINESS AND INDUSTRY)

PREFILED NOVEMBER 18, 2020

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to contracts of insurance
and casualty insurance. (BDR 57-315)

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; revising provisions governing
policies of insurance covering the use of a passenger car;
revising provisions governing the renewal of a policy of
insurance; revising provisions governing certain policies
of motor vehicle liability insurance; and providing other
matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires insurers that transact motor vehicle insurance in this State to offer each purchaser of a policy of liability insurance covering the use of a passenger car the option to purchase uninsured and underinsured vehicle coverage in an amount that is equal to the limits of coverage for bodily injury provided by the policy of motor vehicle liability insurance sold to the purchaser. (NRS 687B.145) **Section 1** of this bill authorizes, but does not require, such insurers to also offer uninsured and underinsured vehicle coverage in amounts that are greater or less than the amount of the coverage for bodily injury provided by the policy of motor vehicle liability insurance sold to the purchaser.

Existing law provides that, with certain exceptions, no policy of motor vehicle liability insurance may be delivered or issued for delivery in this State unless it provides uninsured vehicle coverage to the persons insured under the policy in an amount that is not less than the minimum limits of coverage for bodily injury required under Nevada's Motor Vehicle Insurance and Financial Responsibility Act, which are currently \$25,000 for bodily injury to or death of one person in any one crash and \$50,000 for bodily injury to or death of two or more persons in any one crash, and not greater than the coverage for bodily injury that is provided by



the policy. (NRS 485.185, 690B.020) **Section 3** of this bill eliminates the limitation on the maximum amount of uninsured vehicle coverage that may be provided by a policy of motor vehicle liability insurance.

Existing law prohibits an insurer from renewing a policy on different terms unless the insurer notifies the insured in writing of the different terms at least 30 days before the expiration of the policy. If the insurer fails to provide adequate and timely notice, existing law requires the insurer to renew the policy at the expiring terms. (NRS 687B.350) **Section 2** of this bill provides that the notification provisions do not apply to a renewal of a policy in which the change in policy or coverage provisions consists only of: (1) a decrease in the amount of the total premium charged to the insured for the renewal of the policy; (2) a change in the effective date and expiration date of the policy if the duration of the renewed policy remains unchanged; or (3) a change in one or more conditions of the policy that are intended to make an aspect of the coverage provided by the policy more favorable to the insured and is not accompanied by a change in one or more conditions of the policy that are intended to make an aspect of the coverage provided by the policy less favorable to the insured.

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

Section 1. NRS 687B.145 is hereby amended to read as follows:

687B.145 1. 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 the insured 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, insurance companies transacting motor vehicle insurance in this State ~~must~~:

(a) **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.

(b) May offer uninsured and underinsured vehicle coverage in an amount that is greater or less than the limits of coverage for bodily injury sold to an insured under a policy of insurance covering the use of a passenger car.

↳ Uninsured and underinsured vehicle coverage must include a provision which enables the insured to recover up to the limits of the insured's own coverage any amount of damages for bodily injury from the insured's insurer which the insured 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 the insured's own coverage any amount of damages for bodily injury from the insured's 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 a crash. 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. 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. 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.

Sec. 2. NRS 687B.350 is hereby amended to read as follows:

687B.350 1. Except as otherwise provided in ~~subsection 2,~~ *subsections 2 and 3*, an insurer shall not renew a policy ~~on different terms,~~ *if the renewal includes a change in policy or coverage provisions*, including ~~different~~ *a change in* rates ~~or premiums charged to the insured,~~ unless the insurer notifies the insured in writing of the ~~different terms or rates~~ *change in policy or coverage provisions* at least 30 days before the expiration of the policy. If the insurer fails to provide adequate and timely notice, the insurer shall renew the policy ~~at~~ *using* the expiring ~~terms and rates;~~ *policy or coverage provisions:*

(a) For a period that is equal to the expiring term if the agreed term is 1 year or less; or

(b) For 1 year if the agreed term is more than 1 year.

2. The provisions of this section do not apply to a change in the rate for a policy of industrial insurance which is based on:

(a) A change to a prospective loss cost filed by the Advisory Organization pursuant to NRS 686B.177 that is applicable to the risk; or

(b) A correction based on the experience that is applicable to the risk in accordance with the Uniform Plan for Rating Experience filed with the Commissioner pursuant to NRS 686B.177.

3. The provisions of this section do not apply to a renewal of a policy in which the change in policy or coverage provisions consists only of a:

(a) Decrease in the amount of the total premium charged to the insured for the renewal of the policy;

(b) Change in the effective date and expiration date of the policy if the duration of the renewed policy remains unchanged; or

(c) Change in one or more conditions of the policy that are intended to make an aspect of the coverage provided by the policy more favorable to the insured and is not accompanied by a change in one or more conditions of the policy that are intended to make



an aspect of the coverage provided by the policy less favorable to the insured.

Sec. 3. NRS 690B.020 is hereby amended to read as follows:

690B.020 1. Except as otherwise provided in this section and NRS 690B.035, no policy insuring against liability arising out of the ownership, maintenance or use of any motor vehicle may be delivered or issued for delivery in this State unless coverage is provided therein or supplemental thereto for the protection of persons insured thereunder who are legally entitled to recover damages, from owners or operators of uninsured or hit-and-run motor vehicles, for bodily injury, sickness or disease, including death, resulting from the ownership, maintenance or use of the uninsured or hit-and-run motor vehicle. No such coverage is required in or supplemental to a policy issued to the State of Nevada or any political subdivision thereof, or where rejected in writing, on a form furnished by the insurer describing the coverage being rejected, by an insured named therein, or upon any renewal of such a policy unless the coverage is then requested in writing by the named insured. The coverage required in this section may be referred to as “uninsured vehicle coverage.”

2. The amount of coverage to be provided must be not less than the minimum limits for liability insurance for bodily injury provided for under chapter 485 of NRS, but may be in ~~{an amount not to exceed the coverage for bodily injury purchased by the policyholder.}~~ *any greater amount.*

3. For the purposes of this section, the term “uninsured motor vehicle” means a motor vehicle:

(a) With respect to which there is not available at the Department of Motor Vehicles evidence of financial responsibility as required by chapter 485 of NRS;

(b) With respect to the ownership, maintenance or use of which there is no liability insurance for bodily injury or bond applicable at the time of the crash or, to the extent of such deficiency, any liability insurance for bodily injury or bond in force is less than the amount required by NRS 485.210;

(c) With respect to the ownership, maintenance or use of which the company writing any applicable liability insurance for bodily injury or bond denies coverage or is insolvent;

(d) Used without the permission of its owner if there is no liability insurance for bodily injury or bond applicable to the operator;

(e) Used with the permission of its owner who has insurance which does not provide coverage for the operation of the motor vehicle by any person other than the owner if there is no liability insurance for bodily injury or bond applicable to the operator; or



(f) The owner or operator of which is unknown or after reasonable diligence cannot be found if:

(1) The bodily injury or death has resulted from physical contact of the automobile with the named insured or the person claiming under the named insured or with an automobile which the named insured or such a person is occupying; and

(2) The named insured or someone on behalf of the named insured has reported the crash within the time required by NRS 484E.030, 484E.040 or 484E.050 to the police department of the city where it occurred or, if it occurred in an unincorporated area, to the sheriff of the county or to the Nevada Highway Patrol.

4. For the purposes of this section, the term "uninsured motor vehicle" also includes, subject to the terms and conditions of coverage, an insured other motor vehicle where:

(a) The liability insurer of the other motor vehicle is unable because of its insolvency to make payment with respect to the legal liability of its insured within the limits specified in its policy;

(b) The occurrence out of which legal liability arose took place while the uninsured vehicle coverage required under paragraph (a) was in effect; and

(c) The insolvency of the liability insurer of the other motor vehicle existed at the time of, or within 2 years after, the occurrence.

➤ Nothing contained in this subsection prevents any insurer from providing protection from insolvency to its insureds under more favorable terms.

5. If payment is made to any person under uninsured vehicle coverage, and subject to the terms of the coverage, to the extent of such payment the insurer is entitled to the proceeds of any settlement or recovery from any person legally responsible for the bodily injury as to which payment was made, and to amounts recoverable from the assets of the insolvent insurer of the other motor vehicle.

6. A vehicle involved in a crash which results in bodily injury or death shall be presumed to be an uninsured motor vehicle if no evidence of financial responsibility is supplied to the Department of Motor Vehicles in the manner required by chapter 485 of NRS within 60 days after the crash occurs.

