SUMMARY—Revises provisions relating to insurance. (BDR 57-456)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State: No.

Effect on the State Highway Fund: No.

AN ACT relating to insurance; revising provisions relating to the cancellation of a policy of insurance; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law generally prohibits an insurer from canceling an insurance policy, except on certain grounds, before the expiration of the agreed upon term or 1 year from the effective date of the policy or renewal, whichever occurs first, if the policy has been in effect for at least 70 days or has been renewed. (NRS 687B.320) **Section 1** of this bill reduces from 70 days to 30 days the period for which a policy of homeowners' insurance must have been in effect before that prohibition applies. **Section 2** of this bill provides that the amendatory provisions of this bill apply to a policy of homeowners' insurance issued or renewed on or after October 1, 2027, which is the effective date of this bill.

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

Section 1. 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 ***30 days for a policy of homeowners' insurance or*** 70 days ***for any other policy of insurance*** 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 the case of paragraph (a) of subsection 1, at least 10 days and, 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. 2. The amendatory provisions of this act apply to a policy of homeowners' insurance issued or renewed on or after October 1, 2027.