

ASSEMBLY BILL NO. 224—COMMITTEE ON COMMERCE AND LABOR

MARCH 2, 2009

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to unfair practices in settling insurance claims. (BDR 57-923)

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 relating to unfair practices in settling insurance claims; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 This bill makes it an unfair practice in settling insurance claims, other than
2 claims involving a policy of health insurance, for an insurer to deny the payment of
3 an amount due pursuant to a provision of first-party coverage under an insurance
4 policy if that amount is not in dispute. This bill also authorizes an insured who is
5 injured as a result of the denial of such payment to recover costs and reasonable
6 attorney’s fees under certain circumstances. (NRS 686A.310)

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

1 **Section 1.** NRS 686A.310 is hereby amended to read as
2 follows:
3 686A.310 1. Engaging in any of the following activities is
4 considered to be an unfair practice:
5 (a) Misrepresenting to insureds or claimants pertinent facts or
6 insurance policy provisions relating to any coverage at issue.
7 (b) Failing to acknowledge and act reasonably promptly upon
8 communications with respect to claims arising under insurance
9 policies.
10 (c) Failing to adopt and implement reasonable standards for the
11 prompt investigation and processing of claims arising under
12 insurance policies.



1 (d) Failing to affirm or deny coverage of claims within a
2 reasonable time after proof of loss requirements have been
3 completed and submitted by the insured.

4 (e) Failing to effectuate prompt, fair and equitable settlements of
5 claims in which liability of the insurer has become reasonably clear.

6 (f) Compelling insureds to institute litigation to recover amounts
7 due under an insurance policy by offering substantially less than the
8 amounts ultimately recovered in actions brought by such insureds,
9 when the insureds have made claims for amounts reasonably similar
10 to the amounts ultimately recovered.

11 (g) Attempting to settle a claim by an insured for less than the
12 amount to which a reasonable person would have believed he was
13 entitled by reference to written or printed advertising material
14 accompanying or made part of an application.

15 (h) Attempting to settle claims on the basis of an application
16 which was altered without notice to, or knowledge or consent of, the
17 insured, his representative, agent or broker.

18 (i) Failing, upon payment of a claim, to inform insureds or
19 beneficiaries of the coverage under which payment is made.

20 (j) Making known to insureds or claimants a practice of the
21 insurer of appealing from arbitration awards in favor of insureds or
22 claimants for the purpose of compelling them to accept settlements
23 or compromises less than the amount awarded in arbitration.

24 (k) Delaying the investigation or payment of claims by requiring
25 an insured or a claimant, or the physician of either, to submit a
26 preliminary claim report, and then requiring the subsequent
27 submission of formal proof of loss forms, both of which
28 submissions contain substantially the same information.

29 (l) Failing to settle claims promptly, where liability has become
30 reasonably clear, under one portion of the insurance policy coverage
31 in order to influence settlements under other portions of the
32 insurance policy coverage.

33 (m) Failing to comply with the provisions of NRS 687B.310 to
34 687B.390, inclusive, or 687B.410.

35 (n) Failing to provide promptly to an insured a reasonable
36 explanation of the basis in the insurance policy, with respect to the
37 facts of the insured's claim and the applicable law, for the denial of
38 his claim or for an offer to settle or compromise his claim.

39 (o) Advising an insured or claimant not to seek legal counsel.

40 (p) Misleading an insured or claimant concerning any applicable
41 statute of limitations.

42 (q) *Except for claims involving a policy of health insurance,*
43 *denying the payment of any amount due pursuant to a provision of*
44 *first-party coverage under an insurance policy if that amount is*
45 *not in dispute.*



1 2. In addition to any rights or remedies available to the
2 Commissioner, an insurer is liable to its insured for any damages ,
3 *including, without limitation, costs and reasonable attorney's fees,*
4 sustained by the insured as a result of the commission of any act set
5 forth in subsection 1 as an unfair practice.

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