

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R024-04

March 17, 2004

EXPLANATION – Matter in *italics* is new; matter in brackets ~~[omitted material]~~ is material to be omitted.

AUTHORITY: §§1-5, NRS 679B.130.

A REGULATION relating to casualty insurance; requiring automobile insurers to disclose when coverage is reduced for permissive users; requiring automobile and homeowner insurers to notify the insured if the policy provides for an increase in premiums based on incidents or claims; and providing other matters properly relating thereto.

Section 1. Chapter 690B of NAC is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this regulation.

Sec. 2. 1. *Except as otherwise provided in subsections 5 and 6, an insurer that issues a private passenger automobile insurance policy which limits coverage for permissive users, as defined in the policy, shall disclose those limitations in the manner set forth in subsections 2, 3 and 4.*

2. The insurer shall include a statement on the declaration page of the private passenger automobile insurance policy that is written in English or in Spanish, as appropriate.

3. The statement may be imprinted, stamped or imprinted on a sticker. The statement shall be deemed approved by the Commissioner if it is written as follows:

IMPORTANT NOTICE: This policy reduces liability coverage limits when an insured vehicle is operated by a person other than the insured. The limits for bodily injury and property damage liability coverage are reduced to the financial liability limits set forth in NRS 485.185, regardless of the liability limits shown on the declaration page.

4. The “IMPORTANT NOTICE” portion of the statement must be written in at least 12-point font and in bold, capital letters. The remaining portion of the statement must be written in at least 10-point font.

5. An insurer may use a statement that is written substantially similar to the statement set forth in subsection 3 if:

(a) The insurer has filed the statement with the Commissioner; and

(b) The Commissioner has approved the statement.

6. If a private passenger automobile insurance policy is currently in effect and the insurer did not include the statement required pursuant to subsection 3, the insurer shall include the statement set forth in subsection 3 if the policy is renewed. At the time of renewal, the insurer shall send a declaration page that includes the statement to the insured by first-class or certified mail.

Sec. 3. 1. No insurer may issue any homeowner’s insurance policy without delivering to the named insured a notice explaining the manner in which the insurer’s rating plan provides for an increase in premium based upon claims.

2. Each insurer shall, at least 30 days before the expiration of a homeowner’s insurance policy, advise the named insured of his right to request the reasons for any increase in premium for the ensuing policy period.

Sec. 4. NAC 690B.210 is hereby amended to read as follows:

690B.210 As used in NAC 690B.210 to 690B.250, inclusive, *and section 2 of this regulation*, unless the context otherwise requires:

1. “Commercial automobile” means a motor vehicle not rated under rules for private automobiles for passengers.
2. “Company rules” means the standards established and used by an insurer for underwriting, rating, cancellation ~~or~~ or nonrenewal of insurance for automobiles.
3. “Date of incident” means the actual day on which a person engages in the activity which results in a citation for a violation of a traffic law or the day on which he is involved in an accident involving a motor vehicle.
4. “Division” means the Division of Insurance of the Department of Business and Industry.
5. “Incident” means an activity resulting in a conviction for a violation of a traffic law, a chargeable accident, or both.
6. “Private automobile for passengers” means a:
 - (a) Motor vehicle rated under the rules for private vehicles for passengers; or
 - (b) Rented motor vehicle of the type used for a private automobile for passengers, even if it is rated under the rules for commercial motor vehicles.

Sec. 5. NAC 690B.240 is hereby amended to read as follows:

690B.240 1. No insurer may issue any private passenger automobile insurance policy without delivering to the named insured a notice explaining the manner in which the insurer’s rating plan provides for an increase in premium based upon incidents ~~or~~ *or claims*.

2. Each insurer shall, at least 30 days before the expiration of a private passenger automobile insurance policy, advise the named insured of his right to request the reasons for any increase in premium for the ensuing policy period.