

ASSEMBLY BILL NO. 398—COMMITTEE
ON COMMERCE AND LABOR

MARCH 24, 2023

Referred to Committee on Commerce and Labor

SUMMARY—Makes various changes relating to insurance.
(BDR 57-1045)

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; prohibiting an insurer from issuing or renewing a policy of liability insurance that contains certain provisions; providing a penalty; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law establishes the Nevada Insurance Code which governs contracts of
2 insurance. (Title 57 of NRS) This bill prohibits an insurer from issuing or renewing
3 a policy of liability insurance that contains a provision that: (1) reduces the limit of
4 liability stated in the policy by the costs of defense, legal costs and fees and other
5 expenses for claims; (2) authorizes the costs of defense, legal costs and fees and
6 other expenses for claims to be applied to the deductible; or (3) otherwise limits the
7 availability of coverage for the costs of defense, legal costs and fees and other
8 expenses for claims.

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

1 **Section 1.** Chapter 679A of NRS is hereby amended by
2 adding thereto a new section to read as follows:

3 *Notwithstanding any other provision of law, an insurer,*
4 *including, without limitation, an insurer listed in NRS 679A.160,*
5 *shall not issue or renew a policy of liability insurance that*
6 *contains a provision that:*



1 *1. Reduces the limit of liability stated in the policy by the*
2 *costs of defense, legal costs and fees and other expenses for*
3 *claims;*

4 *2. Authorizes the costs of defense, legal costs and fees and*
5 *other expenses for claims to be applied to the deductible; or*

6 *3. Otherwise limits the availability of coverage for the costs of*
7 *defense, legal costs and fees and other expenses for claims.*

8 **Sec. 2.** The provisions of this act do not apply to any contract
9 for liability insurance existing on October 1, 2023, but apply to any
10 renewal of such a contract.

