

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.

~

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; or (2) otherwise limits the availability of coverage for the costs
6 of defense, legal costs and fees and other 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:*

7 1. *Reduces the limit of liability stated in the policy by the*
8 *costs of defense, legal costs and fees and other expenses for*
9 *claims; or*



1 **2. *Otherwise limits the availability of coverage for the costs of***
2 ***defense, legal costs and fees and other expenses for claims.***

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

