

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB FILE NO. R029-23I

**The following document is the initial draft regulation proposed
by the agency submitted on 07/28/2023**

EMERGENCY REGULATION OF THE COMMISSIONER OF INSURANCE

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

AUTHORITY: §§ 1-2, NRS 679B.130 and 233B.0613.

A REGULATION relating to insurance; concerning policies of liability; defining liability insurance; the applicability of Assembly Bill 398 (2023 Legis. Session) to insurers based on state and federal law; providing further guidance on how defense coverage is required to be made available.

Section 1. A new section is added to NAC 679A as follows:

- 1. As used in A.B. 398 (2023 Legis. Session), “policy of liability insurance” means a type of coverage, as defined in NRS 681A.020.1(b), issued under casualty insurance and offered by an insurer authorized pursuant to NRS 680A.060 and NRS 694C.230 to offer the casualty line of authority for third-party liabilities.*
- 2. A.B. 398 (2023 Legislative Session) does not apply to:*
 - a. Risk-retention groups, for which “liability” is defined to include defense costs pursuant to 15 U.S.C. § 3901.*
 - b. Captive insurance that does not cover third-party liability.*

Section 2. A new section is added to NAC 679A as follows:

A policy of liability insurance that is required to be filed for approval with the Division must make defense coverage available at the defense coverage limit selected by the insured, if any. Any defense coverage limit selected, including \$0, must be included on the declaration page. This provision does not apply to policies that do not limit defense costs coverage.