

DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or library@lcb.state.nv.us.

**AB 453 – Proposed Amendment
Jack Kim**

Section 56 amendment

Amend Line 47-40 that changes the number of days that an insurer must give before the expiration date of an insurance policy from 60 days to 30 days.

- The original version of AB 453 did not change the number of days that an insurer must give before the expiration date of an insurance policy.
- There was no testimony presented in the Assembly that changed the 30 day requirement to a 60 day requirement.

Midterm Cancellation of an industrial insurance policy amendment

Summary of Changes

Add a new section in NRS 687B to clarify when an insurer may cancel a policy of industrial insurance.

- This proposed amendment is based on NRS 687B.320, which pertains to when an insurer may cancel a policy of insurance.
- This amendment allows an insurer to cancel a policy of industrial insurance if:
 - a. The employer failed to pay his premiums (10 days notice)
 - b. The employer failed to report payroll, permit a payroll audit, or pay any additional premium as a result of a payroll audit. (10 days notice)
 - c. If the employer failed to comply with federal or state safety orders, or recommendations from an insurer's loss control representative. (30 days notice)
 - d. A material change in ownership that materially increases the risk, or requires additional or different classification for premiums, or involves activities that are excluded from an insurer's reinsurance treaties (30 days notice)
 - e. Material misrepresentation. (10 days notice)
 - f. Failure to cooperate with a claims investigation. (10 days notice)

New section in NRS 687B

1. No policy of industrial insurance that has been in effect for at least 70 days or that has been renewed may be canceled by the insurer prior to the expiration of the agreed term or 1 year from the effective date of the policy or renewal, whichever is less, except on any one of the following grounds:

- (a) The policyholder's failure to make any industrial insurance premium payment when due;*
- (b) The policyholder's failure to report payroll, to permit the insurer to audit payroll as required by the terms of the policy of a previous policy issued by the insurer, or to pay any additional premium as a result of an audit of payroll as required by the terms of the policy or of a previous policy.*
- (c) The policyholder's material failure to comply with federal or state safety orders or written recommendations of the insurer's designated loss control representative.*

- (d) A material change in ownership or any change in the policyholder's business or operations that materially increases the hazard for frequency or severity of loss, requires additional or different classifications for premium calculations, or contemplates an activity excluded by the insurer's reinsurance treaties.*
- (e) Material misrepresentation by the policyholder or its agent.*
- (f) Failure to cooperate with the insurer in the insurer's investigation of a claim.*

2. A policy shall not be canceled for the conditions specified in paragraph (a), (b), (e), or (f) of paragraph 1, except upon 10 days' written notice to the policyholder by the insurer.

3. A policy shall not be canceled for the conditions specified in paragraph (c) and (d) of paragraph 1, except upon 30 days written notice to the policyholder by the insurer, provided that no notice is required if an insured and insurer consent to the cancellation and reissuance of a policy effective upon a material change in ownership or operations of the insured. If the policyholder remedies the condition to the insurer's satisfaction within the specified time period, the policy shall not be canceled by the insurer.

4. Written notice to the policyholder shall be given by first class mail addressed to the address shown on the policy and proof that the notice has been mailed shall be sufficient proof of notice.

5. Nothing in this section shall preclude, while policies are in force, changes in the premium rate required or authorized by law, regulation, or order of the commissioner, or otherwise agreed to between the policyholder and the insurer.

6. Any policy written for a term longer than one year, or any policy with no fixed expiration date, shall be considered as if written for successive policy periods of one year.

7. NRS 687B.320 does not apply to a policy of industrial insurance.