
SENATE BILL NO. 378—COMMITTEE ON JUDICIARY

MARCH 17, 2003

Referred to Committee on Judiciary

SUMMARY—Revises provisions relating to cancellation or nonrenewal of policy of insurance issued to common-interest community. (BDR 10-1053)

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; revising provisions relating to the notice that must be provided when an insurer cancels or refuses to renew a policy of insurance issued to a common-interest community; and providing other matters properly relating thereto.

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

1 **Section 1.** NRS 116.31133 is hereby amended to read as
2 follows:
3 116.31133 1. Insurance policies carried pursuant to NRS
4 116.3113 must provide to the extent reasonably available that:
5 (a) Each unit's owner is an insured person under the policy with
6 respect to liability arising out of his interest in the common elements
7 or membership in the association;
8 (b) The insurer waives its right to subrogation under the policy
9 against any unit's owner or member of his household;
10 (c) No act or omission by any unit's owner, unless acting within
11 the scope of his authority on behalf of the association, will void the
12 policy or be a condition to recovery under the policy; and
13 (d) If, at the time of a loss under the policy, there is other
14 insurance in the name of a unit's owner covering the same risk
15 covered by the policy, the association's policy provides primary
16 insurance.



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1 2. Any loss covered by the property policy under subsections 1
2 and 2 of NRS 116.3113 must be adjusted with the association, but
3 the proceeds for that loss are payable to any trustee designated for
4 that purpose, or otherwise to the association, and not to any holder
5 of a security interest. The trustee or the association shall hold any
6 proceeds in trust for the association, units' owners and lienholders
7 as their interests may appear. Subject to the provisions of NRS
8 116.31135, the proceeds must be disbursed first for the repair or
9 restoration of the damaged property, and the association, units'
10 owners, and ~~liens holders~~ *lienholders* are not entitled to receive
11 payment of any portion of the proceeds unless there is a surplus of
12 proceeds after the property has been completely repaired or restored,
13 or the common-interest community is terminated.

14 3. An insurer that has issued an insurance policy under this
15 section shall issue certificates or memoranda of insurance to the
16 association and, upon written request, to any unit's owner or holder
17 of a security interest. The insurer issuing the policy may not cancel
18 or refuse to renew it until 30 days after notice of the proposed
19 cancellation or nonrenewal has been mailed to the association ~~to~~
20 ~~each unit's owner and each holder of a security interest~~ *and to any*
21 *person* to whom a certificate or memorandum of insurance has been
22 issued at their respective last known addresses.

