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Insurance; disclosure of policy provisions and notice of cancellation

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provide persons age fifty-five or older with the opportunity to obtain insurance at a reduced rate by completing an approved traffic safety course.² The insured must repeat the course every three years and must further qualify for the reduced rate by maintaining a driving record free of traffic violations and accidents.³

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coverage, the premium, the period of effectiveness, and the limits of liability; and (4) state that the policy is subject to the provisions of this code section). *Id.* Every policy is also subject to implied provisions that need not be contained in the policy. *See id.* § 485.3091 5 (conditions implied by law).

2. 1989 Nev. Stat. ch. 728, sec. 1, at 1679 (enacting NEV. REV. STAT. § 690B.____). The Department of Motor Vehicles and Public Safety must approve the traffic safety course. *Id.* Approved schools will issue certificates that the insured must use when applying for reduced rates. *Id.* A traffic safety course that is mandated because of a moving violation does not qualify the driver for reduced premiums. *Id.* Four other states have enacted similar provisions. *See* ARK. STAT. ANN. § 27-19-608 (1987); ILL. REV. STAT. ch. 73, para. 755.29 (1987); R.I. GEN. LAWS § 27-9-7.1 (Supp. 1988); TENN. CODE ANN. § 56-7-1107 (1988).

3. 1989 Nev. Stat. ch. 728, sec. 1, at 1679 (enacting NEV. REV. STAT. § 690B.____). The driver must have a clean driving record for three years before taking the traffic safety course, and for every three-year period between courses, in order to qualify. *Id.* If the insured is involved in an accident where the insured is at fault, has any traffic violations, or pleads guilty or nolo contendere to a traffic violation or driving under the influence of alcohol or controlled substances, the insured is disqualified from applying for reduced premiums. *Id.* Insurers must base premium reductions on actuarial and loss experience data. *Id.* The insurers must calculate reductions based on the amount of the full premium. *Id.* The Insurance Commissioner must approve the reductions and the policies offering reductions for persons in the designated age group. *Id.* The insurer must have the Insurance Commissioner's approval in writing before issuing a policy with reduced premiums for persons 55 or older. *Id.*

Insurance; disclosure of policy provisions and notice of cancellation

NEV. REV. STAT. §§ 687B.____, 689A.____, 689B.____, 695A.____, 695B.____, 695C.____, 695D.____ (new); §§ 689B.063, 689B.120, 695B.251, 695C.1705, 608.1577 (amended).

AB 114 (DuBois); 1989 STAT. Ch. 586

Under existing law, all insurance contracts¹ may be cancelled by the insurer on the anniversary date of the policy if the policy is

1. *See* NEV. REV. STAT. § 687B.010 (1987) (definition of insurance contracts).

issued for a term of one year or longer.² For business or commercial policies, the notice of cancellation must be given sixty days before the anniversary date of the policy.³ For all other policies, the notice must be given thirty days before the anniversary date of the policy.⁴ The same notice requirements govern notice of nonrenewal of the policy.⁵ No specific notice is required by existing law if the insurer offers to renew the policy with altered terms.⁶ Chapter 586 provides that insurers of all types of policies must give at least sixty days written notice of their intention to cancel, fail to renew, or alter the terms of a policy or contract of insurance.⁷

Existing law provides several methods for disclosure of policy provisions by insurers.⁸ Chapter 586 provides for a uniform method of disclosure of policy provisions by requiring that all specified insurers⁹ issue to each person to be covered by the policy a disclosure outlining the risks covered, the exceptions or limitations, and any other information needed for a full disclosure.¹⁰

Under existing law, an employer who is the policyholder of employee group life or health insurance is required to give notice to the employees of any decrease or modification of benefits¹¹ and any change of insurer.¹² Chapter 586 requires that the employer or policyholder notify the employees of: (1) the employer's intent to accept a new insurer for group life, dental or health insurance

2. *Id.* § 687B.330 (1987).

3. *Id.*

4. *Id.*

5. *Id.* § 687B.340 (1987). Notice must be made by mail or actual delivery to the policyholder. *Id.*

6. *Id.* § 687B.350 (1987). The policyholder has the option to cancel the policy within 30 days. *Id.*

7. 1989 Nev. Stat. ch. 586, sec. 1, at 1248 (enacting NEV. REV. STAT. 687B.____). The notice must include any specific rate changes by line of coverage. *Id.*

8. See NEV. REV. STAT. §§ 689A.030 5 (1987) (health insurance policies); 689B.030 2 (group insurance policies); 695B.180 5-6 (contracts by nonprofit hospitals or medical corporations for hospital or medical services); 695C.170 (health maintenance organizations); 695D.200 (plans for dental care).

9. See Nev. Stat. ch. 586, secs. 3, 4, at 1248-49 (enacting NEV. REV. STAT. § 689A.____) (insurers issuing health insurance policies); 6, 7, at 1249 (enacting NEV. REV. STAT. 689B.____) (insurers issuing group health insurance policies); 13, 14, at 1251 (enacting NEV. REV. STAT. § 695B.____) (nonprofit hospital or medical corporations offering contracts for hospital or medical services); 18, 19, at 1253 (enacting NEV. REV. STAT. § 695C.____) (health maintenance organizations); 23, 24, at 1254 (enacting NEV. REV. STAT. § 695D.____) (dental care organizations).

10. *Id.* secs. 3, 4, at 1259 (enacting NEV. REV. STAT. 689A.____); 6, 7, at ____ (enacting NEV. REV. STAT. § 689B.____); 13, 14, at ____ (enacting NEV. REV. STAT. § 695B.____); 18, 19, at ____ (enacting NEV. REV. STAT. § 695C.____); 23, 24, at 1254 (enacting NEV. REV. STAT. § 695D.____).

11. NEV. REV. STAT. § 608.1577 1(a).

12. *Id.* § 608.1577 1(b).

covering the employees; (2) any termination of benefits under a group life, dental or health insurance policy; (3) the employer's inability to pay; or (4) the employer's intention to stop paying premiums,¹³ at least 15 days before any change in insurers or benefits or the next unpaid premium is due.¹⁴

Under existing law, there are no requirements that an insurer provide continuing coverage for an employee or member who is on leave without pay due to a total disability.¹⁵ Chapter 586 requires that specified insurers¹⁶ provide such coverage¹⁷ until the date the employee or member is terminated or obtains alternate health insurance, the date the group policy is terminated, or the date the employee or member has received the benefits of this coverage for a period of 12 months, whichever occurs first.¹⁸

Existing law requires insurers issuing policies of group health insurance, group subscriber contracts, or health maintenance organizations to provide for continued health coverage when the employee or member is no longer covered by the policy.¹⁹ Chapter 586 provides that if an employee or member of any such specified plan has received benefits under a plan of coverage while totally disabled, a replacement insurer is not required to issue a policy of health insurance unless the employee or member has returned to normal employment for 90 consecutive days.²⁰

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13. 1989 Nev. Stat. ch. 586, sec. 25, at 1255 (amending NEV. REV. STAT. § 608.1577). See generally Meyer, *Life and Health Insurance*, 293, 295 (1972) (discussing insurer's nonliability when employer or policyholder discontinues premium payments).

14. 1989 Nev. Stat. ch. 586, sec. 25, at 1255 (amending NEV. REV. STAT. § 608.1577).

15. See NEV. REV. STAT. §§ 689B (1987) (group insurance policies); 695A (1987) (fraternal benefit societies); 695B (1987) (contracts by nonprofit hospitals or medical corporations for hospital or medical services); 695C (1987) (health maintenance organizations). See also 1989 Nev. Stat. Ch. 586, secs. 8, at 1249, 11, at 1251, 15, at 1251, 20, at 1253 (definition of total disability).

16. See Nev. Stat. ch. 586, sec. 8, at 1249 (enacting NEV. REV. STAT. § 689B.____) (insurers issuing group insurance policies), sec. 11, at 1251 (enacting NEV. REV. STAT. § 695A.____) (fraternal benefit societies), sec. 15, at 1251 (enacting NEV. REV. STAT. § 695B. (nonprofit hospital or medical corporations offering contracts for hospital or medical services); sec. 20, at 1253 (enacting NEV. REV. STAT. § 695C.____ (health maintenance organizations).

17. *Id.* The coverage must include the dependents of the employee or member, cover any injury or illness not related to the total disability and be greater than or equal to the coverage provided by the policy. *Id.*

18. *Id.*

19. See NEV. REV. STAT. §§ 689B.120 (group health insurance); 695B.251 (group subscriber contracts); 695C.1705 (health maintenance organizations).

20. Nev. Stat. ch. 586, sec. 10, at 1250 (amending NEV. REV. STAT. § 689B.120) (group health insurance); 16, at 1252 (amending NEV. REV. STAT. § 695B.251) (group subscriber contracts); 21, at 1253 (amending NEV. REV. STAT. § 695C.1705) (health maintenance organizations).