

ASSEMBLY BILL NO. 294—ASSEMBLYMAN YEAGER

MARCH 16, 2021

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to contracts of insurance. (BDR 57-975)

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; prohibiting the prevention of recovery under an insurance policy or annuity contract based on any misrepresentations, omissions, concealment of facts or incorrect statements unless they are substantially related to the claim for which recovery is sought; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law prohibits misrepresentations, omissions, concealment of facts and
2 incorrect statements in an application for an insurance policy or annuity contract
3 from preventing a recovery under the policy or contract unless: (1) they are
4 fraudulent; (2) they are material to the acceptance of risk or the hazard assumed; or
5 (3) the insurer would not have issued the policy or contract under the same terms if
6 the true facts had been known to the insurer. (NRS 687B.110) This bill revises
7 these provisions to prohibit the prevention of recovery unless a misrepresentation,
8 omission, concealment of fact or incorrect statement is also substantially related to
9 the claim for which recovery is sought.

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

1 **Section 1.** NRS 687B.110 is hereby amended to read as
2 follows:
3 687B.110 All statements and descriptions in any application
4 for an insurance policy or annuity contract, by or in behalf of the
5 insured or annuitant, shall be deemed to be representations and not
6 warranties. Misrepresentations, omissions, concealment of facts and



1 incorrect statements shall not prevent a recovery under the policy or
2 contract unless *substantially related to the claim for which*
3 *recovery is sought and* either:
4 1. Fraudulent;
5 2. Material either to the acceptance of the risk, or to the hazard
6 assumed by the insurer; or
7 3. The insurer in good faith would either not have issued the
8 policy or contract, or would not have issued it at the same premium
9 rate, or would not have issued a policy or contract in as large an
10 amount, or would not have provided coverage with respect to the
11 hazard resulting in the loss, if the true facts had been made known to
12 the insurer as required either by the application for the policy or
13 contract or otherwise.

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