

SENATE BILL NO. 431—COMMITTEE ON TRANSPORTATION

MARCH 25, 2013

Referred to Committee on Transportation

SUMMARY—Revises provisions concerning the verification of motor vehicle liability insurance. (BDR 43-167)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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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 motor vehicles; providing a grace period of 24 hours before the Department of Motor Vehicles may impose a reinstatement fee, fine, suspension or other penalty against a person for allowing a policy of motor vehicle liability insurance to lapse; requiring the Department to create an appeal process for any penalties imposed by the Department against a person for allowing a policy of motor vehicle liability insurance to lapse; requiring certain policies of insurance to remain in effect until the end of the day upon which the policy is terminated; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law requires that each motor vehicle which is registered in this State or
2 required to be registered in this State be covered by a policy of motor vehicle
3 liability insurance. (NRS 485.185) Under existing law, a lapse in motor vehicle
4 liability insurance coverage may be cause for the imposition of: (1) a suspension of
5 motor vehicle registration; (2) a registration reinstatement fee; and (3) a penal fine.
6 (NRS 482.557, 485.187, 485.317) **Section 3** of this bill requires the Department of
7 Motor Vehicles to forgive a lapse of motor vehicle liability insurance coverage, and
8 to not impose a fee, fine, suspension or other penalty against the owner of the motor
9 vehicle, if the owner ensures that the motor vehicle is covered by a new or renewed
10 policy of insurance within 24 hours after the previous policy expired or was
11 terminated. **Section 4** of this bill requires the Department to create an
12 administrative appeal process so that if the Department imposes a penalty against a
13 person for failing to ensure that a motor vehicle is covered by a policy of liability
14 insurance, the person may appeal the imposition of that penalty.

15 Existing law regulates the provisions of and coverage provided by policies of
16 insurance against liability arising out of the ownership, maintenance or use of any



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17 motor vehicle. (NRS 690B.017, 690B.020) **Section 7** of this bill requires such a
18 policy to remain in effect until the last minute of the day upon the date of
19 cancellation, termination or other discontinuance of the policy.

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

1 **Section 1.** NRS 482.557 is hereby amended to read as follows:
2 482.557 1. Except as otherwise provided in subsection 7 of
3 NRS 485.317, *and section 3 of this act*, if a registered owner failed
4 to have insurance on the date specified by the Department pursuant
5 to NRS 485.317:

6 (a) For a first offense, the registered owner shall pay to the
7 Department a registration reinstatement fee of \$250, and if the
8 period during which insurance coverage lapsed was:

9 (1) At least 31 days but not more than 90 days, pay to the
10 Department a fine of \$250.

11 (2) At least 91 days but not more than 180 days:

12 (I) Pay to the Department a fine of \$500; and

13 (II) File and maintain with the Department a certificate of
14 financial responsibility for a period of not less than 3 years
15 following the date on which the registration of the applicable
16 vehicle is reinstated.

17 (3) More than 180 days:

18 (I) Pay to the Department a fine of \$1,000; and

19 (II) File and maintain with the Department a certificate of
20 financial responsibility for a period of not less than 3 years
21 following the date on which the registration of the applicable
22 vehicle is reinstated.

23 (b) For a second offense, the registered owner shall pay to the
24 Department a registration reinstatement fee of \$500, and if the
25 period during which insurance coverage lapsed was:

26 (1) At least 31 days but not more than 90 days, pay to the
27 Department a fine of \$500.

28 (2) At least 91 days but not more than 180 days:

29 (I) Pay to the Department a fine of \$500; and

30 (II) File and maintain with the Department a certificate of
31 financial responsibility for a period of not less than 3 years
32 following the date on which the registration of the applicable
33 vehicle is reinstated.

34 (3) More than 180 days:

35 (I) Pay to the Department a fine of \$1,000; and

36 (II) File and maintain with the Department a certificate of
37 financial responsibility for a period of not less than 3 years



1 following the date on which the registration of the applicable
2 vehicle is reinstated.

3 (c) For a third or subsequent offense:

4 (1) The driver's license of the registered owner must be
5 suspended for a period to be determined by regulation of the
6 Department but not less than 30 days;

7 (2) The registered owner shall file and maintain with the
8 Department a certificate of financial responsibility for a period of
9 not less than 3 years following the date on which the registration of
10 the applicable vehicle is reinstated; and

11 (3) The registered owner shall pay to the Department a
12 registration reinstatement fee of \$750, and if the period during
13 which insurance coverage lapsed was:

14 (I) At least 31 days but not more than 90 days, pay to the
15 Department a fine of \$500.

16 (II) At least 91 days but not more than 180 days, pay to
17 the Department a fine of \$750.

18 (III) More than 180 days, pay to the Department a fine of
19 \$1,000.

20 2. *A reinstatement fee or fine imposed pursuant to this*
21 *section may be appealed in accordance with section 4 of this act.*

22 3. As used in this section, "certificate of financial
23 responsibility" has the meaning ascribed to it in NRS 485.028.

24 **Sec. 2.** Chapter 485 of NRS is hereby amended by adding
25 thereto the provisions set forth as sections 3 and 4 of this act.

26 **Sec. 3.** *If the owner of a motor vehicle that is required to be*
27 *covered by a policy of liability insurance pursuant to NRS 485.185*
28 *ensures that the motor vehicle is covered by a new or renewed*
29 *policy of liability insurance within 24 hours after the previous*
30 *policy of liability insurance covering the motor vehicle expired or*
31 *was terminated, the Department:*

32 1. *Shall forgive the owner for the lapse in coverage; and*

33 2. *Shall not impose against the owner any reinstatement fee,*
34 *fine, suspension or other penalty.*

35 **Sec. 4.** 1. *The Department shall establish an administrative*
36 *appeal process for handling grievances arising from the*
37 *imposition by the Department of a reinstatement fee, fine,*
38 *suspension or other penalty against a person who failed, or is*
39 *alleged to have failed, to ensure that his or her motor vehicle was*
40 *covered by a policy of liability insurance in violation of law.*

41 2. *The process that the Department is required to establish*
42 *pursuant to subsection 1 must include, at a minimum:*

43 (a) *Notice and an opportunity to be heard before a hearing*
44 *officer of the Department; and*



1 *(b) If aggrieved by the decision of a hearing officer, an*
2 *opportunity to appeal that decision to a court of competent*
3 *jurisdiction.*

4 *3. The Department may adopt regulations to carry out the*
5 *provisions of this section.*

6 **Sec. 5.** NRS 485.187 is hereby amended to read as follows:

7 485.187 1. Except as otherwise provided in subsection 5, the
8 owner of a motor vehicle shall not:

9 (a) Operate the motor vehicle, if it is registered or required to be
10 registered in this State, without having insurance as required by
11 NRS 485.185.

12 (b) Operate or knowingly permit the operation of the motor
13 vehicle without having evidence of insurance of the operator or the
14 vehicle in the vehicle.

15 (c) Fail or refuse to surrender, upon demand, to a peace officer
16 or to an authorized representative of the Department the evidence of
17 insurance.

18 (d) Knowingly permit the operation of the motor vehicle in
19 violation of subsection 3 of NRS 485.186.

20 2. A person shall not operate the motor vehicle of another
21 person unless the person who will operate the motor vehicle:

22 (a) First ensures that the required evidence of insurance is
23 present in the motor vehicle; or

24 (b) Has his or her own evidence of insurance which covers that
25 person as the operator of the motor vehicle.

26 3. Except as otherwise provided in subsection 4, any person
27 who violates subsection 1 or 2 is guilty of a misdemeanor. Except as
28 otherwise provided in this subsection, in addition to any other
29 penalty, a person sentenced pursuant to this subsection shall be
30 punished by a fine of not less than \$600 nor more than \$1,000 for
31 each violation. The fine must be reduced to \$100 for the first
32 violation if the person obtains a motor vehicle liability policy by the
33 time of sentencing, unless:

34 (a) The person has registered the vehicle as part of a fleet of
35 vehicles pursuant to subsection 5 of NRS 482.215; or

36 (b) The person has been issued a certificate of self-insurance
37 pursuant to NRS 485.380.

38 4. A court:

39 (a) Shall not find a person guilty or fine a person for a violation
40 of paragraph (a), (b) or (c) of subsection 1 or for a violation of
41 subsection 2 if the person presents evidence to the court that the
42 insurance required by NRS 485.185 was in effect at the time
43 demand was made for it.

44 (b) Except as otherwise provided in paragraph (a), may impose a
45 fine of not more than \$1,000 for a violation of paragraph (a), (b) or



1 (c) of subsection 1, and suspend the balance of the fine on the
2 condition that the person presents proof to the court each month for
3 12 months that the insurance required by NRS 485.185 is currently
4 in effect.

5 5. The provisions of paragraphs (b) and (c) of subsection 1 do
6 not apply if the motor vehicle in question displays a valid
7 permit issued by the Department pursuant to subsection 1 or 2 of
8 NRS 482.3955, or NRS 482.396 or 482.3965 authorizing the
9 movement or operation of that vehicle within the State for a limited
10 time.

11 *6. A fine or penalty imposed pursuant to this section may be*
12 *applied in accordance with section 4 of this act.*

13 **Sec. 6.** NRS 485.317 is hereby amended to read as follows:

14 485.317 1. The Department shall verify that each motor
15 vehicle which is registered in this State is covered by a policy of
16 liability insurance as required by NRS 485.185.

17 2. Except as otherwise provided in this subsection, the
18 Department may use any information to verify whether a motor
19 vehicle is covered by a policy of liability insurance as required by
20 NRS 485.185. The Department may not use the name of the owner
21 of a motor vehicle as the primary means of verifying that a motor
22 vehicle is covered by a policy of liability insurance.

23 3. If the Department is unable to verify that a motor vehicle is
24 covered by a policy of liability insurance as required by NRS
25 485.185, the Department shall send a request for information by
26 first-class mail to the registered owner of the motor vehicle. The
27 owner shall submit all the information which is requested to the
28 Department within 15 days after the date on which the request for
29 information was mailed by the Department. If the Department does
30 not receive the requested information within 15 days after it mailed
31 the request to the owner, the Department shall send to the owner a
32 notice of suspension of registration by certified mail. The notice
33 must inform the owner that unless the Department is able to verify
34 that the motor vehicle is covered by a policy of liability insurance as
35 required by NRS 485.185 within 10 days after the date on which the
36 notice was sent by the Department, the owner's registration will be
37 suspended pursuant to subsection 4.

38 4. The Department shall suspend the registration and require
39 the return to the Department of the license plates of any vehicle for
40 which the Department cannot verify the coverage of liability
41 insurance required by NRS 485.185.

42 5. Except as otherwise provided in subsection 6, the
43 Department shall reinstate the registration of the vehicle and reissue
44 the license plates only upon verification of current insurance and



1 compliance with the requirements for reinstatement of registration
2 prescribed in paragraph (a) of subsection 6 of NRS 482.480.

3 6. If a registered owner proves to the satisfaction of the
4 Department that the vehicle was a dormant vehicle during the period
5 in which the information provided pursuant to NRS 485.314
6 indicated that there was no insurance for the vehicle, the Department
7 shall reinstate the registration and, if applicable, reissue the license
8 plates. If such an owner of a dormant vehicle failed to cancel the
9 registration for the vehicle in accordance with subsection 3 of NRS
10 485.320, the Department shall not reinstate the registration or
11 reissue the license plates unless the owner pays the fee set forth in
12 paragraph (b) of subsection 6 of NRS 482.480.

13 7. If the Department suspends the registration of a motor
14 vehicle pursuant to subsection 4 because the registered owner of the
15 motor vehicle failed to have insurance on the date specified in the
16 form for verification, and if the registered owner, in accordance with
17 regulations adopted by the Department, proves to the satisfaction of
18 the Department that the owner was unable to comply with the
19 provisions of NRS 485.185 on that date because of extenuating
20 circumstances, the Department may:

21 (a) Reinstatement of the registration of the motor vehicle and reissue the
22 license plates upon payment by the registered owner of a fee of \$50,
23 which must be deposited in the Account for Verification of
24 Insurance created by subsection 6 of NRS 482.480; or

25 (b) Rescind the suspension of the registration without the
26 payment of a fee.

27 ↪ The Department shall adopt regulations to carry out the
28 provisions of this subsection.

29 ***8. The suspension of the registration of a motor vehicle***
30 ***pursuant to this section may be appealed in accordance with***
31 ***section 4 of this act.***

32 **Sec. 7.** Chapter 690B of NRS is hereby amended by adding
33 thereto a new section to read as follows:

34 ***1. If for any reason, including, without limitation,***
35 ***compliance with a request by the policyholder, an insurer cancels,***
36 ***terminates or otherwise does not renew a policy of insurance***
37 ***against liability arising out of the ownership, maintenance or use***
38 ***of a motor vehicle delivered or issued for delivery in this State, the***
39 ***policy must remain in effect for all purposes through the last***
40 ***minute of the day on the date of cancellation, termination or other***
41 ***discontinuance of the policy.***

42 ***2. A policy of insurance subject to the provisions of this***
43 ***chapter that is delivered, issued for delivery or renewed on or after***
44 ***July 1, 2013, has the legal effect of including the coverage***



- 1 *required by this section, and any provision of the policy or renewal*
- 2 *thereof that is in conflict with this section is void.*
- 3 **Sec. 8.** This act becomes effective on July 1, 2013.

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