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DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

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Insurer Practices Regarding Property Inspections for New Homeowner Policies

The Nevada Division of Insurance ("Division") is issuing this bulletin to address concerns regarding how insurers are conducting property inspections for new Homeowner policy business. Through speaking engagements, stakeholder meetings, and outreach with real estate professionals and producers, the Division was made aware of an increase in reports of insurers canceling newly issued Homeowner policies within the first 70 days of inception based on their property inspection results.

These cancellations often occur late in the 70-day underwriting period. *See* NRS 687B.320. When an inspection-triggered cancellation is issued near the end of this period, consumers may have believed their coverage was secure and may have already canceled a prior policy or procured the new policy to satisfy mortgage requirements. As a result, the timing of these cancellations can create unnecessary financial and logistical hardship for policyholders.

The Division reminds all insurers that their practices must comply with Nevada's statutes pertaining to unfair trade practices, including the provisions of **NRS 686A.020**. Insurers must ensure that their underwriting and inspection processes are conducted in a manner that is fair, transparent, and not misleading to consumers.

To promote fair treatment of policyholders and reduce the likelihood of avoidable coverage disruptions, the Division provides the following guidance:

- Insurers should conduct property inspections prior to binding coverage whenever practicable
- If a pre-binding inspection is not feasible, inspections should be completed within a very short period after binding.
- Insurers should avoid relying on inspections conducted late in the 70-day underwriting period as the basis for cancellation unless newly discovered information could not reasonably have been obtained earlier.
- Written communications to applicants and policyholders should clearly explain any pending inspection requirements and the potential implications of the inspection results.

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- Insurers should review and, where appropriate, revise their underwriting workflows to ensure that inspection timing does not create avoidable consumer harm.

The Division will continue monitoring insurer practices in this area. Insurers are encouraged to evaluate their inspection and underwriting processes to ensure consistency with Nevada law and consumer protection expectations.

Questions about this Bulletin may be directed to pcinsinfo@doi.nv.gov.

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