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BULLETIN 86-001

March 27, 1986

UNINSURED MOTORIST CLAIMS-USE OF "ASSETS" CHECK

Recently, some insurers for motor vehicle liability are delaying first-party claims for uninsured motorists until they have conducted an "assets check." Most policies, as a matter of contract, provide that as to uninsured motorists, the only asset is the other motorist's liability coverage.

If an insured is involved in an accident with another person who is at fault and who does not have liability insurance or at least claims not to have coverage, the insured will file a claim for coverage under his uninsured motorist coverage with his own company.

At this point, the claimant's insurer has been delaying payment of the claim until it has completed a check of the assets of the third party who was responsible for the accident. Often, the insurer has requested that their insured pay for the cost of the check of these assets.

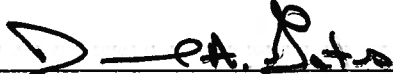
As described, these activities by insurers are improper and the Division will consider complaints concerning these practices as grounds for disciplinary action pursuant to Chapter 686A of NRS.

The insurer, when served with an uninsured motorist coverage complaint must, on its own initiative, attempt to verify coverage for the third party. The insurer should follow the verification procedures set out in Chapter 485 of NRS (Motor Vehicle Safety Responsibility).

Once the insured has reported the accident and requested verification of the third party's status, the insurer must follow the provisions of NRS 690B.020(6). This section creates a presumption that the third party was uninsured "if no evidence of financial responsibility is supplied to the department of motor vehicles and public safety . . . within 60 days after the collision occurs."

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Failure to pay an uninsured motorist claim will be deemed by the Division to be a violation of NRS 686A.310(5) since the insurer has failed to effectuate prompt, fair and equitable settlement of claims in which the liability of the insurer has become reasonably clear. If the Division finds that this course of conduct by the insurer is a general business practice, disciplinary action will be taken.



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