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ASSEMBLY BILL NO. 421—COMMITTEE ON JUDICIARY

MARCH 25, 2019

Referred to Committee on Judiciary

SUMMARY—Revises provisions relating to construction.  
(BDR 3-841)

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.

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AN ACT relating to construction; revising the definition of “constructional defect”; revising provisions relating to the information required to be included in a notice of a constructional defect; removing provisions requiring the presence of a claimant and an expert during an inspection of an alleged constructional defect; revising provisions relating to a claimant pursuing a claim under a homeowner’s warranty; revising provisions governing the tolling of statutes of limitation and repose regarding actions for constructional defects; revising provisions relating to the recovery of damages proximately caused by a constructional defect; increasing the period during which an action for the recovery of certain damages may be commenced; removing the prohibition against a unit-owners’ association pursuing an action for a constructional defect unless the action pertains exclusively to the common elements of the association; requiring licensed contractors and applicants for the issuance or renewal of a contractor’s license to obtain and provide proof of liability insurance; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

1 **Section 1** of this bill revises the existing definition of “constructional defect” to  
2 provide that a constructional defect is a defect which: (1) is done in violation of  
3 law; (2) proximately causes physical damage to the residence, appurtenance or real  
4 property to which the residence or appurtenance is affixed; (3) is not completed in a  
5 good and workmanlike manner in accordance with the generally accepted standard



6 of care in the industry; or (4) presents an unreasonable risk of injury to a person or  
7 property.

8 Existing law provides that before a claimant commences an action or amends a  
9 complaint to add a cause of action for a constructional defect against a contractor,  
10 subcontractor, supplier or design professional, the claimant: (1) is required to give  
11 written notice to the contractor; and (2) if the contractor is no longer licensed or  
12 acting as a contractor in this State, is authorized to give notice to any subcontractor,  
13 supplier or design professional known to the claimant who may be responsible for  
14 the constructional defect. Existing law also requires that such a notice include  
15 certain information. (NRS 40.645) **Section 2** of this bill revises the information that  
16 must be included in such a notice.

17 Existing law requires that after notice of a constructional defect is given by a  
18 claimant to a contractor, subcontractor, supplier or design professional, the claimant  
19 and, if the notice includes an expert opinion concerning the alleged constructional  
20 defect, the expert or his or her representative with knowledge of the alleged defect  
21 must: (1) be present when a contractor, subcontractor, supplier or design  
22 professional conducts an inspection of the alleged constructional defect; and (2)  
23 identify the exact location of each alleged constructional defect. (NRS 40.647)  
24 **Section 3** of this bill removes such requirements.

25 Existing law provides that if a residence or appurtenance that is the subject of a  
26 claim is covered by a homeowner's warranty purchased by or on behalf of the  
27 claimant: (1) the claimant is prohibited from sending notice of a constructional  
28 defect or pursuing a claim for a constructional defect unless the claimant has  
29 submitted a claim under the homeowner's warranty and the insurer has denied the  
30 claim; and (2) notice of a constructional defect may only include claims that were  
31 denied by the insurer. (NRS 40.650) **Section 4** of this bill removes such provisions  
32 and instead provides that if a residence or appurtenance that is the subject of a  
33 claim is covered by a homeowner's warranty purchased by or on behalf of the  
34 claimant, the claimant is required to diligently pursue a claim under the  
35 homeowner's warranty.

36 Existing law also provides that if a residence or appurtenance that is the subject  
37 of a claim is covered by a homeowner's warranty purchased by or on behalf of the  
38 claimant, statutes of limitation or repose are tolled from the time the claimant  
39 submits a claim under the homeowner's warranty until 30 days after the insurer  
40 rejects the claim, in whole or in part. (NRS 40.650) **Section 4** removes this  
41 provision. Existing law additionally provides that, unless good cause is shown to a  
42 court to toll the statute of limitation or repose for a longer period, statutes of  
43 limitation or repose applicable to a claim based on a constructional defect are tolled  
44 from the time notice of the claim is given until the earlier of: (1) 1 year after notice  
45 of the claim is given; or (2) 30 days after mediation is concluded or waived in  
46 writing. (NRS 40.695) **Section 6** of this bill revises such provisions and provides  
47 that such statutes of limitation or repose are tolled from the time notice of claim is  
48 given until 30 days after mediation is concluded or waived in writing.

49 Existing law establishes the damages proximately caused by a constructional  
50 defect that a claimant is authorized to recover, including additional costs reasonably  
51 incurred by the claimant for constructional defects proven by the claimant. (NRS  
52 40.655) **Section 5** of this bill removes the requirement that such costs be limited to  
53 constructional defects proven by the claimant. **Section 5** additionally authorizes a  
54 claimant to recover reasonable attorney's fees.

55 Existing law prohibits an action for the recovery of certain damages against the  
56 owner, occupier or any person performing or furnishing the design, planning,  
57 supervision or observation of construction, or the construction of an improvement  
58 to real property, from being commenced more than 6 years after the substantial  
59 completion of such an improvement. (NRS 11.202) **Section 7** of this bill increases  
60 such a period to 10 years after the substantial completion of such an improvement.



61 **Section 7** also authorizes such an action to be commenced at any time after the  
62 substantial completion of such an improvement if any deficiency in the design,  
63 planning, supervision or observation of construction or the construction of such an  
64 improvement is the result of willful misconduct or fraudulent concealment.

65 Existing law prohibits a unit-owners' association from instituting, defending or  
66 intervening in litigation or in arbitration, mediation or administrative proceedings in  
67 its own name on behalf of itself or units' owners relating to an action for a  
68 constructional defect unless the action pertains exclusively to common elements.  
69 (NRS 116.3102) **Section 8** of this bill removes such a prohibition.

70 **Section 9** of this bill requires a contractor licensed pursuant to chapter 624 of  
71 NRS or an applicant for an original or renewal license under that chapter to obtain,  
72 maintain and provide proof of insurance, with coverage having specified limits of  
73 liability for claims for injury to persons or damage to property which may arise  
74 from or in connection with the work of the contractor or applicant or his or her  
75 agents, representatives, employees or subcontractors.

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

1 **Section 1.** NRS 40.615 is hereby amended to read as follows:

2 40.615 "Constructional defect" means a defect in the design,  
3 construction, manufacture, repair or landscaping of a new residence,  
4 of an alteration of or addition to an existing residence, or of an  
5 appurtenance and includes, without limitation, the design,  
6 construction, manufacture, repair or landscaping of a new residence,  
7 of an alteration of or addition to an existing residence, or of an  
8 appurtenance:

9 1. Which ~~presents an unreasonable risk of injury to a person or~~  
10 ~~property; or~~ *is done in violation of law, including, without*  
11 *limitation, in violation of local codes or ordinances;*

12 2. Which ~~is not completed in a good and workmanlike manner~~  
13 ~~and~~ proximately causes physical damage to the residence, an  
14 appurtenance or the real property to which the residence or  
15 appurtenance is affixed ~~;~~;

16 3. *Which is not completed in a good and workmanlike*  
17 *manner in accordance with the generally accepted standard of*  
18 *care in the industry for that type of design, construction,*  
19 *manufacture, repair or landscaping; or*

20 4. *Which presents an unreasonable risk of injury to a person*  
21 *or property.*

22 **Sec. 2.** NRS 40.645 is hereby amended to read as follows:

23 40.645 1. Except as otherwise provided in this section and  
24 NRS 40.670, before a claimant commences an action or amends a  
25 complaint to add a cause of action for a constructional defect against  
26 a contractor, subcontractor, supplier or design professional, the  
27 claimant:



1 (a) Must give written notice by certified mail, return receipt  
2 requested, to the contractor, at the contractor's address listed in the  
3 records of the State Contractors' Board or in the records of the  
4 office of the county or city clerk or at the contractor's last known  
5 address if the contractor's address is not listed in those records; and

6 (b) May give written notice by certified mail, return receipt  
7 requested, to any subcontractor, supplier or design professional  
8 known to the claimant who may be responsible for the  
9 constructional defect, if the claimant knows that the contractor is no  
10 longer licensed in this State or that the contractor no longer acts as a  
11 contractor in this State.

12 2. The notice given pursuant to subsection 1 must:

13 (a) Include a statement that the notice is being given to satisfy  
14 the requirements of this section;

15 (b) ~~{Identify}~~ *Specify* in ~~{specific}~~ *reasonable* detail ~~{each~~  
16 ~~defect, damage and injury}~~ *the defects or any damages or injuries*  
17 to each residence or appurtenance that is the subject of the claim ~~;~~  
18 ~~including, without limitation, the exact location of each such defect,~~  
19 ~~damage and injury;}; and~~

20 (c) Describe in reasonable detail the cause of the defects if the  
21 cause is known and the nature and extent that is known of the  
22 damage or injury resulting from the defects . ~~;~~ ~~and~~

23 ~~—(d) Include a signed statement, by each named owner of a~~  
24 ~~residence or appurtenance in the notice, that each such owner~~  
25 ~~verifies that each such defect, damage and injury specified in the~~  
26 ~~notice exists in the residence or appurtenance owned by him or her.~~  
27 ~~If a notice is sent on behalf of a homeowners' association, the~~  
28 ~~statement required by this paragraph must be signed under penalty~~  
29 ~~of perjury by a member of the executive board or an officer of the~~  
30 ~~homeowners' association.]~~

31 3. A representative of a homeowners' association may send  
32 notice pursuant to this section on behalf of an association if the  
33 representative is acting within the scope of the representative's  
34 duties pursuant to chapter 116 or 117 of NRS.

35 4. Notice is not required pursuant to this section before  
36 commencing an action if:

37 (a) The contractor, subcontractor, supplier or design professional  
38 has filed an action against the claimant; or

39 (b) The claimant has filed a formal complaint with a law  
40 enforcement agency against the contractor, subcontractor, supplier  
41 or design professional for threatening to commit or committing an  
42 act of violence or a criminal offense against the claimant or the  
43 property of the claimant.



**Sec. 3.** NRS 40.647 is hereby amended to read as follows:

40.647 1. After notice of a constructional defect is given pursuant to NRS 40.645, before a claimant may commence an action or amend a complaint to add a cause of action for a constructional defect against a contractor, subcontractor, supplier or design professional, the claimant must:

(a) Allow an inspection of the alleged constructional defect to be conducted pursuant to NRS 40.6462; *and*

~~(b) [Be present at an inspection conducted pursuant to NRS 40.6462 and identify the exact location of each alleged constructional defect specified in the notice and, if the notice includes an expert opinion concerning the alleged constructional defect, the expert, or a representative of the expert who has knowledge of the alleged constructional defect, must also be present at the inspection and identify the exact location of each alleged constructional defect for which the expert provided an opinion; and~~

~~—(e)]~~ Allow the contractor, subcontractor, supplier or design professional a reasonable opportunity to repair the constructional defect or cause the defect to be repaired if an election to repair is made pursuant to NRS 40.6472.

2. If a claimant commences an action without complying with subsection 1 or NRS 40.645, the court shall:

(a) Dismiss the action without prejudice and compel the claimant to comply with those provisions before filing another action; or

(b) If dismissal of the action would prevent the claimant from filing another action because the action would be procedurally barred by the statute of limitations or statute of repose, the court shall stay the proceeding pending compliance with those provisions by the claimant.

**Sec. 4.** NRS 40.650 is hereby amended to read as follows:

40.650 1. If a claimant unreasonably rejects a reasonable written offer of settlement made as part of a response pursuant to paragraph (b) of subsection 2 of NRS 40.6472 and thereafter commences an action governed by NRS 40.600 to 40.695, inclusive, the court in which the action is commenced may:

(a) Deny the claimant's attorney's fees and costs; and

(b) Award attorney's fees and costs to the contractor.

↪ Any sums paid under a homeowner's warranty, other than sums paid in satisfaction of claims that are collateral to any coverage issued to or by the contractor, must be deducted from any recovery.

2. If a contractor, subcontractor, supplier or design professional fails to:

(a) Comply with the provisions of NRS 40.6472;

(b) Make an offer of settlement;



1 (c) Make a good faith response to the claim asserting no  
2 liability;

3 (d) Agree to a mediator or accept the appointment of a mediator  
4 pursuant to NRS 40.680; or

5 (e) Participate in mediation,  
6 ↪ the limitations on damages and defenses to liability provided in  
7 NRS 40.600 to 40.695, inclusive, do not apply and the claimant may  
8 commence an action or amend a complaint to add a cause of action  
9 for a constructional defect without satisfying any other requirement  
10 of NRS 40.600 to 40.695, inclusive.

11 3. If a residence or appurtenance that is the subject of the claim  
12 is covered by a homeowner's warranty that is purchased by or on  
13 behalf of a claimant pursuant to NRS 690B.100 to 690B.180,  
14 inclusive ~~f~~:

15 ~~—(a) A claimant may not send a notice pursuant to NRS 40.645 or~~  
16 ~~pursue a claim pursuant to NRS 40.600 to 40.695, inclusive, unless~~  
17 ~~the claimant has first submitted a claim under the homeowner's~~  
18 ~~warranty and the insurer has denied the claim.~~

19 ~~—(b) A claimant may include in a notice given pursuant to NRS~~  
20 ~~40.645 only claims for the constructional defects that were denied~~  
21 ~~by the insurer.~~

22 ~~—(c)~~ *, a claimant shall diligently pursue a claim under the*  
23 *contract.* If coverage under a homeowner's warranty is denied by an  
24 insurer in bad faith, the homeowner and the contractor,  
25 subcontractor, supplier or design professional have a right of action  
26 for the sums that would have been paid if coverage had been  
27 provided, plus reasonable attorney's fees and costs.

28 ~~[(d) Statutes of limitation or repose applicable to a claim based~~  
29 ~~on a constructional defect governed by NRS 40.600 to 40.695,~~  
30 ~~inclusive, are tolled from the time notice of the claim under the~~  
31 ~~homeowner's warranty is submitted to the insurer until 30 days after~~  
32 ~~the insurer rejects the claim, in whole or in part, in writing.]~~

33 4. Nothing in this section prohibits an offer of judgment  
34 pursuant to Rule 68 of the Nevada Rules of Civil Procedure or  
35 NRS 40.652.

36 **Sec. 5.** NRS 40.655 is hereby amended to read as follows:

37 40.655 1. Except as otherwise provided in NRS 40.650, in a  
38 claim governed by NRS 40.600 to 40.695, inclusive, the claimant  
39 may recover only the following damages to the extent proximately  
40 caused by a constructional defect:

41 (a) The reasonable cost of any repairs already made that were  
42 necessary and of any repairs yet to be made that are necessary to  
43 cure any constructional defect that the contractor failed to cure and  
44 the reasonable expenses of temporary housing reasonably necessary  
45 during the repair;



1 (b) The reduction in market value of the residence or accessory  
2 structure, if any, to the extent the reduction is because of structural  
3 failure;

4 (c) The loss of the use of all or any part of the residence;

5 (d) The reasonable value of any other property damaged by the  
6 constructional defect;

7 (e) Any additional costs reasonably incurred by the claimant ,  
8 ~~for constructional defects proven by the claimant,~~ including, but  
9 not limited to, any costs and fees incurred for the retention of  
10 experts to:

11 (1) Ascertain the nature and extent of the constructional  
12 defects;

13 (2) Evaluate appropriate corrective measures to estimate the  
14 value of loss of use; and

15 (3) Estimate the value of loss of use, the cost of temporary  
16 housing and the reduction of market value of the residence; ~~and~~

17 (f) Any interest provided by statute ~~[-]~~; and

18 (g) *Any reasonable attorney's fees.*

19 2. If a contractor complies with the provisions of NRS 40.600  
20 to 40.695, inclusive, the claimant may not recover from the  
21 contractor, as a result of the constructional defect, any damages  
22 other than damages authorized pursuant to NRS 40.600 to 40.695,  
23 inclusive.

24 3. This section must not be construed as impairing any  
25 contractual rights between a contractor and a subcontractor, supplier  
26 or design professional.

27 4. As used in this section, "structural failure" means physical  
28 damage to the load-bearing portion of a residence or appurtenance  
29 caused by a failure of the load-bearing portion of the residence or  
30 appurtenance.

31 **Sec. 6.** NRS 40.695 is hereby amended to read as follows:

32 40.695 1. Except as otherwise provided in ~~subsections~~  
33 *subsection 2, [and 3,]* statutes of limitation or repose applicable to a  
34 claim based on a constructional defect governed by NRS 40.600 to  
35 40.695, inclusive, are tolled from the time notice of the claim is  
36 given, until ~~the earlier of:~~

37 ~~—(a) One year after notice of the claim is given; or~~

38 ~~—(b) Thirty] 30~~ days after mediation is concluded or waived in  
39 writing pursuant to NRS 40.680.

40 2. ~~[Statutes of limitation and repose may be tolled under this~~  
41 ~~section for a period longer than 1 year after notice of the claim is~~  
42 ~~given only if, in an action for a constructional defect brought by a~~  
43 ~~claimant after the applicable statute of limitation or repose has~~  
44 ~~expired, the claimant demonstrates to the satisfaction of the court~~



~~that good cause exists to toll the statutes of limitation and repose under this section for a longer period.~~

~~—3.]~~ Tolling under this section applies to a third party regardless of whether the party is required to appear in the proceeding.

**Sec. 7.** NRS 11.202 is hereby amended to read as follows:

11.202 1. No action may be commenced against the owner, occupier or any person performing or furnishing the design, planning, supervision or observation of construction, or the construction of an improvement to real property more than ~~6]~~ 10 years after the substantial completion of such an improvement, for the recovery of damages for:

(a) ~~[Any]~~ *Except as otherwise provided in subsection 2, any deficiency in the design, planning, supervision or observation of construction or the construction of such an improvement;*

(b) Injury to real or personal property caused by any such deficiency; or

(c) Injury to or the wrongful death of a person caused by any such deficiency.

2. *An action may be commenced against the owner, occupier or any person performing or furnishing the design, planning, supervision or observation of construction, or the construction of an improvement to real property at any time after the substantial completion of such an improvement, for the recovery of damages for any deficiency in the design, planning, supervision or observation of construction or the construction of such an improvement which is the result of his or her willful misconduct or which he or she fraudulently concealed.*

3. The provisions of this section do not apply:

(a) To a claim for indemnity or contribution.

(b) In an action brought against:

(1) The owner or keeper of any hotel, inn, motel, motor court, boardinghouse or lodging house in this State on account of his or her liability as an innkeeper.

(2) Any person on account of a defect in a product.

**Sec. 8.** NRS 116.3102 is hereby amended to read as follows:

116.3102 1. Except as otherwise provided in this chapter, and subject to the provisions of the declaration, the association:

(a) Shall adopt and, except as otherwise provided in the bylaws, may amend bylaws and may adopt and amend rules and regulations.

(b) Shall adopt and may amend budgets in accordance with the requirements set forth in NRS 116.31151, may collect assessments for common expenses from the units' owners and may invest funds of the association in accordance with the requirements set forth in NRS 116.311395.





1 (c) May hire and discharge managing agents and other  
2 employees, agents and independent contractors.

3 (d) May institute, defend or intervene in litigation or in  
4 arbitration, mediation or administrative proceedings in its own name  
5 on behalf of itself or two or more units' owners on matters affecting  
6 the common-interest community. ~~[The association may not institute,  
7 defend or intervene in litigation or in arbitration, mediation or  
8 administrative proceedings in its own name on behalf of itself or  
9 units' owners with respect to an action for a constructional defect  
10 pursuant to NRS 40.600 to 40.695, inclusive, unless the action  
11 pertains exclusively to common elements.]~~

12 (e) May make contracts and incur liabilities. Any contract  
13 between the association and a private entity for the furnishing of  
14 goods or services must not include a provision granting the private  
15 entity the right of first refusal with respect to extension or renewal  
16 of the contract.

17 (f) May regulate the use, maintenance, repair, replacement and  
18 modification of common elements.

19 (g) May cause additional improvements to be made as a part of  
20 the common elements.

21 (h) May acquire, hold, encumber and convey in its own name  
22 any right, title or interest to real estate or personal property, but:

23 (1) Common elements in a condominium or planned  
24 community may be conveyed or subjected to a security interest only  
25 pursuant to NRS 116.3112; and

26 (2) Part of a cooperative may be conveyed, or all or part of a  
27 cooperative may be subjected to a security interest, only pursuant to  
28 NRS 116.3112.

29 (i) May grant easements, leases, licenses and concessions  
30 through or over the common elements.

31 (j) May impose and receive any payments, fees or charges for  
32 the use, rental or operation of the common elements, other than  
33 limited common elements described in subsections 2 and 4 of  
34 NRS 116.2102, and for services provided to the units' owners,  
35 including, without limitation, any services provided pursuant to  
36 NRS 116.310312.

37 (k) May impose charges for late payment of assessments  
38 pursuant to NRS 116.3115.

39 (l) May impose construction penalties when authorized pursuant  
40 to NRS 116.310305.

41 (m) May impose reasonable fines for violations of the governing  
42 documents of the association only if the association complies with  
43 the requirements set forth in NRS 116.31031.

44 (n) May impose reasonable charges for the preparation and  
45 recordation of any amendments to the declaration or any statements



1 of unpaid assessments, and impose reasonable fees, not to exceed  
2 the amounts authorized by NRS 116.4109, for preparing and  
3 furnishing the documents and certificate required by that section.

4 (o) May provide for the indemnification of its officers and  
5 executive board and maintain directors and officers liability  
6 insurance.

7 (p) May assign its right to future income, including the right to  
8 receive assessments for common expenses, but only to the extent the  
9 declaration expressly so provides.

10 (q) May exercise any other powers conferred by the declaration  
11 or bylaws.

12 (r) May exercise all other powers that may be exercised in this  
13 State by legal entities of the same type as the association.

14 (s) May direct the removal of vehicles improperly parked on  
15 property owned or leased by the association, as authorized pursuant  
16 to NRS 487.038, or improperly parked on any road, street, alley or  
17 other thoroughfare within the common-interest community in  
18 violation of the governing documents. In addition to complying with  
19 the requirements of NRS 487.038 and any requirements in the  
20 governing documents, if a vehicle is improperly parked as described  
21 in this paragraph, the association must post written notice in a  
22 conspicuous place on the vehicle or provide oral or written notice to  
23 the owner or operator of the vehicle at least 48 hours before the  
24 association may direct the removal of the vehicle, unless the vehicle:

25 (1) Is blocking a fire hydrant, fire lane or parking space  
26 designated for the handicapped; or

27 (2) Poses an imminent threat of causing a substantial adverse  
28 effect on the health, safety or welfare of the units' owners or  
29 residents of the common-interest community.

30 (t) May exercise any other powers necessary and proper for the  
31 governance and operation of the association.

32 2. The declaration may not limit the power of the association to  
33 deal with the declarant if the limit is more restrictive than the limit  
34 imposed on the power of the association to deal with other persons.

35 3. The executive board may determine whether to take  
36 enforcement action by exercising the association's power to impose  
37 sanctions or commence an action for a violation of the declaration,  
38 bylaws or rules, including whether to compromise any claim for  
39 unpaid assessments or other claim made by or against it. The  
40 executive board does not have a duty to take enforcement action if it  
41 determines that, under the facts and circumstances presented:

42 (a) The association's legal position does not justify taking any or  
43 further enforcement action;

44 (b) The covenant, restriction or rule being enforced is, or is  
45 likely to be construed as, inconsistent with current law;



1 (c) Although a violation may exist or may have occurred, it is  
2 not so material as to be objectionable to a reasonable person or to  
3 justify expending the association's resources; or

4 (d) It is not in the association's best interests to pursue an  
5 enforcement action.

6 4. The executive board's decision under subsection 3 not to  
7 pursue enforcement under one set of circumstances does not prevent  
8 the executive board from taking enforcement action under another  
9 set of circumstances, but the executive board may not be arbitrary or  
10 capricious in taking enforcement action.

11 5. Notwithstanding any provision of this chapter or the  
12 governing documents to the contrary, an association may not impose  
13 any assessment pursuant to this chapter or the governing documents  
14 on the owner of any property in the common-interest community  
15 that is exempt from taxation pursuant to NRS 361.125. For the  
16 purposes of this subsection, "assessment" does not include any  
17 charge for any utility services, including, without limitation,  
18 telecommunications, broadband communications, cable television,  
19 electricity, natural gas, sewer services, garbage collection, water or  
20 for any other service which is delivered to and used or consumed  
21 directly by the property in the common-interest community that is  
22 exempt from taxation pursuant to NRS 361.125.

23 **Sec. 9.** Chapter 624 of NRS is hereby amended by adding  
24 thereto a new section to read as follows:

25 *1. Before issuing an initial or renewal of a contractor's*  
26 *license to an applicant, the Board shall require that the applicant*  
27 *submit to the Board proof of insurance against claims for injury to*  
28 *persons or damage to property which may arise from or in*  
29 *connection with work that is subject to regulation pursuant to this*  
30 *chapter performed by the applicant or his or her agents,*  
31 *representatives, employees or subcontractors in an amount not*  
32 *less than the amount set forth in subsection 2.*

33 *2. To satisfy the requirements of this section, a licensee or an*  
34 *applicant for a contractor's license shall obtain and provide proof*  
35 *of insurance with coverage that has limits of liability not less than:*

36 *(a) If the Board places on the license a limit on contracting or*  
37 *bidding to contract in an amount less than \$1,000,000, \$300,000*  
38 *in the aggregate and \$100,000 for each occurrence;*

39 *(b) If the Board places on the license a limit on contracting or*  
40 *bidding to contract in an amount that is \$1,000,000 or greater but*  
41 *less than \$10,000,000, \$2,000,000 in the aggregate and \$1,000,000*  
42 *for each occurrence; and*

43 *(c) If the Board places on the license a limit on contracting or*  
44 *bidding to contract in an amount that is \$10,000,000 or greater or*



1 *is unlimited, \$3,000,000 in the aggregate and \$3,000,000 for each*  
2 *occurrence.*

3 *3. If a licensee applies to the Board for a temporary increase*  
4 *in the limit on contracting or bidding to contract which the Board*  
5 *has placed on his or her license, the Board shall require the*  
6 *licensee to submit proof of insurance with coverage that has limits*  
7 *of liability as provided in subsection 2 that correspond to the*  
8 *temporary limit on contracting or bidding to contract. The*  
9 *insurance required pursuant to this subsection may be contingent*  
10 *upon approval by the Board of the temporary increase in the limit*  
11 *on contracting or bidding to contract.*

12 *4. A licensee shall maintain the insurance required pursuant*  
13 *to this section at all times during which the licensee holds his or*  
14 *her license.*

15 *5. The Board may impose an administrative fine against a*  
16 *licensee in an amount not more than \$10,000, in addition to any*  
17 *other penalty authorized by this chapter, if the licensee:*

18 *(a) Causes injury to persons or damage to property which*  
19 *arises from or in connection with work that is subject to regulation*  
20 *pursuant to this chapter performed by the licensee or his or her*  
21 *agents, representatives, employees or subcontractors; and*

22 *(b) Has failed to comply with the requirements of subsection 2*  
23 *or 3.*

24 **Sec. 10.** NRS 624.220 is hereby amended to read as follows:

25 624.220 1. The Board shall adopt regulations necessary to  
26 effect the classification and subclassification of contractors in a  
27 manner consistent with established usage and procedure as found in  
28 the construction business, and may limit the field and scope of the  
29 operations of a licensed contractor to those in which the contractor  
30 is classified and qualified to engage as defined by NRS 624.215 and  
31 the regulations of the Board.

32 2. The Board shall limit the field and scope of the operations of  
33 a licensed contractor by establishing a monetary limit on a  
34 contractor's license, and the limit must be the maximum contract a  
35 licensed contractor may undertake on one or more construction  
36 contracts on a single construction site or subdivision site for a single  
37 client. The Board may take any other action designed to limit the  
38 field and scope of the operations of a contractor as may be necessary  
39 to protect the health, safety and general welfare of the public. The  
40 limit must be determined after consideration of the factors set forth  
41 in NRS 624.260 to 624.265, inclusive **[H]**, *and section 9 of this act.*

42 3. A licensed contractor may request that the Board increase  
43 the monetary limit on his or her license, either on a permanent basis  
44 or for a single construction project. A request submitted to the  
45 Board pursuant to this subsection must be in writing on a form



1 prescribed by the Board and accompanied by such supporting  
2 documentation as the Board may require. A request submitted  
3 pursuant to this section for a single construction project must be  
4 submitted to the Board at least 5 working days before the date on  
5 which the licensed contractor intends to submit a bid for the project  
6 and must be approved by the Board before the submission of a bid  
7 by the contractor for the project.

8 4. Subject to the provisions of regulations adopted pursuant to  
9 subsection 5, nothing contained in this section prohibits a specialty  
10 contractor from taking and executing a contract involving the use of  
11 two or more crafts or trades, if the performance of the work in the  
12 crafts or trades, other than in which the specialty contractor is  
13 licensed, is incidental and supplemental to the performance of work  
14 in the craft for which the specialty contractor is licensed.

15 5. The Board shall adopt regulations establishing a specific  
16 limit on the amount of asbestos that a licensed contractor with a  
17 license that is not classified for the abatement or removal of asbestos  
18 may abate or remove pursuant to subsection 4.

19 **Sec. 11.** 1. The provisions of NRS 40.615 and 40.655, as  
20 amended by sections 1 and 5 of this act, respectively, apply to any  
21 claim that arises on or after October 1, 2019.

22 2. The provisions of NRS 40.645 and 40.650, as amended by  
23 sections 2 and 4 of this act, respectively, apply to a notice of  
24 constructional defect given on or after October 1, 2019.

25 3. The provisions of NRS 40.647, as amended by section 3 of  
26 this act, apply to an inspection conducted pursuant to NRS 40.6462  
27 on or after October 1, 2019.

28 4. The period of limitations on actions set forth in NRS 11.202,  
29 as amended by section 7 of this act, apply retroactively to actions in  
30 which the substantial completion of the improvement to the real  
31 property occurred before October 1, 2019.

32 5. The provisions of section 9 of this act apply to licenses  
33 issued or renewed pursuant to chapter 624 of NRS on or after  
34 October 1, 2019.







