

Fast Reference Insurance

NRS 116.057 “Liability for common expenses” defined. “Liability for common expenses” means the liability for common expenses allocated to each unit pursuant to [NRS 116.2107](#)

NRS 116.2107 Allocation of allocated interests.

1. The declaration must allocate to each unit:
 - (a) In a condominium, a fraction or percentage of undivided interests in the common elements and in the common expenses of the association, and a portion of the votes in the association;
 - (b) In a cooperative, a proportionate ownership in the association, a fraction or percentage of the common expenses of the association and a portion of the votes in the association; and
 - (c) In a planned community, a fraction or percentage of the common expenses of the association and a portion of the votes in the association.

NRS 116.3113 Insurance: General requirements.

1. Commencing not later than the time of the first conveyance of a unit to a person other than a declarant, the association shall maintain, to the extent reasonably available and subject to reasonable deductibles:

(a) **Property insurance** on the **common elements** and, in a planned community, also on property that must become common elements, insuring against risks of direct physical loss commonly insured against, which insurance, after application of any deductibles, must be **not less than 80 percent of the actual cash value of the insured property** at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from property policies;

(b) **Commercial general liability insurance, including insurance for medical payments**, in an amount determined by the executive board but not less than any amount specified in the declaration, covering all occurrences commonly insured against for bodily injury and property damage arising out of or in connection with the use, ownership, or maintenance of the common elements and, in cooperatives, also of all units; and

(c) **Crime insurance which includes coverage for dishonest acts by members of the executive board and the officers, employees, agents, directors and volunteers of the association** and which extends coverage to any business entity that acts as the community manager of the association and the employees of that entity. Such insurance may not contain a conviction requirement, and the minimum amount of the policy must be not less than an amount equal to 3 months of aggregate assessments on all units plus reserve funds or \$5,000,000, whichever is less.

2. In the case of a building that contains units divided by horizontal boundaries described in the declaration, or vertical boundaries that comprise common walls between units, the insurance maintained under paragraph (a) of subsection 1, to the extent reasonably available, must include the units, but need not include improvements and betterments installed by units’ owners.

3. If the insurance described in subsections 1 and 2 **is not reasonably available**, the association promptly **shall cause notice of that fact to be given to all units’ owners**. The **declaration may** require the association to carry any other insurance, and **the association may carry any other insurance** it considers appropriate to protect the association or the units’ owners.

4. An insurance policy issued to the association does not prevent a unit’s owner from obtaining insurance for the unit’s owner’s own benefit.

(Added to NRS by [1991, 565](#); A [2011, 2445](#))

NRS 116.3102 Powers of unit-owners' association; limitations.

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

NRS 116.3115 Assessments for common expenses; funding of adequate reserves; collection of interest on past due assessments; calculation of assessments for particular types of common expenses; notice of meetings regarding assessments for capital improvements.

1. Until the association makes an assessment for common expenses, the declarant shall pay all common expenses.

4. Except as otherwise provided in the governing documents:

(a) Any common expense associated with the maintenance, repair, restoration or replacement of a limited common element must be assessed against the units to which that limited common element is assigned, equally, or in any other proportion the declaration provides;

(b) Any common expense benefiting fewer than all of the units or their owners may be assessed exclusively against the units or units' owners benefited; and

(c) **The costs of insurance must be assessed in proportion to risk and the costs of utilities must be assessed in proportion to usage.**

5. Assessments to pay a judgment against the association may be made only against the units in the common-interest community at the time the judgment was entered, in proportion to their liabilities for common expenses.

6. If **damage to a unit** or other part of the common-interest community, or if any other common expense **is caused by the willful misconduct or gross negligence of any unit's owner, tenant or invitee** of a unit's owner or tenant, the association **may assess** that **expense exclusively against his or her unit**, even if the association maintains insurance with respect to that damage or common expense, unless the damage or other common expense is caused by a vehicle and is committed by a person who is delivering goods to, or performing services for, the unit's owner, tenant or invitee of the unit's owner or tenant.

NRS 116.31133 Insurance: Policies; use of proceeds; certificates or memoranda of insurance.

1. Insurance policies carried pursuant to [NRS 116.3113](#) must provide that:

(a) **Each unit's owner is an insured person** under the policy with respect to liability arising out of the unit's owner's interest in the common elements or membership in the association;

(b) The insurer waives its right to subrogation under the policy against any unit's owner or member of his or her household;

(c) No act or omission by any unit's owner, unless acting within the scope of his or her authority on behalf of the association, voids the policy or is a condition to recovery under the policy; and

(d) **If, at the time of a loss under the policy, there is other insurance in the name of a unit's owner covering the same risk covered by the policy, the association's policy provides primary insurance.**

2. Any loss covered by the property policy under subsections 1 and 2 of [NRS 116.3113](#) must be adjusted with the association, but the proceeds for that loss are payable to any insurance trustee designated for that purpose, or otherwise to the association, and not to any holder of a security interest. The insurance trustee or the association shall hold any insurance proceeds in trust for the association, units' owners and lienholders as their interests may appear. Subject to [NRS 116.31135](#), the proceeds must be disbursed **first for the repair** or restoration of the **damaged property**, and the association, units' owners, and lienholders are **not entitled** to receive payment of any portion of the proceeds **unless**

there is a surplus of proceeds after the property has been completely repaired or restored, or the common-interest community is terminated.

3. An insurer that has issued an insurance policy under this section shall issue certificates or memoranda of insurance to the association and, upon written request, to any unit's owner or holder of a security interest. The insurer issuing the policy **may not cancel or refuse to renew it until 30 days after notice of the proposed cancellation or nonrenewal has been mailed to the association**, each unit's owner and each holder of a security interest to whom a certificate or memorandum of insurance has been issued at their respective last known addresses.

(Added to NRS by [1991, 565](#); A [2003, 1210](#); [2011, 2445](#))

NRS 116.31135 Insurance: Repair or replacement of damaged or destroyed portion of community.

1. Any portion of the common-interest community for which insurance is required under [NRS 116.3113](#) which is damaged or destroyed must be repaired or replaced promptly by the association unless:

(a) The common-interest community is terminated, in which case [NRS 116.2118](#), [116.21183](#) and [116.21185](#) apply;

(b) Repair or replacement would be illegal under any state or local statute or ordinance governing health or safety; or

(c) **Eighty percent of the units' owners**, including every owner of a unit or assigned limited common element that will not be rebuilt, **vote not to rebuild**.

2. The cost of repair or replacement in excess of insurance proceeds, deductibles and reserves is a common expense. If the entire common-interest community is not repaired or replaced:

(a) The insurance proceeds attributable to the damaged common elements must be used to restore the damaged area to a condition compatible with the remainder of the common-interest community; and

(b) Except to the extent that other persons will be distributees:

(1) The insurance proceeds attributable to units and limited common elements that are not rebuilt must be distributed to the owners of those units and the owners of the units to which those limited common elements were allocated, or to lienholders, as their interests may appear; and

(2) The remainder of the proceeds must be distributed to all the units' owners or lienholders, as their interests may appear, as follows:

(I) In a condominium, in proportion to the interests of all the units in the common elements; and

(II) In a cooperative or planned community, in proportion to the liabilities of all the units for common expenses.

3. If the units' owners vote not to rebuild any unit, that unit's allocated interests are automatically reallocated upon the vote as if the unit had been condemned under subsection 1 of [NRS 116.1107](#), and the association promptly shall prepare, execute and record an amendment to the declaration reflecting the reallocations.

(Added to NRS by [1991, 566](#); A [1993, 2370](#); [2011, 2446](#))

NRS 116.31138 Insurance: Variance or waiver of provisions in community restricted to nonresidential use. The provisions of [NRS 116.3113](#), [116.31133](#) and [116.31135](#) may be varied or waived in the case of a common-interest community all of whose units are restricted to nonresidential use.

(Added to NRS by [1991, 567](#))

NRS 116.2124 Termination following catastrophe. If substantially all the units in a common-interest community **have been destroyed or are uninhabitable** and the available methods for giving notice under [NRS 116.3108](#) of a meeting of units' owners to consider termination under [NRS 116.2118](#) will not likely result in receipt of the notice, the executive board or any other person holding an interest in the common-interest community may commence an action in the district court of the county in which the common-interest community is located seeking to terminate the common-interest community. During the pendency of the action, the court may issue whatever orders it considers appropriate, including, without limitation, an order for the appointment of a receiver. After a hearing, the court may terminate the common-interest community or reduce its size and may issue any other order the court considers to be in the best interest of the units' owners and persons holding an interest in the common-interest community

NRS 116.21185 Respective interests of units' owners following termination. The respective interests of units' owners referred to in subsections 5, 6 and 7 of [NRS 116.2118](#) and in [NRS 116.21183](#) are as follows:

1. Except as otherwise provided in subsection 2, the respective interests of units' owners are the fair market values of their units, allocated interests, and any limited common elements immediately before the termination, as determined by one or more independent appraisers selected by the association. The decision of the independent appraisers must be distributed to the units' owners and becomes final unless disapproved within 30 days after distribution by units' owners to whom 25 percent of the votes in the association are allocated. The proportion of interest of any unit's owner to that of all units' owners is determined by dividing the fair market value of that unit and its allocated interests by the total fair market values of all the units and their allocated interests.

2. If any unit or any limited common element is destroyed to the extent that an appraisal of the fair market value thereto before destruction cannot be made, the interests of all units' owners are:

(a) In a condominium, their respective interests in the common elements immediately before the termination;

(b) In a cooperative, their respective ownerships immediately before the termination; and

(c) In a planned community, their respective liabilities for common expenses immediately before the termination.

(Added to NRS by [1991, 553](#))

NRS 116.3107 Upkeep of common-interest community.

1. Except to the extent provided by the declaration, subsection 2 and [NRS 116.31135](#), the association has the duty to provide for the maintenance, repair and replacement of the common elements, and each unit's owner has the duty to provide for the maintenance, repair and replacement of his or her unit. Each unit's owner shall afford to the association and the other units' owners, and to their agents or employees, access through his or her unit reasonably necessary for those purposes. If damage is inflicted on the common elements or on any unit through which access is taken, the unit's owner responsible for the damage, or the association if it is responsible, is liable for the prompt repair thereof.

2. In addition to the liability that a declarant as a unit's owner has under this chapter, the declarant alone is liable for all expenses in connection with real estate subject to developmental rights. No other unit's owner and no other portion of the common-interest community is subject to a claim for payment of those expenses. Unless the declaration provides otherwise, any income or proceeds from real estate subject to developmental rights inures to the declarant.

3. In a planned community, if all developmental rights have expired with respect to any real estate, the declarant remains liable for all expenses of that real estate unless, upon expiration, the declaration provides that the real estate becomes common elements or units.

NRS 116.31073 Maintenance, repair, restoration and replacement of security walls.

1. Except as otherwise provided in subsection 2 and [NRS 116.31135](#), the association is responsible for the maintenance, repair, restoration and replacement of any security wall which is located within the common-interest community.

2. The provisions of this section do not apply if the governing documents provide that a unit's owner or an entity other than the association is responsible for the maintenance, repair, restoration and replacement of the security wall.

3. For the purpose of carrying out the maintenance, repair, restoration and replacement of a security wall pursuant to this section:

(a) The association, the members of its executive board and its officers, employees, agents and community manager may enter the grounds of a unit after providing written notice and, notwithstanding any other provision of law, are not liable for trespass.

(b) Any such maintenance, repair, restoration and replacement of a security wall must be performed:

(1) During normal business hours;

(2) Within a reasonable length of time; and

(3) In a manner that does not adversely affect access to a unit or the legal rights of a unit's owner to enjoy the use of his or her unit.

(c) Notwithstanding any other provision of law, the executive board is prohibited from imposing an assessment without obtaining prior approval of the units' owners unless the total amount of the assessment is less than 5 percent of the annual budget of the association.

4. As used in this section, "security wall" means any wall composed of stone, brick, concrete, concrete blocks, masonry or similar building material, including, without limitation, ornamental iron or other fencing material, together with footings, pilasters, outriggers, grillwork, gates and other appurtenances, constructed around the perimeter of a residential subdivision with respect to which a final map has been recorded pursuant to [NRS 278.360](#) to [278.460](#), inclusive, to protect the several tracts in the subdivision and their occupants from vandalism.

(Added to NRS by [2009, 2862](#))

NRS 116.3111 Tort and contract liability.

1. A unit's owner is not liable, solely by reason of being a unit's owner, for an injury or damage arising out of the condition or use of the common elements. Neither the association nor any unit's owner except the declarant is liable for that declarant's torts in connection with any part of the common-interest community which that declarant has the responsibility to maintain.

2. An action alleging a wrong done by the association, including, without limitation, an action arising out of the condition or use of the common elements, may be maintained only against the association and not against any unit's owner. If the wrong occurred during any period of declarant's control and the association gives the declarant reasonable notice of and an opportunity to defend against the action, the declarant who then controlled the association is liable to the association or to any unit's owner for all tort losses not covered by insurance suffered by the association or that unit's owner, and all costs that the association would not have incurred but for a breach of contract or other wrongful act or omission. Whenever the declarant is liable to the association under this section, the

declarant is also liable for all expenses of litigation, including reasonable attorney's fees, incurred by the association.

3. Except as otherwise provided in subsection 4 of [NRS 116.4116](#) with respect to warranty claims, any statute of limitation affecting the association's right of action against a declarant under this section is tolled until the period of declarant's control terminates. A unit's owner is not precluded from maintaining an action contemplated by this section because he or she is a unit's owner or a member or officer of the association. Liens resulting from judgments against the association are governed by [NRS 116.3117](#).

NRS 116A.640 Community manager prohibited from engaging in certain acts; exceptions

7. Provide or attempt to provide to a client a service concerning a type of property or service:

(a) That is outside the community manager's field of experience or competence without the assistance of a qualified authority unless the fact of his or her inexperience or incompetence is disclosed fully to the client and is not otherwise prohibited by law; or

(b) For which the community manager is not properly licensed

NRS 116A.630 Standards of practice for community managers

4. Advise a client to obtain advice from an independent expert relating to matters that are beyond the expertise of the community manager

NRS 116A.620 Management agreement: Contents; requirements; community manager to provide executive board with evidence of insurance; community manager to provide executive board with copy; changes; termination or assignment.

1. Any management agreement must:

(k) Identify the types and amounts of insurance coverage to be carried by each contracting party, including, without limitation:

(1) A requirement that the community manager or his or her employer shall maintain insurance covering liability for errors or omissions, professional liability or a surety bond to compensate for losses actionable pursuant to this chapter in an amount of \$1,000,000 or more;

(2) An indication of which contracting party will maintain fidelity bond coverage; and

(3) A statement as to whether the client will maintain directors and officers liability coverage for the executive board;

(l) Include provisions for dispute resolution

3. Not later than 10 days after the effective date of a management agreement, the community manager shall provide each member of the executive board evidence of the existence of the required insurance, including, without limitation:

(a) The names and addresses of all insurance companies;

(b) The total amount of coverage; and

(c) The amount of any deductible.