

JOINT COMMITTEE ON COMMERCE - SENATE & ASSEMBLYMINUTES - PUBLIC HEARINGS.B. 39

Date: Friday, February 14, 1969

Committee Members Present: Senator White, Chairman

Mr. Capurro
Mr. T. Hafen
Mr. Torvinen
Mr. Bowler
Mr. Espinoza

Committee Members Absent: Senator Bunker
Senator Titlow
Senator Hecht
Senator Swobe
Mr. Wood

Others Present: Louis T. Mastos, Commissioner of Insurance, Nevada
Douglas Erickson, Chief Deputy Commissioner of Insurance, Nevada
Earl Nicholson, Actuary for Insurance Division
Interested representatives of the insurance industry

Meeting called to order at 10:30 A.M.

Senator White announced two or three minutes would be given to anyone wishing to speak for the Adjusters Association pertinent to their proposed amendment (Copy attached - Reference Section 255, Qualifications for Individual License).

Mr. _____ Scott, representing the Nevada State Claims Association, as well as the Reno and Las Vegas Claims Associations, presented the proposed amendment and reasons for its adoption. Mr. Mastos said he had no objection to its adoption.

Chairman then recognized Mr. Farrell Foster, who was present to speak on Chapter 31, Fraternal Benefit Societies.

Mr. Foster identified himself as Secretary-Treasurer of the National Fraternal Congress. He spoke in favor of Chapter 31 as written and expressed his hope that it would pass as prepared. He had no suggestions for changes.

Mr. Erickson said there were no changes, actually, in this chapter. The language had been modernized a bit, but no changes were made, as it was felt none needed to be made. Mr. Mastos agreed.

CHAPTER 20 - GROUP AND BLANKET HEALTH INSURANCE

Section 512. Mr. Nicholson said that the maximum limit for credit insurance has been increased from \$10,000 to \$15,000. Subsection 2 of Section 512 - Mr. Nicholson pointed out that in case of death of insured, the dependents

can continue coverage under the group policy; this eliminates the requirement of conversion. This is a new section.

Section 518. Mr. Nicholson said this section involves blanket insurance. Under present law, a certificate is not required under blanket insurance. Proposed law provides that if insured pays any part of premium, he shall receive a statement of the coverage he has.

CHAPTER 21 - CREDIT LIFE AND HEALTH INSURANCE

Mr. Mastos said this chapter has been brought up to date; it modernizes the law that has been in effect in Nevada for several years.

Mr. Nicholson said there are two major changes in this chapter.

Section 522. Credit insurance law now applies to any loans which are for less than 10 years; it previously applied to loans for 5 years or less.

The other major change is in Section 527. Under the present law, credit insurance can be taken out only at time indebtedness occurs. Proposed law would permit purchase of credit insurance at a later date.

CHAPTER 22 - CASUALTY INSURANCE CONTRACTS

Mr. Erickson said this chapter contains the existing provisions of the law, including the uninsured motorist's coverage passed in the last session. The only change is in Section 540, which pertains to coverage in Mexico. Mr. Mastos said this has been a subject of discussion on the international level. He said it is his belief this is of big help to both Mexico and ourselves. He said he met with Mexican officials two weeks ago and they are very pleased we are contemplating an action such as this.

CHAPTER 23 - PROPERTY INSURANCE CONTRACTS

Mr. Erickson termed this a "dummy" chapter. It is to take care of any future problems in this area.

CHAPTER 24 - SURETY INSURANCE CONTRACTS

Mr. Erickson said there are no changes here. It contains the existing provisions in the law.

CHAPTER 25 - TITLE INSURANCE CONTRACTS

Mr. Erickson reminded the committee that he and the title people are to get together and discuss their points of opposition to the proposed code.

CHAPTER 26 - FORMATION, CAPITALIZATION OF DOMESTIC STOCK, MUTUAL INSURERS; FINANCING OF INSURERS AND HOLDING CORPORATIONS

Mr. Mastos read description of chapter from the attached resume of the Revised Nevada Insurance Code.

Mr. Mastos said this chapter is an extensive revision of our existing law. It is an updating to meet present needs. The subject has been one of national concern. There is no model action in this code; it is related to Nevada structure. Mr. Mastos said it is his opinion the code is second to none in the United States. He believes that for our needs our law is better than the national law.

CHAPTER 27 - CORPORATE POWERS, PROCEDURES OF DOMESTIC STOCK AND MUTUAL INSURERS

Mr. Mastos read description of chapter from attached resume of Revised Nevada Insurance Code. He said this is a new chapter; it modernizes our procedures and allows for what we feel will entice corporations to Nevada.

Senator White commented that it is the general feeling of the committee that they are not entirely knowledgeable in this area and must rely on Department of Insurance for guidance insofar as this chapter is concerned.

CHAPTER 28 - CONTINUITY OF MANAGEMENT DURING EMERGENCY RESULTING FROM ATTACK.

Mr. Mastos quoted description of chapter from attached resume of Revised Nevada Insurance Code and commented that this is simply what we now have, with the language perhaps updated. The law was adopted some five or six years ago. It is a national model bill.

CHAPTER 29 - INSIDER TRADING OF EQUITY SECURITIES

Mr. Mastos quoted description of chapter from attached resume of Revised Nevada Insurance Code and commented that it is a national model bill. Law adopted to give state regulatory control, rather than SEC.

Chairman announced the next meeting would convene at 9:00 A.M., Monday, February 17.

Meeting adjourned at 11:00 A.M.

APPROVED

Marvin L. White, Chairman

2/13/69

RENO CLAIMS ASSOCIATION
RENO, NEVADA

65

Adjusters

February 13, 1969

RE: SENATE BILL NO. 39 COMMITTEE ON COMMERCE

The Nevada State Claims Association, along with the Reno and Las Vegas Claims Associations, recommend the following changes in the captioned bill:

Sec. 255: Paragraph 2 - (b) - Shall be deleted and the following language substituted:

Subject to Section 88 of this act, an adjuster licensed as such and residing, or if a corporation, domiciled, in a state other than Nevada which will permit residents of Nevada to act as adjusters in such other state.

REVISED NEVADA INSURANCE CODE

This memorandum will briefly summarize major aspects of the revised Nevada Insurance Code, as to be presented for consideration by the Legislature at its regular 1969 Session.

(1) Authorization. Preparation of the revised code was authorized by the Legislature under Chapter 315, Statutes of Nevada, 1967. Pursuant to that enactment and with the approval of Governor Laxalt, Legislative Counsel McDonald and others concerned, Commissioner of Insurance Louis T. Mastos undertook the active direction and supervision of the code revision project.

(2) Objectives. As reflected in the Act under which the revision was authorized, the purpose of the revision is to provide the State of Nevada with a well organized, clearly presented, and complete body of laws governing the insurance business, the conduct and public supervision thereof, with particular regard to the unique problems, needs and facilities of the State of Nevada - all designed to improve the protection of Nevada policyholders, facilitate public supervision, and provide for continuing improvement of insurance services available in the State.

While the revised code is necessarily concerned with the character and adequacy of laws to meet current conditions and needs, at the same time it attempts to provide a plan of organization into which new laws needed in the future may be fitted conveniently without disturbing the basic plan of the code or resulting in confusion or duplications of the law.

Of particular concern was the possibility of providing such facilities in the revised code as might attract responsible people and companies to use Nevada as a domicile for the formation of insurance companies and as the situs of regional home offices serving insurance operations in surrounding states. It is hoped that thereby the stable payrolls characteristic of the insurance business could be attracted to Nevada and that the presence here of substantial and responsible insurance organizations would add to the general economy of the State.

(3) Preparation of the revised code. Preparation of the revised code commenced in fact long before enactment of the enabling legislation. Through the years the Commissioner of Insurance and members of his staff had accumulated an understanding based on experience as to changes or modernization of the existing insurance code needed and of ideas and information as to the character of such changes and supplementation. In 1967, this continuing process of inquiry and determination was extended actively into all areas of possible concern. Persons engaged in the insurance business in Nevada, whether as domestic insurance organizations or representatives of insurance organizations formed under the laws of other states or countries, were interviewed for discussion of Nevada problems and possibilities. An exhaustive breakdown and analysis of the provisions of the existing Nevada insurance code was made, together with a review of the rules and regulations of the Commissioner of Insurance, opinions of the Attorney General, and decisions of court regarding insurance code provisions or insurance matters of general interest. From time to time discussions of revision matters and problems were held within the Insurance Division, participated in by the Commissioner of Insurance, Deputy Commissioner, the Division actuary and other members of the staff having particular interest or experience as to matters of concern.

As soon as the breakdown of the existing code had been completed and sufficient background involving the revision had been acquired, drafting of proposed provisions was commenced in the summer of 1967. As the drafts of proposed provisions with accompanying reference notes and comment were developed, they were subjected to study and review within the Division of Insurance and at general conferences thereon from time to time, for such modifications, additions, and deletions as appeared to be in order.

Publication. By July 1, 1968, the basic drafting and review had been completed, and the entire proposed revised code was ready for publication and wider distribution, analysis and criticism. Prior to publication, the draft was reviewed by Russell W. MacDonald, Esquire, Legislative Counsel, and certain corrections were made and the draft conformed to the general style and requirements of Nevada Legislative Acts and statutes. The entire proposed revised code was then published in preliminary draft form in September, 1968, and most of 500 copies of the proposed code were distributed to the insurance industry in Nevada, and throughout the United States, to state and national officials having a concern therewith, to insurance supervisory officials of other states, and to public libraries throughout Nevada. This distribution gave everyone in Nevada who may be concerned an opportunity to know what was proposed and a chance to be heard with respect thereto at the public hearings mentioned below.

Hearings. Pursuant to the schedule thereof published as part of the September, 1968, draft, a series of public hearings was held at Carson City commencing on November 12, 1968, and extending through November 20, 1968. At these hearings each and every proposed provision and chapter of the revised code was brought up for consideration and such discussion and review had of each provision as was called for by the extensive reviewing of the proposed provisions by literally hundreds of interested individuals and organizations in Nevada and throughout the United States. Following the Carson City hearings, a one-day hearing was held at Las Vegas on November 21, 1968, at which a review of the revised code was presented to persons in attendance and answers given to questions asked.

Following the public hearings, many changes were made in the draft to improve clarity or to take advantage of more recent experience. An effort was made also to meet and dispose of such problems, otherwise legislative in character, as were found in the draft, and this was possible in practically all instances without sacrifice of objectives.

The revised code in the form of a Bill which will be presented for the consideration of the legislature in 1969 is, therefore, in content and form a culmination of vast labors, of intense scrutiny, and of our deep interest in providing our State with a modern insurance code completely built around the needs and interests of our State and its people.

(4) General plan of revised code. The insurance business is regulated in greater detail than perhaps any other private business operating in the United States. It is not a static business, but one which is constantly developing, changing, expanding, and evolving. The laws required for the supervision and accommodation of this dynamic business have grown constantly in volume; from a few pages fifty years ago, our insurance statutes now require a book running into hundreds of printed pages. These processes of change and growth will continue. It was, therefore deemed essential in the preparation of the revised code to provide a plan of organization which could readily accommodate change and supplementation for a long time in the future.

The revised code was shaped along organic lines, so that basic supervisory and qualification requirements once adequately presented need not be duplicated; so that each factor of law would have a single proper place in the plan of organization, and that thereby needless duplications leading to ambiguities and confusions might be avoided.

Under the plan of organization, the chapters of the revised code were allocated to seven major areas:

AREA I

Powers of Supervision and General Requirements

Chapter No.

- 1 - Scope and Definitions
- 2 - Commissioner of Insurance
- 3 - Authorization of Insurers and General Requirements
- 4 - Fees and Taxes
- 5 - Kinds of Insurance; Limits of Risk; Reinsurance

AREA II

Financial and Accounting

- 6 - Assets and Liabilities
- 7 - Investments
- 8 - Administration of Deposits; Trusteed Assets of Alien Insurers

AREA III

Field Operations

- 9 - Agents, Brokers and Solicitors
- 10 - Life Insurance Analysts
- 11 - Adjusters
- 12 - Surplus Lines
- 13 - Unauthorized Insurers: Prohibitions, Process and Advertising
- 14 - Trade Practices and Frauds

AREA IV

Rates and Contracts

- 15 - Rates and Rating Organizations
- 16 - The Insurance Contract
- 17 - Life Insurance and Annuity Contracts
- 18 - Group Life Insurance
- 19 - Health Insurance Contracts
- 20 - Group Life and Health Insurance
- 21 - Credit Life and Health Insurance
- 22 - Casualty Insurance Contracts
- 23 - Property Insurance Contracts
- 24 - Surety Insurance Contracts
- 25 - Title Insurance Contracts

AREA V
Insurer Organizations

- 26 - Formation, Capitalization of Domestic Stock, Mutual Insurers; Financing of Insurers and Holding Corporations
- 27 - Corporate Powers, Procedures of Domestic Stock and Mutual Insurers
- 28 - Continuity of Management during Emergency Resulting from Attack
- 29 - Insider Trading of Equity Securities
- 30 - Reciprocal Insurers
- 31 - Fraternal Benefit Societies
- 32 - Nonprofit Hospital and Medical Service Corporations
- 33 - Motor Clubs

AREA VI
Delinquent Insurers

- 34 - Delinquent Insurers: Conservation, Rehabilitation and Liquidation

AREA VII
Supplementary Subjects

- 35 - Professional Bondsmen
- 36 - Unclaimed Funds of Life Insurers

As new provisions become necessary they may readily be inserted in the pertinent chapters, which themselves have a strong internal organization and sequence of provisions; where new chapters become necessary in the future, they may likewise be fitted into the area within which they belong under the plan of organization. Entire provisions or chapters may likewise be dropped in the future with a minimum of disturbance of remaining provisions. In this respect the revised code is almost modular in concept and organization.

(5) Summary as to chapters. A detailed review of the provisions of each chapter, or a comparison of the new provisions with similar provisions of the existing insurance code, would be an exhaustive and voluminous undertaking and would probably serve no useful purpose. However, a brief summary of the purposes of the respective chapters of the revised code and mention of some of the highlights may be of value and afford as well a quick understanding of features of special interest:

Chapter 1 - Scope and Definitions. This is an introductory chapter, containing definitions and provisions as to basic terms and concepts to be used throughout the code, such as the definition of "insurance", "insurer", "commissioner", and providing useful rules of construction and a general penalty.

Chapter 2 - Commissioner of Insurance. This chapter provides facilities and general procedures of public supervision. It continues the Insurance Division, the Office of Commissioner, makes provision for staff, conflicts of interest, rules and regulations, procedures as to orders, for records, and enforcement; it gives the Commissioner increased responsibilities as to the examination of persons in the insurance business, extending, in addition to insurers, to insurance promoters, holding companies, subsidiaries, managers and representatives; contains comprehensive provisions governing administrative procedures, the right

to and conduct of hearings; it provides for right of appeal to the Courts from any act or threatened act of the Commissioner, or his failure to act.

Chapter 3 - Authorization of Insurers and General Requirements. This chapter specifies requirements to be met by insurers of all types for authority to transact insurance in this state. It substantially increases the amount of capital funds required for such authority; and gives the Commissioner power to bar insurers whose management has been found to be incompetent or dishonest. It adds useful new grounds for suspension or revocation of an insurer's certificate of authority, relating to the insurer's hazardous business practices or improper treatment of policyholders and other parties with respect to claims. It contains a new provision establishing standards of conduct to be observed in transactions among insurance companies and their parent, subsidiary and affiliated corporations.

Chapter 4 - Fees and Taxes. Adds new and increased fees for licensing in various categories and for services rendered by the Insurance Division. Provides for the premium tax on insurers, with clarifications found desirable in past experience; excepts premiums paid under federally-qualified pension, annuity, profit-sharing plans; as an incentive to establishment of regional home offices in Nevada, it follows plan used successfully by Florida in allowing a tax credit for insurers establishing such regional home offices in Nevada; and provides for an insurance regulatory revolving fund, subject to usual budget control, to facilitate the financing of the functions of the Insurance Division.

Chapter 5 - Kinds of Insurance; Limits of Risk; Reinsurance. Contains broad, comprehensive definitions of basic kinds of insurance, such as casualty, health, life, marine and transportation, property, surety and title insurances. Substitutes these "kinds" of insurance by name for the confusing numbered classes of insurance now used in the Nevada code. Governs limits of risks accepted by an insurer as to one subject of insurance, and regulates reinsurance practices.

Chapter 6 - Assets and Liabilities. Contains basic definitions of "assets" for insurance accounting purposes, and provides for the reserves required to be maintained as to particular kinds of insurance risk. Contains rules for valuation of assets of insurers.

Chapter 7 - Investments. This is a comprehensive chapter governing the investments primarily of domestic insurers, and establishes a general standard for determining the acceptable quality of investment portfolios of foreign and alien insurers. Requires reasonable diversification of investments and provides for investment in public obligations, corporate securities, stocks, mutual funds, policy loans, mortgage loans, real estate and other investments. Authorizes domestic insurers to invest in shares of subsidiaries engaged in specified businesses.

Chapter 8 - Administration of Deposits; Trusteed Assets of Alien Insurers. Provides for administration of deposits made in this state by insurers in connection with authorization in the state or in other states. Also provides for use of Nevada as state of entry into the United States by alien insurers (with particular concern to such a possibility with respect to insurance companies domiciled in Mexico,) and for the maintenance in Nevada of deposits required of such insurers for authority to transact business in Nevada and other states.

Chapter 9 - Agents, Brokers and Solicitors. A comprehensive chapter defining and providing for licensing of insurance agents, brokers and solicitors of all kinds; for clarification and strengthening of qualifications and examination require-

ments. Establishes a permanent licensing system which will eliminate much clerical work in the Insurance Division, which reduces expenses and at the same time increases revenues of the State from this source. Provides adequate grounds for suspension and revocation of licenses, for protection of the public against incompetent, dishonest or financially irresponsible insurance representatives.

Chapter 10 - Life Insurance Analysts. This is a new chapter providing for qualifications, licensing and supervision of life insurance analysts who, for a fee or compensation other than from the insurance company, are in the business of advising insureds or prospective insureds concerning insurance matters.

Chapter 11 - Adjusters. Provides for qualifications, licensing and supervision of independent, public and associate adjusters. Much of this chapter is new to Nevada. The permanent license system is also used here.

Chapter 12 - Surplus Lines. This a comprehensive, modernized chapter governing the placing in unauthorized insurers (frequently alien insurers) of Nevada insurance coverages which cannot readily be procured from insurers authorized to transact business in the state. Provides for qualifications, licensing and supervision of surplus lines brokers, the conditions under which coverages may be exported, restrictions as to identities of unauthorized insurers which may be used for such placements, and other provisions for the protection of insureds under these coverages. It also contains provisions for tax on surplus lines premiums and for the operation and supervision of voluntary organizations of surplus lines brokers.

Chapter 13 - Unauthorized Insurers: Prohibitions, Process and Advertising. This chapter prohibits certain operations in Nevada on behalf of unauthorized insurers, and contains the "Unauthorized Insurers Services of Process Act" under which the jurisdiction of Nevada courts is established for claims arising in Nevada under policies issued by unauthorized insurers. Also contains the "Unauthorized Insurers False Advertising Process Act" under which the Commissioner is given improved facilities for preventing unauthorized insurers - often mailorder companies - from sending misleading and deceptive advertising to persons in this state.

Chapter 14 - Trade Practices and Frauds. This chapter contains the "Uniform Unfair Trade Practices Act" and many supplementary and additional provisions in further prohibiting unfair and monopolistic practices in the insurance business or relative to the insurance business. It contains provisions preventing "coercion of business" by lenders and vendors, prohibits "wrap-up" of coverages involved in public construction contracts; prohibits excessive charges, use of fictitious groups to secure rate preferences, and other improper and deceptive practices.

Chapter 15 - Rates and Rating Organizations. This chapter continues the existing Nevada rating laws, with some liberalization under which a broader range of competition may be available to insurers as to rates charged for property, casualty and surety coverages, while retaining sufficient supervision and jurisdiction in the Commissioner for the discouragement of unfair and discriminatory rate abuses.

Chapter 16 - The Insurance Contract. Much of this chapter is new to Nevada. It deals with insurance contracts in their more general aspects, having provisions relative to insurable interest, power to contract, to handling and consequences of applications for insurance; requirement that insurance forms must be filed and

approved by the Commissioner before used in the future, with comprehensive specific grounds for disapproval; relative to execution; as to delivery and assignability of insurance contracts; provisions for facilitation of insurance payments, and exemptions from creditors for proceeds payable under life and health insurance policies and annuity contracts.

Chapter 17 - Life Insurance and Annuity Contracts. This chapter contains the uniform standard provisions of life insurance policies and annuity contracts. For the first time in Nevada these provisions are specifically designed to cover "industrial" as well as other types of life insurance. The chapter has up-dated provisions as to the nonforfeiture rights of policyholders as to life insurance policies. It likewise provides for issuance of annuity contracts payable in variable dollars as a contra-inflation facility. In Chapter 7, dealing with investments, a companion provision is made for the investment of funds resulting from such contracts in securities as provided or permitted by the contracts.

Chapter 18 - Group Life Insurance. This chapter contains definitions of the different kinds of groups which are eligible for group life insurance, such as employees groups, debtor groups, labor union groups, trustee groups, public employee and association groups, and credit union groups. It also provides for coverage of dependents under certain group insurance contracts and increases the amount of insurance available to an individual under group contracts. It also contains requirements as to the standard provisions of group contracts including right of the individual covered under certain of the contracts to convert to an individual policy without evidence of insurability upon termination of his insurance coverage in the group contract.

Chapter 19 - Health Insurance Contracts. This chapter contains most of the existing law on the same subject, with some modernization. It contains standard provision requirements for individual accident and health insurance policies, provisions relating to excess coverages, and required terminology as to certain restrictions to be used by the insurer relating to use of intoxicants and drugs, to injuries received while committing a crime, and so forth.

Chapter 20 - Group Life and Health Insurance. This chapter defines the various kinds of groups which can be covered by accident and health insurance on a group basis, as well as the various groups and organizations eligible for "blanket" insurance. The standard provisions to be contained in such group and blanket contracts are likewise provided for in this chapter.

Chapter 21 - Credit Life and Health Insurance. This chapter contains the existing law relative to restrictions and requirements of coverages issued on debtors for the protection of creditors in various credit transactions.

Chapter 22 - Casualty Insurance Contracts. This chapter contains the existing provisions as to uninsured vehicle coverage, now extended to include also failure of coverage because of the insolvency of the insurer of the other driver. Also contained is a provision authorizing the addition to an automobile liability policy of coverage while in Mexico to be provided by a Mexico-domiciled insurer.

Chapter 23 - Property Insurance Contracts. This is a "dummy" chapter preserving this location in the code plan of organization for future development of the law as to property insurance contracts. Certain other states already have extensive provisions as to this subject.

Chapter 24 - Surety Insurance Contracts. This chapter contains existing provisions relative to surety bonds.

Chapter 25 - Title Insurance Contracts. This chapter contains supplemented existing provisions relative to the contracts issued by title insurers.

Chapter 26 - Formation, Capitalization of Domestic Stock, Mutual Insurers; Financing of Insurers and Holding Corporations. This is a new chapter governing the formation, capitalization and financing of domestic insurers and insurance holding companies. It specifies the content of articles of incorporation of insurers and amendment thereof; requires a permit for the financing of domestic insurers through public offering of securities; requires full disclosure as to individuals to be involved in the promotion and financing of the insurer, investigation by the Commissioner and terms under which permit will be granted, with reasonable protection to investors; requires a prospectus as to securities offerings and a substantial deposit for the protection of the state and of investors; requires licensing of securities salesmen. Provides for the formation of domestic mutual insurers to engage in all kinds of insurance business, and for voluntary dissolution of both stock and mutual companies.

Chapter 27 - Corporate Powers, Procedures of Domestic Stock and Mutual Insurers. This new chapter governs the management and corporate procedures of domestic stock and mutual insurers. It supplements, where deemed advisable, the general corporation statutes of the state as to such insurance corporations. It governs the maintenance of home office records and assets; provides for regulation of proxies and proxy statements and requires information be given to stockholders relative to company affairs; governs management and exclusive agency contracts and prohibits or regulates transactions wherein personnel have conflicts of interest. It governs dividends to stockholders, and policyholders, purchase of its own shares by an insurance corporation and the use of borrowed capital. It contains various provisions for the protection of the interest of policyholders of mutual insurers. It provides the procedures and remedies in the event a domestic insurer becomes impaired. It has an unusually comprehensive series of provisions dealing with the merger or consolidation of stock and mutual insurers, the acquisition of control of stock insurers, conversion of stock insurers to ordinary business corporations and transfer of insurance business by means of bulk reinsurance. It has provisions for conversion of mutual insurers to stock companies and of a stock insurer to a mutual insurer. It provides for the preservation of the old charter of a foreign insurer merging into a Nevada insurer. This a novel provision and concept which, if effective, may encourage the reestablishment in Nevada of insurers now domiciled in other states. It provides for distribution of assets of a mutual insurer among its policyholders upon any liquidation of the insurer.

Chapter 28 - Continuity of Management During Emergency Resulting from Attack. This chapter continues the existing law with respect to emergency arrangements for management of insurance companies under conditions which may result from enemy attack.

Chapter 29 - Insider Trading of Equity Securities. This chapter continues existing law for the protection of insurance company stockholders with respect to trading by company insiders.

Chapter 30 - Reciprocal Insurers. This is a new chapter with comprehensive provisions for the organization and handling of internal affairs of domestic reciprocal insurers, and covering in respects important to Nevada policyholders, certain of the internal affairs of foreign reciprocal insurers transacting insurance in Nevada.

Chapter 31 - Fraternal Benefit Societies. This is a modernized chapter containing a complete body of statutes for the operation and supervision of fraternal benefit societies. Nevada already has statutes dealing with the same subject and this chapter brings the provisions up to date.

Chapter 32 - Nonprofit Hospital and Medical Service Corporations. This chapter contains the existing law dealing with the "Blue Cross" type of organization, with desirable clarifications and additions.

Chapter 33 - Motor Clubs. This chapter continues the existing Nevada law relative to motor clubs, with desirable supplementations and clarifications.

Chapter 34 - Delinquent Insurers: Conservation, Rehabilitation and Liquidation. This is an important chapter, much of which is new to Nevada. It provides comprehensively for the conservation, rehabilitation and liquidation of insurers in financial difficulties, to the end that assets will be preserved, liquidation will be expeditious and economical and that policyholders wherever located will receive fair treatment and a fair share of the insurer's assets. The grounds for rehabilitation and liquidation have been somewhat expanded in the interest of better protection to policyholders, and by a new series of provisions on "summary proceedings" through which the Commissioner or the courts have been authorized to move swiftly with respect to the affairs of insurance companies where delay might otherwise seriously injure the interests of the company or its policyholders.

Chapter 35 - Professional Bondsmen. This chapter contains the existing law with respect to bail bondsmen. It does, however, strengthen the financial requirements for persons engaged in the bail bond business, and has provisions for licensing, for a substantial surety bond, for records and supervision.

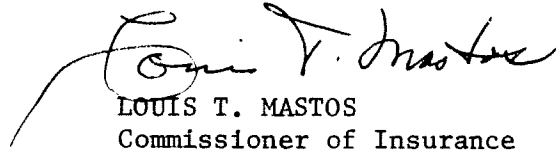
Chapter 36 - Unclaimed Funds of Life Insurers. This chapter continues the existing law requiring unclaimed funds held by life insurers and belonging to others to be delivered to the state upon designated conditions. The existing provisions have been modernized and clarified in some particulars.

Chapter 37 - Amendatory and Transitory Provisions. This chapter contains amendments of other Nevada statutes required because of the proposed revision of the insurance laws. It also provides for the continuation of licenses issued, forms and filings in effect and of deposits held under the old insurance code being repealed; for the continuance of the office of Commissioner and of existing certificates of authority of insurers. In short, this chapter provides for the transition from the old code to the new revised code. An effective date of January 1, 1970, is provided for the revised code, except as to certain specified provisions which are to become effective on passage and approval.

In conclusion: All in all, the revised Nevada Insurance Code represents the accomplishment of a monumental undertaking by the State, by the Legislature, and by all concerned. It has been given unsparing effort toward the fulfillment of the objectives first mentioned. Enactment of the revised code will greatly

strengthen the State in regard to the supervision and control of the insurance business, will afford higher standards of protection for Nevada policyholders, will facilitate the transaction of insurance business in the state, will attract responsible insurance organizations to the state, and will increase the revenues of the state from the insurance business.

Respectfully Submitted,



LOUIS T. MASTOS
Commissioner of Insurance

January 10, 1969

Prepared by:
Robert D. Williams, Esq.