

JOINT COMMITTEE ON COMMERCE - SENATE & ASSEMBLYMINUTES - PUBLIC HEARINGS.B. No. 39

Date: Monday, February 17, 1969

Committee Members Present: Senator White, Chairman

Mr. Mello
Mr. Capurro
Mr. Bowler
Mr. Espinoza

Committee Members Absent: Senator Bunker
Senator Titlow
Senator Hecht
Senator Swobe

Mr. Wood
Mr. T. Hafen
Mr. Torvinen

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

Chairman White called the meeting to order at 9:10 A.M.

CHAPTER 30 - RECIPROCAL INSURERS

Mr. Mastos quoted the description of this chapter from the resume of the Revised Nevada Insurance Code. He said that there had been several meetings with the industry in preparing this chapter, that the industry's suggestions had been concurred in and had been incorporated in this chapter. Mr. Mastos said this law will give the proper regulations believed necessary and he is in agreement with the chapter as written.

Mr. Virgil Anderson, representing the AAA, said they were in perfect agreement and supported the proposed legislation wholeheartedly.

Mr. Lorigan, of the Farmers Insurance group (to quote Mr. Lorigan, "largest of the reciprocals") said they totally endorse the chapter.

Mr. Hanna reminded the committee that he had made his comments at a previous meeting in this series of hearings.

CHAPTER 31 - FRATERNAL BENEFIT SOCIETIES

This chapter was discussed at the hearing held Friday, February 14.

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CHAPTER 32 - NONPROFIT HOSPITAL AND MEDICAL SERVICE CORPORATIONS

Again Mr. Mastos quoted from the resume of the Revised Nevada Insurance Code. No new or additional constructive ideas have been written into this chapter. It was prepared after meetings with representatives of these organizations. There may be minor changes; primary change is in the requirement that agents must be licensed.

In answer to question from Senator White, Mr. Mastos said that these organizations are still taxable.

CHAPTER 33 - MOTOR CLUBS

Mr. Anderson, of AAA, said the motor clubs would be badly affected by one change in this chapter. His reference was to Section 796, Page 328. He would like to see two subsections here: (a) as Section 796 is now written; and (b) "Every motor club having met the requirements of the Sub. (a) of this section shall thereafter file with the commissioner every revision or modification of any document required in Sub. (a). Such revision or modification shall be effective when filed and shall be deemed to meet the requirements of this chapter until disapproved by the commissioner." Adoption of this amendment would eliminate much complication for the motor clubs in making the frequent revisions that are required for their brochures covering services, etc. Mr. Mastos signified his agreement to the amendment, and said adoption of the amendment would make administration easier for his department. (Copy of amendment as proposed by Mr. Anderson is attached.)

Mr. Erickson pointed out another amendment which had been discussed and proposed. Mr. Anderson said he had neglected putting this in writing, but it had reference to Section 797. He would like to have the words "as defined in Section 780" inserted after the word "contract" in Line 49.

CHAPTER 34 - DELINQUENT INSURERS: CONSERVATION, REHABILITATION AND LIQUIDATION

Mr. Mastos quoted description of chapter from Revised Nevada Insurance Code. He stressed the importance of this chapter and said that he would say the whole chapter is new (in present statutes, this subject is covered in a one-page chapter). The chapter is now brought into line with fair model acts and reciprocal acts that other states have had and Nevada has never had; it also includes ancillary receivership provisions which Nevada has never had. Mr. Mastos believes the chapter as now written is adequate.

Mr. Capurro asked if it was patterned after legislation of other states. Mr. Mastos said, "Yes," and cited Wisconsin and California specifically. (A study made by the University of Wisconsin has been presented as a model act for national approval.)

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CHAPTER 35 - PROFESSIONAL BONDSMEN

Mr. Mastos gave resume of chapter from Revised Nevada Insurance Code. The revised law is very much the same as the current law, other than that the revised law sets forth the financial requirements of the licensee - a minimum net worth of \$50,000. (We have been operating "by rule of thumb.") Applicant is licensed by Insurance Division and must establish financial responsibility. There are now only two or three "professional bondsmen" operating in the state and adoption of this financial responsibility requirement will not be detrimental to them.

CHAPTER 36 - UNCLAIMED FUNDS OF LIFE INSURERS

Mr. Mastos described the chapter (see Revised Nevada Insurance Code). It is a standard chapter, very much as we have had it. Language has been modernized.

CHAPTER 37 - AMENDATORY AND TRANSITORY PROVISIONS

Contents here are the requirement of the bill drafter's office - to back up other sections affected by any changes in the insurance code. All are "Russ McDonald requirements."

Senator White said there are several bills pending on the regulation of funeral homes and cemeteries. He asked for a brief explanation as to background so they can be considered in the next few days. There is apparently some objection to combining funeral homes and cemeteries in the same legislation.

Mr. Mastos said the Insurance Division's bill covers both; the only thing in his department's bill is that they govern only the pre-need plans, which means the pre-sale of the mortician's services and services at the cemetery. He said that the representatives of the morticians and cemeteries had taken exception to the Insurance Division's bill because of the limitations on commissions - 25% to the morticians; 40% to the cemeteries.

Mr. Bowler said it was his understanding from meeting with mortician and cemetery groups prior to this legislative session that they wanted not consolidation but separation in legislation, because some own only mortuaries, some only cemeteries, some both. Mr. Mastos said he had not had the benefit of their thinking, but he would like them put on notice that his department wants control of only pre-need plans.

Mr. Bowler asked if any plans had been made to hear representatives of these groups. Senator White said he was in agreement these people should be heard and a hearing would be set up.

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Senator White then requested the subcommittees to study the chapters assigned to them, determine the recommendations they wish to make, prepare any amendments they deem appropriate. They should be ready to make their presentations to the full committee at meetings starting early next week.

Meeting adjourned at 10:00 A.M.

APPROVED:

Marvin L. White

AMENDMENTS TO SB 39

Amendment No. 1

In Line 40, on Page 328, of the printed bill after the words, "Sec. 796"
insert: "(a)".

Amendment No. 2

After Line 45, on Page 328 of the printed bill insert: (b) Every motor club having met the requirements of the Subdivision (a) of this section shall thereafter file with the commissioner every revision or modification of any document required in Subdivision (a). Such revision or modification shall be effective when filed and shall be deemed to meet the requirements of this chapter until disapproved by the commissioner.

Also recommended:

Section 797

Insertion of the words "as defined in Section 780" after word "contract" in
Line 49.

(See minutes on Chapter 33)