

S.B. No. 39 - NEVADA INSURANCE CODE

Study Group: Senator White
 Mr. Mastos
 Mr. Erickson
 Mr. Hanna
 Mr. Bolton

Date: Wednesday, February 26, 1969

Senator White first reviewed action of group taken in their meeting of Tuesday, February 25. (No stenographic notes taken.)

Chapters 1, 2, and 3 - O.K.

Chapter 4 - Section 90, Page 36, Line 4. Change \$1 to \$3. O.K.

Chapter 5 - Section 113, Page 48, Line 50. Amendment as noted by Senator White - o.k.

Chapter 6 - O.K.

Chapter 7 - Section 155, Page 68, Line 13. Substitute word "including" for "other than" - O.K.

Chapters 8, 9, and 10 - O.K.

Chapter 11 - Section 255, Lines 1 and 2, Page 107. Change as noted by Senator White - O.K.

Chapter 11 - Section 255, Page 107, Line 6. Change as noted by Senator White - O.K.

Chapter 11 - Section 264, Page 110, Line 37. Change as noted by Senator White - O.K.

Chapter 12 - Section 278, Page 114, Lines 6 - 8. Change as noted by Senator White - O.K. (Mr. Erickson said the purpose of this change was to require the surplus line insurer to consider the "whole package" or nothing - he cannot take just a portion of the risk.)

Chapter 12 - Section 281, Page 115, Line 9. Change as noted by Senator White - O.K.

Chapters 13, 14, 15, and 16 - O.K.

Chapter 17 - Section 444, Page 181, Line 37. Change as noted by Senator White - O.K.

(End of review)

S.B. No. 39 - Nevada Insurance Code
Study Group

February 26, 1969
Page 2.

Chapter 18 - Section 453, Subsection 2-c, Page 188. Deletion of Lines 7 through 12 approved by group. As written, the code is discriminatory against public employee groups; the restriction applies to no other groups.

Chapter 18 - Section 455, Page 189, Line 6. The group approved substituting the word "any" for "a husband or wife, but not a child".

Chapter 19 - Section 493, Page 202. Mr. Erickson said this was a controversial section and he believed it should be thoroughly reviewed. Senator White asked the other members of the study group to get together and submit any amendments to Sections 492.5 and 493 they believe appropriate.

Senator White then asked the group to take a look at the amendments submitted by the title insurance people (see attachment to minutes of Feb. 12 meeting of the Joint Senate/Assembly Committee on Commerce). Mr. Mastos then submitted Emerson J. Wilson's letter of February 19, 1969 (copy attached) which supersedes the previous recommendations for amendments submitted by him. After discussion, the group agreed to these superseding amendments. Mr. Hanna was asked to see to the printing of these proposed amendments, along with the other 10 which he presented to the group at this meeting (see attachments).

Chapter 20 - Section 512, Page 210, Line 22. Mr. Mastos will have this section re-typed to include change.

Chapter 20 - Section 514, Page 212, Line 1. Change the ";" after services to a "." and delete balance of sentence. O.K.

Chapters 21, 22, 23, 24, 26, 27, 28, 29, 30, and 31 - O.K. (Chapter 25 has to do with Title Insurance Contracts - see foregoing paragraph re proposed changes.)

Chapter 32 - Section 752, Page 318, Line 25. Insurance Department recommends striking out the words "and does not affect any requirement or coverage by" after the words "in lieu of". O.K.

Chapter 33 - Section 796, Page 328, Line 40. The three amendments previously submitted by Mr. Anderson, of AAA, - O.K. (See attachment to February 17 minutes - Public Hearing S.B. No. 39.)

Chapters 34, 35, 36, and 37 - O.K.

Mr. Bolton then asked what, if any, consideration had been given to the recommendations made in his letter of February 12.

Re Section 29, provision for a Rate Analyst has been made in the budget.

Re Sections 85, 86, and 197, it was felt the law as now proposed should stand. If problems develop, they can be taken care of by subsequent legislation.

S.B. 39 - Nevada Insurance Code
Study Group

February 26, 1969
Page 3.

Re Section 95, O.K.

Re Section 222, Mr. Hanna will draft amendment which will dispense with the question initiated by the use of the term "agency system" in the code as now proposed

Re Section 314, it was felt it should stand as written. Mr. Bolton said he really had no objection.

Re Section 538, Mr. Bolton said this section takes care of what Nevada Independent Insurance Agents were trying to cover in A.B. 72 and he will take the necessary steps to have that bill recalled.

NEVADA INDEPENDENT INSURANCE AGENTS

305 NORTH CARSON STREET, CARSON CITY, NEVADA 89701, PHONE 882-1366

February 12, 1969

TO ALL MEMBERS OF JOINT COMMITTEE STUDYING S. B. 39

As members of the insurance industry in the State of Nevada we would like to present our comments on the proposed Insurance Code and our suggestions as to the changes we would like to have made before approval of the bill.

Sec. 29. At the time of the hearings on the insurance bill we suggested that, in addition to the staff outlined in this section, a rate analyst should be hired to review property and casualty filings. This was not inserted in the rewrite of the bill but we feel that it is important because the "file and use" provisions in the proposed code will require that a knowledgeable person look over the filings.

Sec. 85. We would like to see a change made in Subsection 4, Line 38 after the word "employee", a period be inserted instead of a comma and the section end at this period. The way it is now written it is giving preferential treatment to the mutual and reciprocal insurers.

Sec. 86. Subsection 6 should be eliminated for the same reasons as outlined in the paragraph above.

Sec. 95 is a new insurance regulatory revolving fund, and Sec. 96 is a NAIC general expense assessment. We wish to go on record as being strongly in favor of both of these Sections.

Sec. 197. When this section was reviewed at the hearings on the proposed code in November we were in favor of the wording as it was originally written. However, this is another section in which the reciprocals were able to get a change without presenting the change at the hearings. We believe that Paragraph B in this section should be eliminated entirely and Subsection 2 be worded as follows: "A service representative is not required to be licensed as such nor shall he solicit or negotiate contracts of insurance."

Sec. 222 has been changed since originally written in the first version of the proposed code. At the November hearings there was no discussion on this particular section and we were in favor of it as it was then written. However, words were inserted in the rewrite of this section which we object to on the same basis of favored treatment of certain types of companies. We believe that on Line 48 after the word "and" the following wording should be eliminated - "if other than in an authorized insurer not generally transacting business through an agency system". This would put

the section back to where it was originally.

Sections 85, 86, 197, and 222 are all objectionable to us as they now appear in the bill for the simple reason that the wording favors a minority group of insurance carriers. In this State the reciprocal insurance companies, not operating through an agency system, write only approximately \$145,000. a year in premiums as compared to the total premium income in 1967 which exceeded \$109,000,000. While the reciprocal insurance companies may be licensed to do business in this State, under the wording of S.B. 39 their representatives from anywhere in the country would be permitted to come into this State and solicit and service business without being licensed. This does not seem to be the proper thing to permit when all other segments of the business operating in Nevada are required to be licensed by the State.

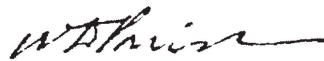
It is conceivable that the Farmers Insurance Group, which is a reciprocal company operating through an agency system and one of the largest writers of business in the State, could change their mode of operation by making their agents salaried representatives who would then not have to be licensed.

Sec. 314. We are not voicing any particular objection to this section pertaining to "twisting" but the wording would indicate that the intent was for this to apply to life, health, and accident insurance policies and not to any insurance policy as the wording now shows. We are not making an issue of this, but if there is an opportunity to do so we think that it might be a good idea to restrict this to the aforementioned types of policies.

We were responsible for introducing A.B. 72 which allows Uninsured Motorist coverage up to limits of insured's policy. Under the proposed code, Section 538 Subsection 2 takes care of what we are attempting to do in A.B. 72 and we wish to say that if this Subsection 2 is approved as now written that we would then drop A.B. 72 as it would not be necessary.

We greatly appreciate the cooperation given to us during the hearings on this bill and we beg of you to give serious consideration to our proposals outlined above. If you have any questions please call on me or you may call our local office - Mr. Oliver Bolton - at 882-1366 for any help that may be needed.

Respectfully submitted,



NEVADA INDEPENDENT INSURANCE AGENTS
By William D. Parish, Chairman
Legislative Committee

as
cc: Oliver G. Bolton
Carson City
Russell E. Swain, President