

S.B. No. 39 - NEVADA INSURANCE CODE

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

Date: Thursday, February 27, 1969

It was agreed that Section 79, Page 29, should be amended by deleting Line 48 and inserting: "this state, except for publication of its annual statement as required by NRS 80.190."

Mr. Hanna then presented proposed amendments in addition to those (Nos. 1 through 10) discussed in the meeting of February 26 (copies attached to notes taken at that meeting).

Amendments Nos. 1.5 and 3.5. Mr. Hanna said he felt, on restudy, that the language of the amendments proposed by Emerson Wilson re Sections 92 and 550 should be changed for the sake of clarity - no change in substance. The group agreed to the rewritten amendments as submitted.

Amendment No. 11. - Approved.

Amendment No. 12. - Approved.

Amendment No. 13. Re Section 493, Line 33, Mr. Hanna said that what the proposed amendment does, in effect, is allow coordination of benefits only with other individual insurance and not with group insurance. With reference to Section 493, Page 204, Line 5, it was felt this language should be reinstated. If a company includes a coordination of benefits clause in its contract (and this clause is optional), then there must be a restriction as to the types of coverage they can coordinate with. Approved.

Amendment No. 14. Approved

At this point Mr. Hanna referred to the previous discussion about the possible need to rewrite Section 492.5. After additional discussion and study with Messrs. Mastos and Erickson, it was agreed it was o.k. as written and no change was necessary.

Amendment No. 15. Approved.

Amendment No. 16. Approved.

Amendment No. 17. Approved.

Amendment No. 18. Mr. Hanna was requested to rework the language of this amendment.

Amendment No. 19. Approved.

S.B. No. 39 - NEVADA INSURANCE CODE
Study Group

February 27, 1969
Page 2.

Amendment No. 20. Approved.

Amendment No. 21. Approved.

Amendment No. 22. Approved.

Mr. Hanna said he would have all of the amendments retyped and would submit them in the approved form.

Amendments as finally prepared and submitted by Mr. Hanna are attached.

AMENDMENT TO S. B. 39

(Insurance Code)

CHAPTER 4
SECTION 90
PAGE 36
LINE 4

AMEND: \$1. to read \$3

AMENDMENT TO S. B. 39

(Insurance Code)

CHAPTER	<u>5</u>
SECTION	<u>113</u>
PAGE	<u>48</u>
LINE	<u>50</u>

AMEND Section 113.1 by ADDING the following language after the word "insurer" and before the word "unless" on page 48 at line 50:

"unless the unauthorized insurer accepting the reinsurance is authorized to transact insurance in another state conforming to the same standards of solvency as would be required of such insurer if, at the time such reinsurance is effected, it was so authorized in this state, or unless, in the case of a group of individual, unincorporated alien insurers, it has assets held in trust for the benefit of its United States Policy holders in a sum not less than \$50,000,000, and is authorized to transact insurance in at least one state, or"

AMENDMENT TO S. B. 39

(Insurance Code)

CHAPTER 7
SECTION 155
PAGE 68
LINE 13

STRIKE the words "other than" which follow the
parenthesis, and SUBSTITUTE "including".

AMENDMENT TO S. B. 39

(Insurance Code)

CHAPTER 11
SECTION 255
PAGE 107
LINE 1 - 2

AMEND by deleting all of the present sub-paragraph 2(b)
and SUBSTITUTING the following language therefor:

"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."

AMENDMENT TO S. B. 39

(Insurance Code)

CHAPTER 11
SECTION 255
PAGE 107
LINE 6

AMEND by DELETING the word "recent" which
precedes "experience".

AMENDMENT TO S. B. 39

(Insurance Code)

CHAPTER 11
SECTION 264.5
PAGE 110
LINE 37

INSERT the word "resident" immediately following
the word "Every".

AMENDMENT TO S. B. 39

(Insurance Code)

CHAPTER 12
SECTION 278
PAGE 114
LINE 6 -8

AMEND by changing the comma in line 6 to a period.

DELETE all of the following language which follows
the new period: "and the amount of insurance exported
shall be only the excess over the amount procurable from
authorized insurers."

AMENDMENT TO S. B. 39

(Insurance Code)

CHAPTER 12
SECTION 281 Sub 2
PAGE 115
LINE 9

CHANGE the period at the end of line 9, page 115, to a comma, and add the following:

"and, if an alien insurer must have and maintain in a bank or trust company which is a member of the United States Federal Reserve System a trust fund established under terms reasonably adequate for the protection of all of its policyholders in the United States in an amount of not less than five hundred thousand dollars (\$500,000). In the case of a group of individual unincorporated insurers, such trust fund shall be not less than fifty million dollars (\$50,000,000). The commissioner may require larger trust funds than those set forth above if in his judgment the volume of business being transacted or proposed to be transacted warrants such larger amounts."

AMENDMENT TO S. B. 39

(Insurance Code)

CHAPTER	<u>17</u>
SECTION	<u>412</u>
PAGE	<u>164</u>
LINE	<u>22 -26</u>

AMEND by DELETING that portion of Section 412 following the period on line 22 which reads "But after 3 years from the date of issue of the policy no misstatements, except fraudulent misstatements made by the applicant in the application for the policy shall be used to deny a claim for such total and permanent disability benefits or for such additional benefits specifically against death by accident or accidental means."

AMENDMENT TO S. B. 39

(Insurance Code)

CHAPTER	<u>17</u>
SECTION	<u>444</u>
PAGE	<u>181</u>
LINE	<u>37</u>

AMEND by adding a new sentence to sub-paragraph 1(f)
following the period on line 37, to read as follows:

"This provision shall not be deemed to prohibit family
policies insuring unspecified members of a family, nor
be deemed to prohibit payment to unspecified beneficiaries
of a class which has been expressly designated as such by the
insured or policy owner."

-----Senate amendments to S.B. 39 (BDR 57-5) for the Committee on
Commerce (Senator White)

Amend sec. 79, page 29, by deleting line 48 and inserting:

"this state, except for publication of its annual statement as required by NRS 80.190."

Amend sec. 90, page 36, line 4, by deleting "1" and inserting "3".

Amend sec. 92, page 38, by deleting lines 45 through 49 and inserting:

"4. For the purposes of this section, "total premium income" as to title insurance includes the amount charged the insured for abstracting, title searching and title examination services performed by, or on behalf of, the insurer, its agent or underwriting company."

Amend sec. 113, page 48, by deleting line 50 and inserting:

"reinsure with an unauthorized insurer unless the unauthorized insurer accepting the reinsurance is authorized to transact insurance in another state conforming to the same standards of solvency as would be required of such insurer if, at the time such reinsurance is effected, it was so authorized in this state, or unless, in the case of a group of individual, unincorporated alien insurers, it has assets held in trust for the benefit of its United States policy holders in a sum not less than \$50,000,000, and is authorized to transact insurance in at least one state, or unless with the commissioner's".

Amend sec. 155, page 68, line 13, by deleting "(other than" and inserting "(including".

Amend sec. 222, page 93, by deleting lines 46 through 50 and inserting:

"Sec. 222. 1. Except as otherwise provided by the provisions of the Nevada Insurance Code, no broker or nonresident broker shall place insurance covering property or risks within this state except with a duly licensed resident agent of an authorized insurer."

Amend sec. 255, page 107, by deleting lines 1 and 2 and inserting:

"(b) 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;".

Amend sec. 255, page 107, line 6, by deleting "recent".

Amend sec. 264.5, page 110, line 37, by inserting "resident" after "Every".

Amend sec. 278, page 114, by deleting lines 6 through 8 and inserting: "insurance business in this state."

Amend sec. 281, page 115, by deleting line 9 and inserting: "code and transacting the same kind or kinds of insurance, and, if an alien insurer, unless it has and maintains in a bank or trust company which is a member of the United States Federal Reserve System a trust fund established under terms reasonably adequate for the protection of all of its policy holders in the United States in an amount of not less than \$500,000. In the case of a group of individual unincorporated insurers, such trust fund shall be not less than \$50,000,000. The commissioner may require larger trust funds than those set forth above if in his judgment the volume of business being transacted or proposed to be transacted warrants such larger amounts."

Amend sec. 412, page 164, by deleting lines 22 through 26 and inserting: "dental means."

Amend sec. 444, page 181, by deleting line 37 and inserting: "payment or granting of anything of value. This provision shall not be deemed to prohibit family policies insuring unspecified members of a family, nor be deemed to prohibit payment to unspecified beneficiaries of a class which has been expressly designated as such by the insured or policy owner."

Amend sec. 453, page 188, by deleting lines 7 through 14 and inserting:

"(c) The policy must cover at least 10 persons at the date of issue.

(d) The amounts of insurance under the policy must be based upon".

Amend sec. 455, page 189, by deleting line 6 and inserting:

"3. Any insured pursuant to this section".

Amend sec. 493, page 203, line 33, by inserting after "benefits" and before the period:

"for which the application includes a question as to other coverage subject to this provision".

Amend sec. 493, page 203, by deleting lines 42 through 49 and inserting: "coverage" approved as to form by the commissioner. Such term may include hospital, surgical, medical or major medical benefits provided by individual or family-type coverage, government programs or workmen's compensation. Such term shall not include any group insurance, automobile medical payments, or third party liability coverage. The insurer shall not include a subrogation clause in the policy. The insurer may require, as part of the proof of claim, the information necessary to administer this provision."

Amend sec. 493, page 204, by deleting lines 1 through 6.

Amend sec. 494, page 205, by deleting "or" on line 1 and inserting "nor".

Amend sec. 494, page 205, by deleting lines 36 through 47 and inserting: approved as to form by the commissioner, which definition shall not include group insurance, benefits provided by union welfare plans, employer or employee benefit plans, workmen's compensation or employer's liability statute or third party liability. The insurer shall not include a subrogation clause in the policy."

Amend sec. 512, page 210, by deleting line 22 and inserting:

"graph may include retired employees. No director of a corporate employer shall be eligible for insurance under the policy unless such person is otherwise eligible as a bona fide employee of the corporation by performing services other than the usual duties of a director. No individual proprietor or partner shall be eligible for insurance under the policy unless he is actively engaged in and devotes a substantial part of his time to the conduct of the business of the proprietor or partnership. A policy issued to sure employees".

Amend sec. 514, page 212, by deleting lines 1 through 3 and inserting:

"paid directly to the hospital or person rendering such services. Payments so made shall discharge the insurer's obligation".

Amend sec. 550, page 225, by deleting lines 8 and 9 and inserting:

"of fees and charges for policies of title insurance."

Amend sec. 550, page 225, by deleting line 11 and inserting:

"(a) Shall show to the public the total premium, as defined in subsection 4 of section 92 of this act, for each type of policy".

Amend sec. 550, page 225, by deleting lines 16 through 20 and inserting:

"(b) May include a statement that additional charges are made when".

Amend sec. 550, page 225, line 25, by deleting "(d)" and inserting "(c)".

Amend sec. 752, page 318, by deleting lines 25 and 26 and inserting:

"4. A statement that such contract is not in lieu of workmen's compensation insurance."

Amend sec. 796, page 328, line 40, by inserting "1." before "No".

Amend sec. 796, page 328, by inserting between lines 45 and 46:

"2. Every motor club having met the requirements of subsection 1 shall thereafter file with the commissioner every revision or modification of any document required in subsection 1. 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."

Amend sec. 797, page 328, line 49, by inserting "as defined in section 780 of this act" after "A service contract".

LAW OFFICES OF
WILSON & HALE
 90 COURT STREET
 RENO, NEVADA
 89504

EMERSON J. WILSON
 EDWARD E. HALE

February 19, 1969

RECEIVED
 FEB 20 1969

STATE OF NEVADA
 INSURANCE DIV.
 CARSON CITY

Mr. Louis T. Mastos
 Insurance Commissioner
 State of Nevada
 Carson City, Nevada 89701

Re: SB 39

Dear Mr. Mastos:

The language which I discussed with Mr. Epickson on the telephone this morning is as follows:

I would suggest that subsection 4 of Section 92 be amended to read as follows:

For the purpose of this section "total Premium income" shall include the amount charged the insured for abstracting, title searching and title examination services performed by, or on behalf of, the insurer, its agent or under-written company. OK

I further suggest that Section 550 be amended so that subsection 2(a) shall read as follows:

2. Such schedule:
 (a) Shall show the total premium, as defined in Section 92(4), to the public for each type of policy regularly issued by the insurer, either by a statement of the particular charge for each type of policy in given amounts of coverage or by a statement of the charge per unit of the amount of coverage, or a combination of the two. OK

It is further suggested that subsection 2(b) of Section 550 be delineated in its entirety. OK

Very truly yours,

Emerson J. Wilson

Emerson J. Wilson

EJW:tl