

Vol 48 80

JOINT MEETING
OF THE
ASSEMBLY AND SENATE
STANDING COMMITTEES
ON
COMMERCE

AB 416

Date: Friday, March 26, 1971

The same members and witnesses were present to discuss the remaining Chapter of the Insurance Code.

Chairman McKissick called the meeting to order at 10:15 A.M.

Chapter 35, Pages 356-368, Sections 872-887, Bail Bondsmen.

Mr. Mastos: Bail bondsmen are simply insurance agents and we have felt for a number of years that they should be included in the Insurance Code.

Mr. Erickson: Essentially the amendments eliminate bond solicitors. The amendments he has requested are attached as Exhibit I. The amendment proposed by Mr. Mastos yesterday on Page 144 conflicts with Section 880. Therefore, I would suggest that his amendment be disregarded. We want to eliminate solicitors so the responsibility of transacting bail rests directly on an agent of the surety. This act prohibits anyone but the agent from signing a bond.

The discussion then turned to the subject of "property bondsmen". It was the consensus of opinion that real estate be stricken as a means of security.

Mr. Erickson: May I suggest that the term, "property bondsman" be changed to "cash bondsman" and the limitations on posting the bail by such a bondsman be in cash.

Page 358, Section 874.4, Line 37:

Strike "or other property".

Page 367, Section 885, Line 49:

Strike "or real property".

The discussion then turned to the problems of yesterday.

Chapter 2, Section 34.3, Page 9, Lines 14-33.

Mr. Rottman: I have drafted a new amendment and the wording isn't nearly as offensive. (See Exhibit J.)

Mr. Young: I withdraw my amendment of yesterday.

Mr. Rottman: It was decided to amend one sentence under (b) to read, "...in each of the several areas of insurance appropriate to be applied to policies sold in the state..."

Mr. Callaway: We would agree with anything in here that can be construed as giving the department the authority to go ahead and standardise the forms in terms of benefits.

Mr. Young: I would suggest changing the word "incorporating" in Item 2 to read "encompassing".

Chapter 15.5 - Protection Against Insurer Insolvency.

Mr. Rottman: My suggestion is that we delete Chapter 15.5 insofar as there is widespread and general disagreement and I have doubts in my own mind as to where this is extremely functional.

Mr. Holbert: I agree with the Commissioner's first statement to withdraw this Chapter from the Code, but I believe that we prefer the insolvency guarantee bill be submitted this session. We have a bill which we feel should be submitted in a separate form. Eighty-five percent of the automobile insurance industry is in favor of the model NIAC proposal.

Mr. Rottman: After adjournment of this meeting, the interested parties will get together and try to work out something acceptable.

(see Exhibit K)

Chapter 15 - Rates and Rate Service Organizations.

Mr. Rottman: I have some changes in this Chapter which were im-
properly announced yesterday.

Page 147, Section 343, Line 9 should read: "Life insurance and credit life insurance;"

Page 147, Section 343, Lines 11 and 12 should read: "Group and blanket health insurance and credit health insurance."

Mr. Pauley: State Farm fully supports Assembly Bill 416 as it now reads.

Mr. Mastos: I would like to encourage the committee to think very strongly about including a Chapter 15.5 in this Code. We need such a bill. If there are problems, the Code can always be amended two years from now.

Dean Kimball: I would agree with Mr. Mastos. I think it's very important to get a bill in this chapter this session. I think you have a very good bill here, but if I were drafting it, I would do a few things differently. There are a lot of problems here that are common to all Insurance Codes in the country.

Chairman McKissick announced the adjournment of the meeting at 11:27 A.M.

Proposed Amendment to AB 416 - Proposed Insurance Code

Amend Section 86 by adding subsection 6 to read as follows:

"Policies and contracts issued by insurers not operating on an agency system in the solicitation of business."

Comment:

Not all insurance is sold through agents. Some companies sell insurance through salaried employees of the company who are directly responsible to it. The proposed amendment recognizes this fact and does not require countersignature by an agent in such cases.

To require countersignature by an agent without regard to the need for such, and without advantage to the buyer of the insurance, will inevitably result in more expensive insurance cost to the consumer who buys the insurance.

The bill recognizes "reciprocal insurers" (Section 12 and 58 for example) who usually sell insurance through salaried employees rather than agents, and defines such employees in Section 197. But the bill in its present form nevertheless requires all casualty insurance to be written or countersigned by an agent, even where the agent is not involved and performs no service.

Most states recognize and authorize "direct writing" of insurance and do not require its being written or countersigned by an agent. Such states are: Alaska, Arizona, Delaware, Idaho, Iowa, Kentucky, Maine, Mississippi, South Dakota, Texas, Utah, Washington, West Virginia, Wisconsin, Arkansas, California, Florida, Kansas, Louisiana, Maryland, Michigan, Missouri, Montana, Nebraska, New Jersey, Ohio, Oklahoma, Oregon, Tennessee, and Virginia.

Amendment proposed by:

American Reciprocal Insurance Association

PROPOSED INSURANCE CODE OF THE STATE OF NEVADACHAPTER 5 - KINDS OF INSURANCE; LIMITS OF RISK; REINSURANCESection 111 - MULTIPLE LINE INSURERS.

At page 50, delete lines 37-41 and substitute therefor the following:

"1. Multiple line insurance is insurance combining on a mandatory basis in a single policy coverage coming within two or more of the kinds of insurance as defined in this chapter, other than title insurance, life insurance, or the granting of annuities, and for either a divisible or indivisible rate of premium."

The present subdivision 2 on line 42 of page 50 could be recast to read as follows:

"A multiple line insurer may transact life insurance if so authorized pursuant to subsection 1 of section 67 of this act (combinations of insuring powers)."

Comment:

It is desirable to define multiple line insurance as a kind of insurance in the same way that property insurance is defined. In addition the proposed section makes no provision for combining a particular coverage within a kind of insurance with a particular coverage within another kind of insurance. Our recommended language provides no ambiguity and utilizes standard terminology in the industry.

American Insurance Association
March 25, 1971

PROPOSED INSURANCE CODE OF THE STATE OF NEVADACHAPTER 9 - AGENTS, BROKERS AND SOLICITORSSection 218 - TERMINATION OF APPOINTMENT; AGENTS, SOLICITORS

On line 48, page 94 after the word "shall" add the following: "upon written request of the commissioner".

On line 2, page 95 after the word "shall" add the following: "be for his exclusive use and shall".

As thus modified, subsection 2 of section 218 would read as follows:

"Accompanying the notice of termination given the commissioner, the insurer upon written request of the commissioner shall file with him a statement of the cause, if any, for each termination. Any information or document so disclosed or furnished to the commissioner shall be for his exclusive use and shall be deemed an absolutely privileged communication and shall not be admissible as evidence in any action or proceeding unless so permitted by the insurer in writing".

Comment:

Specifying that a statement of all the facts constituting the cause of termination shall always be filed is unduly burdensome. It should be required only when the commissioner deems it necessary. Furthermore, although the proposed section recognizes the privileged status of such a statement, it should also restrict the availability of such information to the exclusive use of the commissioner.

American Insurance Association
March 25, 1971

Proposed Amendment to AB 416 - Proposed Insurance Code

Amend Section 197 to read as follows:

"Sec. 197. 1. A 'service representative' is:

(a) An individual regularly employed on salary by an insurer, group of insurers or managing general agent, who works in the field with and assists agents and solicitors in soliciting, negotiating and effectuating insurance for such insurer, group or managing general agent; or

(b) An officer, or salaried nonresident individual regularly employed as a traveling representative, of a property or casualty insurer not in general using resident agents for the solicitation of business, who inspects risks or solicits insurance in the state and receives no commission thereon.

2. A service representative is not required to be licensed as such; but, except as expressly provided in subsection 1, a service representative shall not solicit or negotiate contracts of insurance."

Amendment proposed by:

American Reciprocal Insurance Association

PROPOSED INSURANCE CODE OF THE STATE OF NEVADACHAPTER 12 - SURPLUS LINESSection 292 - TAX ON SURPLUS LINES

On line 11, page 126 delete the words "the same rate" and substitute therefor the following:

"150 percentum of the rate".

As thus amended subsection 1 of section 292 would read as follows:

"On or before March 1 of each year each broker shall pay to the commissioner, or as provided in paragraph (c) of subsection 1 of section 295 of this act (brokers' association), a tax on surplus lines coverages written by him in unauthorized insurers during the preceding calendar year at 150 percentum of the rate of tax as imposed by law on the premiums of like coverages written by authorized insurers."

Comment:

The surplus lines insurer can avoid a multitude of taxes and fees and other regulatory restrictions by failing to do business on an admitted basis. It is submitted that avoidance of state regulation gives the surplus lines carrier a competitive edge. Thus, we feel that the tax burden ought to be equalized by requiring the payment of a greater premium tax on such lines. The purpose is to equalize the total tax burden since the non-admitted carrier does not have to license its agents, pay annual statement fees, company license fees, etc.

American Insurance Association
March 25, 1971



OLIVER G. BOLTON
Executive Manager

STATEMENTS REGARDING AMENDMENT TO CODE:

SECTION 334. This section also was eliminated from the new code, and generally applies to what is known as "Mass Merchandising" or fictitious grouping, as the case may be. This section generally provided that business insured through groups for the benefit of developing lower rates would be limited to actual groups as such, not groups fictitiously formed to develop buying power at a reduced rate because of the volume of premium. This area is a spin-off of the marketing of insurance through the group life, health and accident field. Generally when these plans were sold the companies wrote all of the employees, regardless of health, and premiums were adjusted based upon losses. They could not cancel one individual without cancelling the group. Under mass merchandising such as the state method where state employees can buy auto insurance at plans and rates designed to effect savings to them, the company has reserved the right to individually select those employees which may fit its underwriting program. To truly provide the benefits of mass merchandising we should amend the law that those companies, becoming involved in this type of operation should be required to insure all employees of the group or company, taking those individuals who have had bad loss experience or driving records, and charge the rates which that company normally uses for that class of driver and then apply the discounts for the savings developed through the mass merchandising system. This provides a market for the individual, premium for the company, and savings to the individual members of the group involved.

CHAPTER 15, WHICH ENCOMPASSES SECTIONS 340 THRU 360. This chapter, and the above sections, generally applies to the methods of filing the rates that will be effective in the State of Nevada. The general changes in this section, insofar as filing rates are concerned, is that under the present law companies must file their rates at least 15 days prior to the anticipated effective date, which gives the Department of Insurance the opportunity to approve or disapprove the rates before they are used in the pricing of insurance. Under the new code the rates would be effective immediately on the date of filing.

SECTION 350 would allow the Commissioner to institute pre-filing, which would give 15 days for him to check the rate and an additional 15 days if required.

Our main concern is that the insurance department is not funded to accept the responsibility that this chapter requires. However, by discussion with Dr. Rottman, he has assured us that insofar as the filing of rates is concerned, he will be able to operate under this

STATEMENTS REGARDING AMENDMENT TO CODE:

Page 2

law where competition will be the factor that sets rates to the proper level. We have been assured by Dr. Rottman that should this method of determining rates not work out to the best interest of the people of this state, he would support legislation in the next session reverting back to the pre-filing status that we are now operating under.

By way of explanation, our concern lies with the inflationary spiral that everyone is involved with and the trend will be to use excessive rates.

SECTION 358 gives the commissioner the power to create mandatory plans that will require insurance companies to write classes of business that generally are unacceptable. This means that any company willing to write some coverage of a difficult class would be required to write a proportionate share of all the business. In theory this is good. In actual practice they may decline to write any in that class and not be subject to the mandatory plan.

Wendell Cutler

Statement of
State Farm Insurance Companies
Hearing Before Commerce Committee
Nevada Assembly
March 24 and 25, 1971

My name is Gary Pauley. I am Assistant Counsel of State Farm Mutual Automobile Insurance Company of Bloomington, Illinois. I am confident that you are all somewhat familiar with our Company, however, let me take a moment to give you some background information regarding our Company and explain to you some of the reasons we are concerned with a portion of Nevada Assembly Bill 416.

State Farm Mutual Auto is the largest writer of automobile insurance in the world. Our companion company, State Farm Fire and Casualty Company is the largest writer of property insurance in the habitational line, better known as homeowners insurance. State Farm Life Insurance Company is considered to be the fastest growing company of the top twenty-five life insurers in the United States. Assembly Bill 416 will affect all of these companies substantially. For purposes of illustration I will first discuss the bill as it affects State Farm Mutual and that Company's status in the field of automobile insurance.

State Farm is licensed in all of the states and currently has in force countrywide as of January 1, 1971, some 12,219,931 automobile insurance policies. Of this total we have 57,596 auto policies in force in the State of Nevada. Remember this figure because as you

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contemplate A.B. 416 the conclusions you reach will ultimately affect each and every one of these policyholders.

Published reports show that as of year-end 1969 there were 210,500 registered vehicles in your state. Considering the policy count referred to previously State Farm currently insures 26.9% of the driving public of this State or slightly more than 1 out of every 4 private passenger vehicles operated by Nevada residents.

Our involvement in the insurance market place in Nevada may be expressed in yet another way. Our total earned premium, premium paid to us by Nevada residents, for 1970 was 7,764,377. ~~Although we were granted a rate increase in March, 1970,~~ It is even more important to note that our Company continues to serve the insurance needs of more and more residents of your state. In the past two calendar years we have increased the number of autos insured by our Company in Nevada by approximately 5,094 additional vehicles. Industry figures as related to the earned premium mentioned above indicated that we have approximately 20% to 21% of the total premium generated in the State of Nevada. Again this shows us two things. First, that our Company is highly competitive, i.e., with 26.9% of the vehicles insured we generate only 20.8% of the total premium collected. Secondly, if an insolvency occurs affecting risks in the State of Nevada we will, under provisions of A.B. 416, be required to pay approximately 21% of the loss.

In discussing this area in the various states that have considered

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this proposal I have heard the comment, "Why do you care, you are permitted to adjust your rates to reflect any assessment?" It is true that we do have statutory authority to pass this cost on to our policyholders. But, the issue remains why should the policyholders of solvent, capably managed organizations pay for the mismanagement or misappropriation of funds by a particular segment of the industry.

It is not our purpose here today to oppose the enactment of A.B. 416.

However, A.B. 416 is intended to be a recodification of existing insurance laws. There is no place in a broad recodification such as this for controversial substantive law changes. Insolvency as provided for in Chapter 15.5 is an extremely complex and controversial matter. While the drafters of this Chapter apparently intended to follow the NAIC uniform law approach there are many technical areas that have been omitted, areas in which the technical language and approach is essential to the efficient operation of insolvency funds.

It does not appear that there is currently a problem in the solvency area in Nevada. However, if such were the case then the matter should be treated in separate legislation thereby allowing the legislature the opportunity to fully explore the pros and cons of such legislation and what it means to the residents of their state. Certainly from the plus side of the ledger it does protect, to a certain extent, losses that do come from the insolvency of a business enterprise. But you must remember that these losses are ultimately paid by the public even

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though the funds are funneled through the solvent segment of the industry. I know of no other industry, save the FDIC program in the banking industry, that purports to protect the general public in financial solvency issues.

Separation of this chapter 15.5 from the code revision will give the legislature, the insurance department and the industry the opportunity to begin the process of dealing with a rather serious problem that exists in many states. Fortunately your state has not been tarred by the brush that has created this problem in some of our larger eastern and midwestern states. State Farm firmly believes that now is the time to seek a solution to the insolvency problem, not to just pass it over by requiring the solvent segment of the industry to pick up the tab.

There is nothing, however, in this proposal which deals in any comprehensive manner with the basic problem, i.e. that of preventing insolvencies. What is needed is a comprehensive proposal which incorporates insolvency protection devices, such as the State Farm proposal for a custodial fund, with appropriate insolvency funds. The custodial arrangement which we have proposed in several states, while quite simple in concept is too detailed to handle as a part of a code revision.

Furthermore, if the industry is to be faced in Nevada with Insolvency legislation then there should be two separate funds. -- One for Life and A & H and one for fire and casualty. The objectives of the plans are

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different. Under a life and A & H Plan the primary objective is the continuation of coverage. If this were not done many of the insureds of the insolvent company might find that they would have no available market. These persons might have become uninsurable. Therefore, the major thrust of a life and A & H plan is to make sure that the book of business of the insolvent company is reinsured. However, under the fire and casualty plan the major objective is the payment of claims. Chapter 15.5 tracks more closely the fire and casualty bill approach and does not appear to contemplate reinsuring the book of business of life and A & H insurers. Also, Chapter 15.5 specifically allows companies to recoup their assessments by increasing their premiums. Life and A & H insurers cannot, in most instances, increase their premium to their present policyholders because their policies are most often fixed premium obligations. The only way life and A & H insurers can realistically spread this assessment to others is by a premium or income tax offset. If this is not provided for we are, in effect, forcing life and A & H insurers to pay for these assessments out of their capital or surplus accounts without allowing them to recover them from any source. This would appear to be not only inequitable but will ultimately have a domino effect of leading to financial impairment of the solvent segment of the industry.

The major problem with insolvencies has been in the fire and casualty portion of the business, particularly with automobile insurers.

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There has been very few insolvencies of life and accident and health insurers. Where there have been insolvencies private arrangements among the other insurers have been made to adequately protect the public in all but a very, very few instances. In short, there is no demonstrable need for an insolvency fund for life and accident and health insurers.

Also note that the proposal before you contemplates that the fund will be administered by the Commissioner and that the Commissioner is also Chairman of the Board of Directors. In the 26 states that have enacted a form of this legislation the legislatures in their wisdom have been careful to divorce control of the Board and funds from their administrative official. Since the money to be paid out is based on assessment of solvent insurers, the NAIC agrees that the industry should be responsible for the administration and control of the funds. It would be odd to say the least for the liquidator, i.e., the insurance department, to also determine the amount of a claim, negotiate and settle the claim and thereby decide how much to assess the public, though the solvent insurers.

Another item that we have noted is concerned with the determination of what constitutes an "insolvent insurer." Chapter 15.5 appears to be silent in this area which may lead one to believe that insolvencies occurring prior to the enactment may be covered. Obviously such proposition is subject to constitutional attack. Legislation dealing on a retrospective basis is subject to very limited and well defined

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areas, none of which would appear to include the insolvency issue.

In order to deal with this subject legislation must be of a prospective nature.

As indicated previously State Farm has introduced to several state legislatures a proposal which would require insurers to meet rather strict guidelines in the solvency area. Briefly this proposal requires the Companies to maintain a custodial account either with the Commissioner or a bank having certain trust powers. This account is made up of "marketable securities" and must be equivalent to the loss reserves, loss adjustment expense reserves and earned premium reserves. If the Legislature or the Insurance Department is seriously concerned with the solvency issue as it applies to Nevada we would be most happy to work with the appropriate officials in developing this concept into workable legislation for introduction.

In summary, State Farm's position is as follows:

1. State Farm supports worthwhile measures to assist state insurance departments to regulate effectively for solvency.
2. State Farm opposes the inclusion of Chapter 15.5 as a part of the code revision A.B. 416.
3. State Farm opposes legislation which provides only that money lost through insolvency is replaced at a later date. Such legislation, in effect, asks the policyholders of the well-run companies to replace money which is lost by other companies, often

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through gross mismanagement or outright fraud.

4. State Farm supports measures which couple its insolvency prevention proposal with legislation to provide for guaranty funds. We are willing to undertake the responsibility of making good those losses which may inevitably occur, provided that the legislature, at the same time, and in the same piece of legislation, will enact stronger legislation to promote regulation for solvency.

PREPARE AMENDMENT AS FOLLOWS: ASSEMBLY BILL 416CHAPTER 35

1 Page 357 - SEC. 874

2 Lines 35, 36, & 37 - Delete the entire section.

3 Page 358 - SEC. 874.6

4 Line 8 - a bail bondsman [or bail solicitor]

5 Line 9 - a bail bondsman [or bail solicitor]

6 SEC. 874.8

7 Line 25 - a bail bondsman [or bail solicitor]

8 SEC. 875

9 Lines 40,41,42 & 43 - Delete the entire section.

10 Page 359 - SEC. 875.6

11 Line 21- (b) Appointment of [limited surety]

12 BAIL agent:

13 Lines 32,33, & 34 - Delete

14 Page 360 - SEC. 876.2

15 Lines 20,21,22,23,24,25,26, & 27 - Delete entire section.

16 SEC. 876.4

17 Line 32 - General agent's [,]

18 Line 33 - OR property bondsman's [or bail solicitor's]

19 Page 361 - SEC. 876.4

20 Lines 1,2,3,4, &5 - Delete

21 SEC. 876.6

22 Line 18 - property bondsman's [,] OR bail

23 Line 19 - [or bail solicitor's]

24 Line 26 - [(c) Bail solicitor -----1000]

25 SEC. 876.8

26 Line 41 - bail bondsman [or]

27 Line 42 - [bail solicitor]

28 Line 43 - bondsman [or bail solicitor]

29 Page 362 - SEC. 877

30 Lines 13 & 14 - [or the employer (if the application is for a bail solicitors license)]

1 SEC. 877.2

2 Lines 27 & 28 - [The license of a bail solicitor shall show also the name and address of the employer bail bondsman.]

3 SEC. 877.4

4 Lines 32 & 33 - general agent's [,] AND bail bondsman's [and bail solicitor's]

5 Lines 42 & 43 - [(b) For bail solicitors' licenses, the request shall be made and signed by the employer bail bondsman.]

6 Page 364 - SEC. 877.8

7 Lines 7,8,9 & 10 - [3. A bail bondsman terminating the appointment and license as such of a bail solicitor shall give like notice of such termination, with like status as a privileged communication unless such privilege is waived in writing by the bail agent.]

1 Page 364 - SEC. 877.8 cont'd.
Lines 11 & 12 - bail agent [, or between employer
2 bail bondsman and licnesed bail solicitor,]
Line 14 - the insurer. [, or by the employer bail
3 agent, as the case may be.]

SEC. 878
4 Lines 18,19,20,21,22,23,24,25,26,27 and 28 -
Delete entire section.

5 Page 365 - SEC. 878.4
6 Line 4 - of the licensee [, and those employed by
him,]

7 Page 366 - SEC. 883
8 Line 47 [or bail solicitor]

9 Page 367 - SEC. 884
Line 6 - [or bail solicitor]
10 Lines 23 & 24 - bail bondsman [or bail solicitors]
Line 40 - bail bondsman [, bail solicitor]

11 Page 368 - SEC. 886
12 Line 8 - bail bondsman [, bail solicitors]

13
14 Add new section:

BAIL BONDSMAN, BUILD-UP FUNDS.

15
16 All deposits or build-up funds posted by a bail bondsman or gen-
17 eral agent, either with the insurer or general agent representing
18 such insurer, must be maintained by the insurer or the general
19 agent in a bank or savings and loan association in this state.

20 Note:

21 Words in brackets to be deleted.
22 Sords in caps and underlined to be added.

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PREPARE AMENDMENT AS FOLLOWS: ASSEMBLY BILL 416

CHAPTER 11

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Page 110 - SEC. 255.

Line 17 - 8. WITH THE EXCEPTION OF A BAIL
BONDSMAN, [N] not be currently
licensed as an agent, broker,
solicitor or surplus lines
broker.

BILL DRAFTING AND AMENDMENT REQUEST

[Please use separate sheet for each request]

To the Legislative Counsel:

From Department of Commerce - Division of Insurance

Date March 23, 1971

Please prepare a ~~bill~~ ^{XXXXXX} amendment as follows: A.B. 416

Page 7 - Sec. 30 Subsection 3 (lines 31 thru 34) *White*

Line 35 change (4) to "3"

BILL DRAFTING AND AMENDMENT REQUEST

[Please use separate sheet for each request]

To the Legislative Counsel:

From Department of Commerce - - Division of Insurance

Date March 23, 1971

Please prepare a ~~bill~~/amendment as follows: A.B. 416

Page 9 - Sec. 34.3, line 14 (shall) MAY

BILL DRAFTING AND AMENDMENT REQUEST

[Please use separate sheet for each request]

To the Legislative Counsel:

From Department of Commerce - Division of Insurance

Date March 23, 1971

Please prepare a ~~copy~~/amendment as follows: A. B. 416

Page 31 - Sec. 79 (lines 26 thru 31)

Page 33 Sec. 84.1 line 42

FORMS FOR PUBLICATION OF ANNUAL STATEMENT

1. THE COMMISSIONER SHALL ANNUALLY, IN THE MONTH OF DECEMBER,
FURNISH TO EACH OF THE COMPANIES AUTHORIZED TO DO BUSINESS
IN THIS STATE AND REQUIRED TO PUBLISH AN ANNUAL STATEMENT
IN SOME NEWSPAPER OF THIS STATE TWO OR MORE BLANKS IN FORM
ADAPTED FOR SUCH STATEMENT BY THE COMMISSIONER IN ORDER THAT
EACH COMPANY MAY PUBLISH SUCH STATEMENT AS REQUIRED BY

NRS 80.190.

2. IN THE CASE OF ALIEN COMPANIES AUTHORIZED TO DO BUSINESS
IN THIS STATE, THE FORMS AS PROVIDED IN SUBSECTION 1 SHALL BE
SENT TO THE UNITED STATES MANAGER.

BILL DRAFTING AND AMENDMENT REQUEST

[Please use separate sheet for each request]

To the Legislative Counsel:

From Department of Commerce - Division of Insurance

Date March 23, 1971

Please prepare a ~~XXXX~~ amendment as follows: A.B. 416

Page 33 Sec. 84.5 line 45

After "insurer" add EXCEPT LIFE INSURERS.

After "shall" add IF REQUESTED BY THE COMMISSIONER

BILL DRAFTING AND AMENDMENT REQUEST

[Please use separate sheet for each request]

To the Legislative Counsel:

From Department of Commerce -- Division of Insurance

Date March 23, 1971

Please prepare a ~~bill~~/amendment as follows: A.B. 416

Page 37 Sec. 90 line 43

(\$15)

Add \$50

BILL DRAFTING AND AMENDMENT REQUEST

[Please use separate sheet for each request]

To the Legislative Counsel:

From Department of Commerce - - Division of Insurance

Date March 23, 1971

Please prepare a ~~bill~~^{XXXXX}/amendment as follows: A. B. 416

Page 40 Sec. 92.4 line 35 (includes the amount charged the insured for abstracting, title)

SHALL CONSIST OF THE TOTAL AMOUNT RECEIVED BY THE COMPANY FROM
THE SALE OF POLICIES OF TITLE INSURANCE

(lines 36 and 37) delete

BILL DRAFTING AND AMENDMENT REQUEST

[Please use separate sheet for each request]

To the Legislative Counsel:

From _____

Date _____

Please prepare a bill/amendment as follows:

Page 121 - Line 10 - ...do so [from a majority of insurers authorized to transact and
actually transacting the particular class of insurance business in
this state].

BILL DRAFTING AND AMENDMENT REQUEST

[Please use separate sheet for each request]

To the Legislative Counsel:

From Department of Commerce -- Division of Insurance

Date March 23, 1971

Please prepare a ~~bill~~/amendment as follows: A. B. 416

Page 129 Sec. 300, Subsection 2 (h) (lines 30 thru 40)

BILL DRAFTING AND AMENDMENT REQUEST

[Please use separate sheet for each request]

To the Legislative Counsel:

From Department of Commerce . - Division of Insurance

Date March 23, 1971

Please prepare a ~~bill~~ amendment as follows: A. B. 416

Page 147 Sec. 343, line 9 (other than credit life insurance)

line 11 (accident and sickness insurance other than)

line 11 and blanket HEALTH INSURANCE

line 12 (credit accident and sickness insurance)

BILL DRAFTING AND AMENDMENT REQUEST

[Please use separate sheet for each request]

To the Legislative Counsel:

From Department of Commerce - Division of Insurance

Date March 23, 1971

Please prepare a ~~bill~~ amendment as follows: A. B. 416

Page 173 Sec. 403.1 line 7 (disability) life or HEALTH

BILL DRAFTING AND AMENDMENT REQUEST

[Please use separate sheet for each request]

To the Legislative Counsel:

From Department of Commerce -- Division of Insurance

Date March 23, 1971

Please prepare a ~~bill~~/amendment as follows: A.B. 416

Page 177 line 38 (specified) ...at a FIXED RATE (shall) ...interest as MAY

line 39 (specified) be APPROVED

BILL DRAFTING AND AMENDMENT REQUEST

[Please use separate sheet for each request]

To the Legislative Counsel:

From Department of Commerce - Division of Insurance

Date March 23, 1971

Please prepare a ~~bill~~ amendment as follows: A.B. 416

Page 178 line 7 (3) ...for "6"

BILL DRAFTING AND AMENDMENT REQUEST

[Please use separate sheet for each request]

To the Legislative Counsel:

From Department of Commerce - Division of Insurance

Date March 23, 1971

Please prepare a ~~237777~~/amendment as follows: A.B. 416

Page 191 line 12 (of any)portion, IF ANY,

Lined area for providing details of the amendment request.

Wm. D. Brown

G
113

Suggested Amendment - Assembly Bill 416

Page 9

Sec. 34.3. MEASURES TO ENHANCE PUBLIC UNDERSTANDING OF COVERAGES OFFERED AND ENCOURAGE PRICE COMPETITION

On line 19, after the word "insurance" insert ",other than life and health insurance and annuities,".

Reason: Standard policy forms for life and health insurance and annuities are unnecessary, inappropriate, and completely unworkable in some areas. Such standard forms will discourage the development of new coverages, discourage competition and operate to the detriment of consumers.

LIAA
3/25/71

BILL DRAFTING AND AMENDMENT REQUEST

(Please use separate sheet for each request)

To the Legislative Counsel:

From Department of Commerce - Division of Insurance

Date March 29, 1971

Please prepare a ~~XXXX~~ amendment as follows: A. B. 416

Page 155 (lines 48 thru 50)

Page 156 (lines 1 thru 50)

Page 157 (lines 1 thru 50)

Page 158 (lines 1 thru 50)

Page 159 (lines 1 thru 50)

Page 160 (lines 1 thru 15)

Page 155, line 48 - SEC. 361. TITLE 57 OF NRS IS HEREBY AMENDED BY ADDING THERETO A NEW CHAPTER TO CONSIST OF THE PROVISIONS SET FORTH AS SECTIONS ----- INCLUSIVE, OF THIS ACT.

SCOPE.

Sec. 1. This act shall apply to all kinds of direct insurance, except life, title, surety, disability, accounts receivable, mortgage guaranty, and ocean marine insurance.

DEFINITIONS.

Sec. 2. As used in this act unless the context otherwise requires:

1. "Association" means the Nevada insurance guaranty association created pursuant to section 3 of this act.
2. "Commissioner" means the commissioner of insurance of this state.
3. "Covered claim" means an unpaid claim or judgement excluding unearned premium claims, which arises out of and is within the coverage of an insurance policy to which this act applies issued by an insurer, if such insurer becomes an insolvent insurer after the effective date of this act and one of the following conditions exists:
 - (a) The claimant or insured is a resident of this state at the time of the insured event.
 - (b) The property from which the claim arises is permanently located in this state.
 - (c) Such term does not include any amount due any reinsurer, insurer, insurance pool, or underwriting association, as subrogation recoveries or otherwise; and
 - (d) Supplementary payment obligation including but not limited to adjustment fees and expenses, attorney fees and expenses, court costs, interest and bond premiums, prior to the appointment of a liquidator, except that to the extent that such obligation is a valid claim against an insured it is a covered claim.
4. "Insolvent insurer" means an insurer authorized to transact insurance in this state, either at the time the policy was issued or when the insured event occurred, which is determined to be insolvent by a court of competent jurisdiction.
5. "Member insurer" means any person, except a fraternal, or nonprofit service corporation

who:

(a) Writes any kind of insurance to which this act applies, including the exchange of reciprocal or interinsurance agreements of indemnity.

(b) Is licensed to transact insurance in this state.

6. "Net direct written premiums" means direct gross premiums written in this state on insurance policies to which this act applies, less return premiums and dividends paid or credited to policyholders on such direct business. Such term does not include premiums on contracts between insurers or reinsurers.

7. "Person" means any individual, corporation, partnership, association, voluntary organization, reciprocals, or insurance exchanges.

CREATION OF THE ASSOCIATION.

Sec. 3. There is created a nonprofit unincorporated legal entity to be known as the Nevada insurance guaranty association. All member insurers as defined in section 2, subsection 5 of this act shall be and remain members of the association as a condition of their authority to transact insurance in this state. The association shall perform its functions under a plan of operation established and approved pursuant to section 6 of this act and shall exercise its powers through a board of directors established under section 4 of this act.

BOARD OF DIRECTORS.

Sec. 4. The board of directors of the association shall consist of not less than five nor more than nine persons serving terms as established in the plan of operation. The members of the board shall be selected by member insurers subject to the approval of the commissioner. Vacancies on the board shall be filled for the remaining period of the term in the same manner as initial appointments. If no members are selected within thirty days after the effective date of this act, the commissioner may appoint the initial members of the board of directors.

In approving selections to the board the commissioner shall consider among other things whether all member insurers are fairly represented.

Members of the board may be reimbursed from the assets of the association for expenses incurred by them as members of the board of directors.

DUTIES AND POWERS OF THE ASSOCIATION.

Sec. 5. 1. The association shall:

(a) Be obligated to the extent of the covered claims existing prior to the determination of insolvency and arising within thirty days after the determination of insolvency, or before the policy expiration date if less than thirty days after the determination, or before the insured replaces the policy or on request effects cancellation if he does so within thirty days of the determination. Such obligation shall include only that amount of each covered claim which is in excess of one hundred dollars and less than three hundred thousand dollars. In no event shall the association be obligated to a policyholder or claimant in an amount in excess of the face amount of the policy from which the claim arises.

(b) Be deemed the insurer to the extent of its obligations on the covered claims and to such extent shall have all rights, duties, and obligations of the insolvent insurer as if the insurer had not become insolvent.

(c) Assess member insurers amounts necessary to pay the obligations of the association under subsection 1(a) of this section subsequent to an insolvency, the expenses of handling covered claims subsequent to an insolvency, the cost of examinations under section 10 of this act, and other expenses authorized by this act. The assessment of each member insurer shall be in the proportion that the net direct written premiums of the member insurer for the preceding calendar year bear to the net direct written premiums of all member insurers for the preceding calendar year. Each member insurer shall be notified of the assessment not later than thirty days before it is due. No member insurer may be notified of the assessment not later than thirty days before it is due. No member insurer may be assessed in any year an amount greater than two percent of that member insurer's net direct written premiums for the preceding calendar year. If the maximum assessment, together with the other assets of the association, does not provide in any one year an amount sufficient to make all necessary payments, the funds available

shall be prorated and the unpaid portion shall be paid as soon as funds become available.

The association may exempt or defer, in whole or in part, the assessment of any member insurer if the assessment would cause the member insurer's financial statement to reflect amounts of capital or surplus less than the minimum amounts required for a certificate of authority by any jurisdiction in which the member insurer is authorized to transact insurance; provided, however, that during the period of deferment, no dividends shall be paid to shareholders or policyholders. Deferred assessments shall be paid when such payment will not reduce capital or surplus below required minimums. Such payments shall be refunded to those companies receiving larger assessments by virtue of such deferment, or, in the discretion of any such company, credited against future assessments. Each member insurer shall be allowed a premium tax credit at the rate of 20% per year for five successive years following the final order in liquidation period for any amounts paid under this act.

(d) Investigate claims brought against the fund and adjust, compromise, settle, and pay covered claims to the extent of the association's obligation and deny all other claims.

(e) Notify such persons as the commission directs under section 7, subsection 2 (a) of this act.

(f) Process claims through its employees or through one or more member insurers or other persons designated as servicing facilities. Designation of a servicing facility is subject to the approval of the commissioner, but such designation may be declined by a member insurer.

(g) Reimburse each servicing facility for obligations of the association paid by the facility and for expenses incurred by the facility while handling claims on behalf of the association, and pay the other expenses of the association authorized by this act.

2. The association may:

- (a) Appear in, defend, and appeal any action on a claim brought against the association.
- (b) Employ or retain persons necessary to handle claims and perform other duties of the association.
- (c) Borrow funds necessary to effect the purposes of this act in accord with the plan of operation.
- (d) Sue or be sued.
- (e) Negotiate and become a party to contracts necessary to carry out the purpose of this act.
- (f) Perform such other acts necessary or proper to effectuate the purposes of this act.
- (g) If, at the end of any calendar year, the board of directors finds that the assets of the association exceed its liabilities as estimated by the board of directors for the coming year, refund to the member insurers in proportion to the contribution of each that amount by which the assets of the association exceed the liabilities.

PLAN OF OPERATION.

Sec. 6. 1. The association shall submit a plan of operation to the commissioner, together with any amendments necessary or suitable to assure the fair, reasonable, and equitable administration of the association. The plan of operation and any amendments shall become effective upon approval in writing by the commissioner.

If the association fails to submit a suitable plan of operation within ninety days following the effective date of this act or if at any time thereafter the association fails to submit suitable amendments to the plan, the commissioner shall, after notice and opportunity for hearing, adopt and promulgate reasonable rules necessary or advisable to effectuate the provisions of this act. Such rules shall continue in force until modified by the commissioner or superseded by a plan submitted by the association and approved by the commissioner.

2. All member insurers shall comply with the plan of operation.

3. The plan of operation shall:

(a) Establish the procedures for performance of all the duties and powers of the association under section 5 of this act.

(b) Establish procedures for managing assets of the association.

(c) Establish the amount and method of reimbursing members of the board of directors under section 4 of this act.

(d) Establish procedures by which claims may be filed with the association and establish acceptable forms of proof of covered claims. Notice of claims to the receiver or liquidator of the insolvent insurer shall be deemed notice to the association or its agent and a list of such claims shall be periodically submitted to the association or similar organization in another state by the receiver or liquidator.

(e) Establish regular places and times for meetings of the board of directors.

(f) Establish procedures for keeping records of all financial transactions of the association, its agents, and the board of directors.

(g) Provide that any member insurer aggrieved by any final action or decision of the association may appeal to the commissioner within thirty days after the action or decision.

(h) Establish procedures for submission to the commissioner of selections for the board of directors.

(i) Contain additional provisions necessary or proper for the execution of the duties and powers of the association.

4. The plan of operation may provide that any or all duties and powers of the association, except those under section 5, subsection 1(c) and section 5, subsection 2(c) this act, are delegated to a person which performs or will perform functions similar to those of this association in two or more states. Such person shall be reimbursed as a

servicing facility and shall be paid for performance of any other functions of the association. A delegation under this subsection shall take effect only with the approval of both the board of directors and the commissioner, and may be made only to a person which extends protection not substantially less favorable and effective than that provided by this act.

DUTIES AND POWERS OF THE COMMISSIONER.

Sec. 7. 1. The commissioner shall:

(a) Notify the association of the existence of an insolvent insurer not later than three days after he receives notice of the determination of the insolvency.

(b) Upon request of the board of directors, provide the association with a statement of the net direct written premiums of each member insurer.

2. The commissioner may:

(a) Require that the association notify the insureds of the insolvent insurer and any other interested parties of the determination of insolvency and of their rights under this act. Such notification shall be by mail at their last known address, but if sufficient information for notification by mail is not available, notice by publication in a newspaper of general circulation is sufficient.

(b) Suspend or revoke, after notice and opportunity for hearing, the certificate of authority to transact insurance in this state of any member insurer which fails to pay an assessment when due or fails to comply with the plan of operation. As an alternative, the commissioner may levy a fine on any member insurer which fails to pay an assessment when due. Such fine shall not exceed five percent of the unpaid assessment per month, except that no fine shall be less than one hundred dollars per month.

(c) Revoke the designation of any servicing facility if he finds claims are being processed unsatisfactorily.

EFFECT OF PAID CLAIMS.

Sec. 8. 1. Any person recovering under this act shall be deemed to have assigned his

rights under the policy to the association to the extent of his recovery from the association. Every insured or claimant seeking the protection of this act shall cooperate with the association to the same extent as such person would have been required to cooperate with the insolvent insurer. The association shall have no cause of action against the insured of the insolvent insurer for any sum it has paid out.

2. The receiver, liquidator, or statutory successor of an insolvent insurer shall be bound by settlements of covered claims by the association or a similar organization in another state. The court having jurisdiction shall grant such claims priority equal to that to which the claimant would have been entitled in the absence of this act against the assets of the insolvent insurer. The expenses of the association or similar organization in handling claims shall be accorded the same priority as the liquidator's expenses.

3. The association shall periodically file with the receiver or liquidator of the insolvent insurer statements of the covered claims paid by the association and estimates of anticipated claims on the association, which statements shall preserve the rights of the association against the assets of the insolvent insurer.

NONDUPLICATION OF RECOVERY.

Sec. 9. 1. Any person having a claim against his insurer, under any provision in his insurance policy, which is also a covered claim shall be required to exhaust first his right under the policy. Any amount payable on a covered claim under this act shall be reduced by the amount of recovery under the claimant's insurance policy.

2. Any person having a claim which may be recovered under more than one insurance guaranty association or its equivalent shall seek recovery first from the association of the place of residence of the insured. However, if such claim is a first party claim for damage to property with a permanent location recovery shall be first sought from the association of the location of the property; and if such claim is a workman's compensation

Main recovery shall be first sought from the association of the residence of the claimant. Any recovery under this act shall be reduced by the amount of the recovery from any other insurance guaranty association or its equivalent.

PREVENTION OF INSOLVENCIES.

Sec. 10. To aid in the detection and prevention of insurer insolvencies:

1. The board of directors shall, upon majority vote, notify the commissioner of any information indicating any member insurer may be insolvent or in a financial condition hazardous to the policyholders or the public.

2. The board of directors may, upon majority vote, request that the commissioner order an examination of any member insurer which the board in good faith believes may be in a financial condition hazardous to the policyholders or the public. Within thirty days of the receipt of such request, the commissioner shall begin such examination.

The examination may be conducted as a national association of insurance commissioners' examination or may be conducted by such persons as the commissioner designates. The cost of such examination shall be paid by the association and the examination report shall be treated as are other examination reports. In no event shall such examination report be released to the board of directors prior to its release to the public, but this shall not preclude the commissioner from complying with subsection 3 of this section. The commissioner shall notify the board of directors when the examination is completed. The request for an examination shall be kept on file by the commissioner but it shall not be open to public inspection prior to the release of the examination report to the public.

3. The commissioner shall report to the board of directors when he has reasonable cause to believe that any member insurer examined or being examined at the request of the board of directors may be insolvent or in a financial condition hazardous to the policyholders or the public.

4. The board of directors may, upon majority vote, make reports and recommendations to the commissioner upon any matter germane to the solvency, liquidation, rehabilitation, or conservation of any member insurer. Such reports and recommendations are not public documents.

5. The board of directors may, upon majority vote, make recommendations to the commissioner for the detection and prevention of insurer insolvencies.

6. The board of directors shall, at the conclusion of any insurer insolvency in which the association was obligated to pay covered claims, prepare a report on the history and causes of such insolvency, based on the information available to the association, and submit such report to the commissioner.

EXAMINATION OF THE ASSOCIATION.

Sec. 11. The association is subject to examination and regulation by the commissioner. The board of directors shall submit, not later than March thirtieth of each year, a financial report for the preceding calendar year in a form approved by the commissioner.

TAX EXEMPTION.

Sec. 12. The association is exempt from payment of all fees and all taxes levied by this state or any of its subdivisions, except taxes levied on real or personal property.

RECOGNITION OF ASSESSMENTS IN RATES.

Sec. 13. The rates and premiums charged for insurance policies to which this act applies shall include amounts sufficient to recoup a sum equal to the amounts paid to the association by the member insurer less any amounts returned to the member insurer by the association, or less any premium tax credits allowed under this act, and such rates shall not be deemed excessive as a result of containing such recoupment allowances.

IMMUNITY.

Sec. 14. There is no liability, and no cause of action of any nature shall arise against any member insurer, the association, its agents or employees, the board of

Directors, the commissioner, or his representatives, for any reasonable action taken by them in the performance of their duties and powers under this act.

STAY OF PROCEEDINGS.

Sec. 15. All proceedings in which the insolvent insurer is a party in any court in this state shall be stayed for sixty days from the date the insolvency is determined to permit proper defense by the association of all pending causes of action.

TITLE.

Sec. 16. This act shall be known and may be cited as the Nevada Insurance Guaranty Association Act.

EFFECTIVE DATE.

Sec. 17. This act shall become effective upon passage and approval.

1 **INSURANCE ON PUBLIC CONSTRUCTION CONTRACTS.**

2
3 **SEC. 332.** 1. No officer or employee of this state, or of any public
4 agency, public authority or public corporation (except a public corpora-
5 tion or public authority created pursuant to agreement or compact with
6 another state), and no person acting or purporting to act on behalf of
7 such officer or employee, or public agency or public authority or public
8 corporation, shall, with respect to any public building or construction con-
9 tract which is about to be or which has been competitively bid, require
10 the bidder to make application or furnish financial data to, or to obtain
11 or procure any of the surety bonds or contracts of insurance specified in
12 connection with such contracts or by any law from, a particular insurer
13 or agent or broker.

14 2. No such officer or employee or any person acting or purporting to
15 act on behalf of such officer or employee shall negotiate, make application
16 for, obtain or procure any of such surety bonds or contracts of insurance
17 (except contracts of insurance for builder's risk or owner's protective
18 liability) which can be obtained or procured by the bidder, contractor or
19 subcontractor.

20 3. This section does not, however, prevent the exercise by such officer
21 or employee on behalf of the state or such public agency, public authority
22 or public corporation of its right to approve the form, sufficiency or man-
23 ner of execution of the surety bonds or contracts of insurance furnished
24 by the insurer selected by the bidder to underwrite such bonds or con-
25 tracts of insurance.

26 4. Any provisions in any invitation for bids or in any of the contract
27 documents in conflict with this section are declared to be contrary to the
28 public policy of this state.

29 5. A violation of this section is subject to the penalties provided by
30 section 19 of this act (general penalty).

31
32 **ILLEGAL DEALING IN PREMIUMS; EXCESS CHARGES**
33 **FOR INSURANCE.**

34
35 **SEC. 333.** 1. No person shall willfully collect any sum as premium
36 or charge for insurance, which insurance is not then provided or is not in
37 due course to be provided (subject to acceptance of the risk by the
38 insurer) by an insurance policy issued by an insurer as authorized by
39 this code.

40 2. No person shall willfully collect as premium or charge for insur-
41 ance any sum in excess of the premium or charge applicable to such insur-
42 ance and as specified in the policy, in accordance with the applicable
43 classifications and rates as filed with and approved by the commissioner;
44 or, in cases where classifications, premiums or rates are not required by
45 this code to be so filed and approved, such premiums and charges shall
46 not be in excess of those specified in the policy and as fixed by the insurer.
47 This subsection shall not be deemed to prohibit:

48 (a) The charging and collection, by surplus lines brokers licensed

1 under sections 275 to 296, inclusive, of this act, of the amount of appli-
2 cable state and federal taxes and nominal service charge to cover com-
3 munication expenses, in addition to the premium required by the insurer.

4 (b) The charging and collection, by a life insurer, of amounts actually
5 to be expended for medical examination of any applicant for life insur-
6 ance or for reinstatement of a life insurance policy.

7

8 **FICTITIOUS GROUPS.**

9

10 **SEC. 334.** 1. No insurer, whether an authorized insurer or an unau-
11 thorized insurer, shall make available through any rating plan or form,
12 property, casualty or surety insurance to any firm, corporation or associa-
13 tion of individuals any preferred rate or premium based upon any fictitious
14 grouping of such firm, corporation or association.

15 2. No form or plan of insurance covering any group or combination
16 of persons or risks shall be written or delivered within or outside this
17 state to cover persons or risks in this state at any preferred rate or on any
18 form other than as offered to persons not in such group or combination
19 and to the public generally, unless such form, plan of insurance, and the
20 rates or premiums to be charged therefor have been submitted to and
21 approved by the commissioner as being not unfairly discriminatory, and
22 as not otherwise being in conflict with subsection 1 or with any provision
23 of sections 341 to 372, inclusive, of this act (rates and rating organiza-
24 tions) to the extent that such sections are, by their terms, applicable
25 thereto.

26 3. This section does not apply to life insurance, health insurance,
27 annuity contracts or wet marine and transportation insurance.

28

29 **INSURANCE AS INDUCEMENT.**

30

31 **SEC. 335.** 1. No person shall arrange, provide or participate in any
32 plan to offer or effect any kind or kinds of insurance or annuities in this
33 state as an inducement to the purchase or rental by the public of any
34 property or services, without a separate charge to the insured for such
35 insurance.

36 2. This section does not apply to:

37 (a) Insurance written in connection with a subscription to newspapers
38 of general circulation;

39 (b) Insurance issued to credit unions or members thereof in connec-
40 tion with the purchase of shares in such credit union;

41 (c) Insurance offered as guarantee to the performance of goods and
42 designed to protect the purchasers or users of such goods;

43 (d) Title insurance;

44 (e) Life or health insurance written in connection with an indebtedness
45 for the purpose of paying the balance of the indebtedness on death or
46 disability of the individual insured; or

47 (f) Services provided by motor clubs.

Suggested Amendment - Assembly Bill 416

Pages 9-10.

Sec. 34.7. PRIVATE OMBUDSMEN

Delete in its entirety.

Reason: Companies with proper procedures for handling complaints and paying claims do not need a private ombudsman. For companies with improper procedures, this provision will merely give them the opportunity to "officially whitewash" themselves. This section can never replace the Insurance Department's complaint division and their statistics which will point up those companies whose practices generate the most complaints.

Also, the largest numerical category of "all licensees" are individuals - agents. And this section is inappropriately applied to them.

LIAA
3/25/71

SUGGESTED AMENDMENT TO ASSEMBLY BILL 416
Submitted by
Health Insurance Association of America

On page 147, delete lines 11-12 and insert in lieu thereof
"6. Health insurance and credit health insurance."

Under the present language of A.B. 416, individual health insurance would be subject to rate regulation under Chapter 15. This is unnecessary and undesirable because individual health insurance premium rates are already subject to approval by reason of Paragraph 4 of Section 386. Moreover, when that section is read in conjunction with Chapter 15, rate regulation of individual health insurance is on "prior approval" basis rather than "file and use" basis generally intended under Chapter 15.

#26