

SENATE COMMITTEE ON TRANSPORTATION

MINUTES OF MEETING

WEDNESDAY, MARCH 3, 1971

HELEN HERR, CHAIRMAN

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The meeting was called to order at 1 P.M. by Helen Herr, Chairman.

PRESENT:

- SEnator Herr
- Senator Monroe
- Senator Drakulich
- Senator Dodge
- Senator Harris
- Senator Pozzi
- Senator Manning

GUESTS:

- Mr. Mike Fondi, representing State Farm Insurance Company
- Mr. Anderson, Automobile Association of America
- Mr. Fred Erickson, Chief Deputy Insurance Commissioner
- Mr. James Stewart, President of Reno Claims Association, Reno
- Mr. Oliver Bolton

The Chairman stated that this committee would consider SB 83, which requires payment of certain claims by insurance companies within a time certain and places liability for vehicle towing and repair charges upon insurance companies after notice.

Mr. Mike Fondi, representing State Farm Insurance Company was called to speak on SB 83. He said that the bill was unrealistic; that it was not possible to settle claims within a 45 day period for many reasons, especially where there was extensive damage to a vehicle, and that he opposed the bill.

Speaking on SB 84 Mr. Fondi said that the provisions of this bill would be a great disservice to the public; that if an insured was from out of town, and had an accident there would be delays in adjusting the claim; that there were a great many other things they objected to.

Senator Monroe remarked that it did require that an insured have an estimate from one or more repair shops to which Mr. Fondi replied: "Yes."

Senator Monroe, in SB 84 it authorized him to go to any garage of his choice; you have to have some evidence of an estimate, do you not, from more than one garage? Mr. Fondi said that he did not read that into the bill.

Senator Pozzi asked why could the insurance company not pay the bill in 45 days?

Mr. Anderson said he did not realize that was the program.

Senator Pozzi: "You pay your bills in 30 days, every business man does that." He said that he had a claim that was 125 days old. Further, he said there was no reason why, after the car is delivered and is being driven by the insured, the company could not pay within the 45 day period.

Mr. Anderson interposed this remark: "There are some things with which I do not agree."

Senator Pozzi discussed the bill further.

Mr. Fondi said he was contacted by State Farm Insurance and they had asked him to keep an eye out on these bills, and that was why he was interested. My first reaction, as an attorney for State Farm Insurance, was that this was bad legislation. That it would be more competitive if it were not this way. I do not think the purpose of this legislative body is to require people to pay their bills within a certain time. If an automobile is out on the road you can go pick it up. I don't think it is necessary to have to protect the repair man, you have other courses of action. An individual could be cited into court to do this. To envision legislation of this kind the courts would be cluttered up with appraisers. Referring to the provision that the insurance companies should pay interest on all claims; what this means is that someone is going to have to pay in the end, the public is entitled to some protection.

Senator Pozzi said if the bill of an insured was not paid within 45 days, and you have a thousand dollar claim, and the insurance company doesn't pay off for a long time, the insured is going to be very angry.

Mr. James Stewart, President of the Reno Claims Association, said that they were the people in the field in Northern Nevada; he said that they were in opposition to both of these bills. That it was not practical to settle within 45 days, or even 50 days, to make responsible appraisals and payment of claims. He said that there were many discrepancies, another reason they opposed the bills; he said that these problems can be worked out fairly. In all cases where there is a problem we take time and make an effort to make a fair solution of the problem.

Senator Pozzi referring to the 45 day period, inquired how many repair people, once you get through adjusting, and you give the go ahead, now I am not referring to major accidents, why should there be any argument or delay?

Mr. Stewart replied that there might be supplemental damage which might not have resulted from the accident. We are not responsible for that additional amount. The adjuster looks it over and he can see supplemental damage and the repair shop knows this, and all this might entail a longer period of adjustment.

Senator Pozzie said there should be no argument over front end damage, to which Mr. Stewart replied: "SB 84 would deny the right to separate the damages."

Senator Monroe: "Why did you say that?" Under the insurance liability for the bill, it is impossible to find damage without looking within. He said that under the procedure, why take a car and get an estimate on the job? The adjuster does not enter into the picture.

Senator Pozzi said you should have a right to go to your own garage.

Senator Monroe asked why he should be required to obtain two estimates; why should he be required to go to another company, other than his own.

Senator Herr remarked that she had been told to get two estimates.

Senator Monroe asked why can't you go to anyone?

Senator Drakulich asked about competitive bidding; if the bids were competitive that would be fine. He said that certain garages has arrangements, that this was not competitive, but complimentary.

Senator Herr said she did not believe this was done in Las Vegas.

Mr. Fred Erickson, deputy insurance commissioner said that he opposed both SB 83 and SB 84, and stated his reasons, making particular reference to Sec. 3 of SB 84.

Senator Pozzi asked Mr. Erickson if he had to pay his insurance in thirty days, to which Mr. Erickson replied: "I couldn't see anyone getting a fair shuffle under this section." He said that within 30 days after the contract, if the agent had a contract to insure, it was generally seventy-five.

There being no further business to come before the meeting, it was adjourned at 2 P.M., until Monday, March 8, 1971, at one o'clock P.M. in Room 243.

Respectfully submitted,

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APPROVED:

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HELEN HERR, CHAIRMAN

