

SENATE COMMERCE AND LABOR COMMITTEE

MINUTES OF MEETING

THURSDAY, FEBRUARY 22, 1973

The meeting was called to order at 9:00 a.m.

Senator Drakulich in the Chair.

PRESENT: Senator Herr
Senator Swobe
Senator Pozzi
Senator Hecht
Senator Blakemore
Senator Lamb

Many interested citizens which list is attached hereto as Exhibit A.

S. B. 103 - Provides that insurer declining to issue policy must give applicant timely written notice of reasons for rejection.

Milo Terzich, representing American Life Insurance Company appeared before the board to testify in behalf of some desired changes in the bill.

Mr. Terzich presented a proposed amendment to S. B. 103 which incorporates the Federal law, thus giving the citizens of the State of Nevada have a complaining agency to go to. The amendment was accepted by the Committee. Upon motion made by Senator Lamb, seconded by Senator Herr the prase, "any disclosure required shall be made within five days."

Senator Lamb moved, Do Pass as amended.
Seconded by Senator Swobe
Motion carried unanimously

S. B. 275 - Limits deficiency collectible upon repossessed vehicle.

Senator Joe Neal appeared before the committee to speak in favor of the bill. Senator Neal informed the committee that many times when automobiles are repossessed the repossessed vehicle is sold at a low price and the original owner is forced to make up the deficit.

Senator Echols spoke in favor of the bill.

Senator Lamb stated that there was a law on the books

which makes it mandatory for the mortgage holder to acquire three bids before a repossessed car can be sold and the high bid must be accepted.

Senator Pozzi stated that he had never been able to collect a deficiency in all the years he had been in business. If the man couldn't pay for the car he couldn't pay for the deficit.

Senator Herr stated the in her opinion when a person signs a contract for a certain amount of money, that person is liable for the amount of money.

Senator Lamb stated that loan companies and banks would rather not have to repossess cars. If the offending party would just come in and make the payments current or at least talk the problem over with the companies there would be no problem.

S. B. 278 - Restricts insurers in considering traffic citations as criterion for increasing premiums for automobile liability insurance.

Senator Neal spoke in favor of the bill. He feels that the insurance companies should not raise insurance rates simply for traffic citations where accidents are not involved.

Virgil Anderson, representing Triple A and also for Mr. George Vargas. He stated that Triple A did not follow the practice of raising rates because of traffic citations. He pointed out that the bill goes beyond raising rates, it also states cancel, refuse to issue and reduce liability limits of.

Senator Neal stated that it was unfair for insurance companies to raise rates for citations where accidents were not involved because the insurance company is not out one dime.

Jim Lorigan, representing Farmer's Insurance Group, spoke in opposition to the bill. He said that the insurance rating system is not based on the expenditure of an insurance company. This is contrary to all insurance principle. Many statistics show that the multi-citation person is merely an accident looking for a place to happen. He cited an incident such as, if a person were hit and killed in the cross-walk and head light was broken. It would cost \$30 to repair and the driver was cited for manslaughter - should this not be considered in rating and eligibility for insurance?

He admitted that insurance rates were too high and something might be done about it.

He further stated that his company only allows two citations per household before the insurance rates go up.

Senator Drakulich spoke in favor of the bill.

S. B. 197 - Requires manufacturers of motor vehicles to provide the cost of correcting factory defects.

Senator Drakulich spoke in favor of the bill. He feels that when a car is recalled because of a factory defect the cost of repair should be borne by the manufacturer and not the car owner.

Senator Pozzi stated that in the case of his companies when there is a recall campaign the cost is borne by the manufacturer and to his knowledge the customer has never had to pay.

Senator Herr wanted to know how strict the company was on the 60 day limit, and was informed by Senator Pozzi that they did not hold the customer to this.

Bob Quinn, representing the Automobile Association, spoke in favor of legislation such as this.

Mr. Quinn stated that on a notice of possible defect, the company does not pay for the repairs. He feels that the 60 day clause would disqualify, in this state, repairs in a call back. He stated that the bill was not clear as to what the individual would do in order to collect from the manufacturer. He feels that the bill should be made more workable.

Senator Blakemore wanted to know how the manufacturer could be compelled to pay the dealer for these repairs.

Mr. Quinn stated that one company had only an objection to the misdemeanor clause.

S. B. 174 - Permits open-market advertising and sale of prescription drugs.

Dick Thomas, representing the Teamsters Union of Las Vegas. He spoke in favor of the bill. He stated that some 20,000 families had a contract to buy prescription drugs at a discount price on a capitation basis. The state Pharmacy Board came in stopped this practice saying that it was illegal. He feels that to not allow the advertising of drugs is discriminatory.

Senator Swobe informed Mr. Thomas that he was working on some amendments to S. B. 174 which might benefit all concerned including those opposed to the bill.

Motion by Senator Lamb that Senator Swobe get the amendments printed up in the bill and let the committee have a look at them.

Seconded by Senator Blakemore, carried.

S. B. 197 tabled.

S. B. 275 - motion Senator Swobe, "Do kill."
Seconded by Senator Hecht, carried.


Yeas, Senator Herr, Senator Pozzi, Senator Drakulich, Senator Blakemore. Senator Lamb abstaining due to the fact that he is an officer of a bank.

S. B. 278 - motion Senator Swobe, hold in committee.
Seconded by Senator Hecht, carried.

Yeas, Senator Herr, Senator Pozzi, Senator Blakemore, Senator Lamb. No, Senator Drakulich.

Meeting adjourned at 1:45 P.M.

Respectfully submitted



Mae Lofthouse, Secretary

APPROVED:

Senator Drakulich, Chairman

Commerce and Labor

11-22-2

Name

Representing

Milo Terzich

American Life Ins. Co.

J. LORIGAN

FARMERS INS. GROUP

B. FITZPATRICK

DEPT OF MOTOR VEH.

W. J. CARDALLO

dept. motor veh.

C. E. NORTON

TECHNICIAN'S 995

BOB FOX

OPERATING ENGINEERS 501

Peggy Westall

Joe Jackson

Press

Gene Echols

Senator

Virgil Anderson

AAA

SENATE BILL NO. 103—SENATOR GIBSON

JANUARY 29, 1973

Referred to Committee on Commerce and Labor

SUMMARY—Provides that insurer declining to issue policy must give applicant timely written notice of reasons for rejection. Fiscal Note: No. (BDR 57-560)

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT relating to insurance; requiring any insurer who fails or refuses to issue a policy to give the applicant timely written notice of the reasons for the rejection; and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

- 1 SECTION 1. Chapter 686A of NRS is hereby amended by adding
2 thereto a new section which shall read as follows:
3 1. *Any insurer who fails or refuses to issue a policy of insurance to*
4 *an applicant who has applied for the policy in a manner which satisfies*
5 *the application requirements, including submission to a physical exami-*
6 *nation if required, shall inform the applicant in writing, within 30 days*
7 *after the application was tendered, of the insurer's reason or reasons for*
8 *rejecting the application.*
9 2. *A failure to comply with subsection 1 is cause for revocation of*
10 *the insurer's license to do business in the State of Nevada.*
11 3. *Complaints based on violation of subsection 1 may be filed with*
12 *the commissioner of insurance.*

SENATE BILL NO. 275—SENATOR NEAL

FEBRUARY 19, 1973

Referred to Committee on Commerce and Labor

SUMMARY—Limits deficiency collectible upon repossessed vehicle.
Fiscal Note: No. (BDR 43-975)

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT relating to repossession of vehicles; limiting the deficiency collectible; and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

1 SECTION 1. Chapter 482 of NRS is hereby amended by adding
2 thereto a new section which shall read as follows:

3 1. *The holder of a security interest in a vehicle who disposes of such*
4 *vehicle after default and repossession is entitled to recover from the debtor*
5 *no more than the difference between the amount due under the security*
6 *agreement and the fair market value of the vehicle at the time of repos-*
7 *session.*

8 2. *In any proceeding to recover a deficiency with respect to a vehicle,*
9 *the burden of proof is upon the secured party to establish such fair market*
10 *value independently of any sale price received.*

11 SEC. 2. NRS 482.516 is hereby amended to read as follows:

12 482.516 1. Any provision in any security agreement for the sale of
13 a vehicle to the contrary notwithstanding, at least 10 days' written notice
14 of intent to sell a repossessed vehicle must be given to all persons liable
15 on the security agreement. The notice shall be given in person or shall be
16 sent by mail directed to the address of the persons shown on the security
17 agreement, unless such persons have notified the holder in writing of a
18 different address.

19 2. The notice:

20 (a) Shall set forth that there is a right to redeem the vehicle and the
21 total amount required as of the date of the notice to redeem;

22 (b) May inform such persons of their privilege of reinstatement of the
23 security agreement, if the holder extends such privilege;

24 (c) Shall give notice of the holder's intent to resell the vehicle at the
25 expiration of 10 days from the date of giving or mailing the notice;

26 (d) Shall disclose the place at which the vehicle will be returned to the
27 buyer upon redemption or reinstatement; and

S. B. 278

SENATE BILL NO. 278—SENATOR NEAL

FEBRUARY 19, 1973

Referred to Committee on Commerce and Labor

SUMMARY—Restricts insurers in considering traffic citations as criterion for increasing premiums for automobile liability insurance. Fiscal Note: No. (BDR 57-971)

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT relating to automobile liability insurance; restricting insurers in considering traffic citations as a criterion of rates; and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

- 1 SECTION 1. Chapter 687B of NRS is hereby amended by adding
2 thereto a new section which shall read as follows:
3 *No insurer shall cancel, refuse to issue, reduce liability limits of, or*
4 *increase the premium of any automobile liability insurance policy issued*
5 *to a resident of this state for the sole reason that a traffic citation has been*
6 *issued to the policyholder pursuant to NRS 484.799, if the citation is not*
7 *issued as a result of an accident involving a total damage greater than the*
8 *amount of deductibility provided under the policyholder's contract of*
9 *insurance.*