

8

Senate

COMMERCE AND LABOR COMMITTEE

Thursday, January 30, 1975

The meeting was called to order in Room #213 at 1:05 p.m., on Thursday, January 30, 1975.

Senator Gene Echols was in the chair.

PRESENT:	Senator Gene Echols	Senator William Raggio
	Senator Richard Blakemore	Senator Warren Monroe
	Senator Gary Sheerin	Senator Margie Foote
	Senator Richard Bryan	

ALSO PRESENT:

Mr. and Mrs. Chester Wilson
Mr. Joe Lawler, Consumer Affairs
Mr. Mike Melner
Mr. John Reiser, Nevada Industrial Commission
Mr. Gino Del Carlo
Mr. Walley Warren
Mr. Gene Leverty, Insurance Division
Mr. Dunphy

S.B. 5:

Motion was made to delay hearing on S.B. 5 until a later date because no one was there to testify on the bill. A Mrs. Mary White of Elko did contact Senator Monroe, and when a new hearing date is set, she will be notified.

Motion was made by Senator Monroe to set a new hearing date. Seconded by Senator Raggio.
Motion carried.

At this time, introduction of all senators present was made.

S.B. 20:

The committee was informed by Mr. John Reiser, Nevada Industrial Commission, that he had a bill which was being drafted that he would like to have introduced by the committee. A copy was given to the secretary. The bill is with the Legislative Counsel Bureau at this time to be put in draft form. The bill deals with sole proprietors.

Motion was made to hold S.B. 20 until the other bill from Mr. Reiser is ready and then hold a hearing on both.

Motion was made by Senator Scheerin
Seconded by Senator Foote.
Motion carried unanimously.

Page Two

9

Private Insurance Coverage:

Discussion of private insurance coverage was discussed. Mr. and Mrs. Chester Wilson and John Reiser, Nevada Industrial Commission, were called to testify. Mr. and Mrs. Wilson did not wish to do so.

In the last committee meeting, Senator Raggio was asked to contact Mr. Reiser of NIC concerning private insurance coverage. Senator Raggio had done so and Mr. Reiser agreed to come to the committee meeting of January 30, 1975, to testify.

Mr. Reiser testified at this time. He discussed private insurance coverage from a study done of the Nevada Industrial Commission by a study group. Copies of this study will be given to all committee members.

After Mr. Reiser's remarks, there was an open discussion about the study.

Motion was made to ask bill drafter for information about A.B. 71, which deals with private coverage. Motion was also made to have research department get whatever information they could along this line. Copies of A.B. 71 will be obtained by the secretary for the committee.

The two above motions were carried.

Mr. and Mrs. Wilson will be informed when hearing on private insurance coverage will be held.

S.B. 27:

Mr. Wally Warren asked that we hold off discussion of this bill for a few days while testimony was being prepared.

Motion was made to set hearing date for one week, for Thursday, February 6, 1975, at 1:00 p.m.
Motion carried.

It was discussed whether the committee secretary should make press releases. It was decided that hearing times would be posted on the senate board since the news media does check it for meeting times.

Motion was made that when a certain bill is to be discussed in a committee meeting, that the primary sponsor of the bill should be notified by the committee secretary.
Motion carried.

S.B. 31:

Motion was made to hold S.B. 31 until redrafting was done. It will be held until the committee hears from Senator Lamb who is the sponsor.

Page Three

S.B. 32:

Motion was made by Senator Blakemore to pass.
Senator Monroe seconded.
Motion carried.

Motion was made at this time to adjourn by Senator Blakemore.
Motion carried.

Meeting adjourned at 1:40.

Respectfully Submitted:

Kristine Johner
Secretary

APPROVED BY:

Gene Echols
Senator Gene Echols, Chairman

AGENDA FOR COMMITTEE ON COMMERCE AND LABOR

Date 1-30-75 Time 1:00 p.m. Room 213

Bills or Resolutions
to be considered

Subject

Counsel
requested*

S.B. 5

SUMMARY—Requires health insurance coverage to include home health care
Fiscal Note: No. (BDR 57-391)

S.B. 20

SUMMARY—Permits partners or sole proprietors to elect workmen's
compensation coverage. Fiscal Note: Yes. (BDR 53-507)

Discussion of Private Insurance Coverage

S.B. 27

SUMMARY—Adjusts industrial insurance benefits to counteract rise in inflation.
Fiscal Note: Yes. (BDR 53-388)

S.B. 31

SUMMARY—Requires designated department to investigate complaints about retail
charge agreements and provides cardholder with remedy. Fiscal Note: No.

S.B. 32

SUMMARY—Corrects typographical error in provision for private
corporations. Fiscal Note: No. (BDR 7-57)

*Please do not ask for counsel unless necessary.

SENATE BILL NO. 20—SENATORS GIBSON AND HERR

JANUARY 23, 1975

Referred to Committee on Commerce and Labor

SUMMARY—Permits partners or sole proprietors to elect workmen's compensation coverage. Fiscal Note: Yes. (BDR 53-507)

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

AN ACT relating to workmen's compensation; permitting a partner or a sole proprietor to elect to be covered under the Nevada Industrial Insurance Act and the Nevada Occupational Diseases Act; 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 616 of NRS is hereby amended by adding
2 thereto a new section which shall read as follows:

3 *1. If the employer is a partnership or sole proprietorship, such*
4 *employer may elect to include as an employee within the provisions of*
5 *this chapter:*

6 *(a) Any member of such partnership; or*

7 *(b) The owner of the sole proprietorship,*

8 *who devotes full time to the partnership or proprietorship business.*

9 *2. An employer who makes the election provided in subsection 1*
10 *must serve upon the commission written notice naming the persons to be*
11 *covered and no person may be deemed an employee within this chapter*
12 *until such notice has been given.*

13 *3. An employer who has filed notice of election pursuant to subsec-*
14 *tion 2 is subject to the provisions of this chapter until he files written*
15 *notice with the commission that he withdraws his election.*

16 *4. The premium rate shall be based on a presumed wage established*
17 *by commission regulation.*

18 SEC. 2. NRS 616.055 is hereby amended to read as follows:

19 616.055 "Employee" and "workman" are used interchangeably in
20 this chapter and shall be construed to mean every person in the service of
21 an employer under any appointment or contract of hire or apprenticeship,
22 express or implied, oral or written, whether lawfully or unlawfully
23 employed, and include, but not exclusively:

24 1. Aliens and minors.

25 2. All elected and appointed paid public officers.

Chapter 16

Administrative Costs

The administrative costs of workmen's compensation include the expenses and profits of private insurers and State funds, the cost of administering self-insurance plans, industrial commission expenses, and other charges to the public for administering workmen's compensation laws. In essence, they cover all expenses of the program except payments for cash benefits and medical and rehabilitation services. The relative magnitude of these costs provides one measure of the efficiency of the workmen's compensation system.

PRIVATE INSURER EXPENSES AND PROFITS

Because private insurers write more than 80 percent of the workmen's compensation premiums, their administrative costs are proportionally important. An additional reason for investigating their expenses and profits is that the role of private insurers in a social insurance program is chronically open to challenge.

Premium Components

Private workmen's compensation premiums must provide for benefits, expenses, and a margin for profit or contingencies.

Services provided by expense and margin components.—The conventional listing of the expense and margin components is:

- (1) Acquisition and field supervision expenses (sales);
- (2) Inspection and bureau expenses;
- (3) Claim adjustment expenses;
- (4) General administration and payroll audit expenses;
- (5) Taxes, licenses, and fees; and
- (6) Profit and contingencies.

Acquisition and field supervision expenses include: commissions to agents and brokers, salaries for sales representatives and sales managers, advertising costs, and other expenses incurred in acquiring business.

Safety programs and membership in or subscribership to the services of rating bureaus and other boards and associations are supported by the second expense component.

The third produces the salaries for staff claims adjusters, fees to independent adjusters, and other monies needed to adjust claims.

The general administration and payroll audit component provides for the payroll audits needed to determine the employer's final payroll for the year (and hence his premium) and for all the other expenses incurred by the insurer in connection with the issuance and servicing of the insurance.

States premium taxes and fees are the fifth component.

Federal income taxes are paid out of profits and a contingency fund. This component also provides a margin for dividends and reserves against unusual charges for benefits (losses) in excess of the volume anticipated by premiums. The actual profit or margin for dividends depends upon how actual losses and expenses compare with the loss and expense allowance in the premium.

Some expenses are incurred to provide direct benefits to insured employers. Expenditures by insurers can be presented from this point of view.¹

Administrative expenses of direct benefits to insured employers:

- Claims adjustment expenses (to the extent they represent service to employers);
- Safety program expenses;
- Expenses incurred in analyzing the employ-

11 pg article.
Originals in Archives

S. B. 27**SENATE BILL NO. 27—SENATORS GOJACK, ECHOLS,
HILBRECHT, SCHOFIELD AND FOOTE**

JANUARY 27, 1975

Referred to Committee on Commerce and Labor

SUMMARY—Requires designated department to investigate complaints about retail charge agreements and provides cardholder with remedy. Fiscal Note: No. (BDR 8-511)

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

AN ACT relating to retail charge agreements; requiring the seller to designate a department to investigate cardholder complaints; requiring certain information in monthly statements; establishing procedure; providing a cardholder with a remedy; 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 97 of NRS is hereby amended by adding thereto
2 the provisions set forth as sections 2 and 3 of this act.
- 3 SEC. 2. 1. *If the cardholder does not agree with any item included*
4 *in the periodic statement required by NRS 97.245, he may, in writing,*
5 *notify the department designated to receive and investigate inquiries about*
6 *disputed items.*
- 7 2. *The cardholder shall include information necessary to identify:*
8 *(a) The cardholder and his account number; and*
9 *(b) The particular item that is disputed.*
- 10 3. *Within 30 days after receipt of any inquiry, the designated depart-*
11 *ment shall:*
- 12 *(a) Conduct an individual investigation into the facts of the particular*
13 *statement; and*
14 *(b) Send to the cardholder a clear and definite response concerning the*
15 *disputed item.*
- 16 SEC. 3. 1. *If the designated department finds that the cardholder is*
17 *correct with respect to the disputed item, it shall:*
- 18 *(a) Make the necessary corrections to the cardholder's account;*
19 *(b) Send an adjusted statement; and*
20 *(c) Deduct any amount charged for the time price differential incurred*
21 *as a result of the disputed item.*
- 22 2. *If the seller, as defined in subsection 2 of NRS 97.125, continues*
23 *to include the disputed item as an amount due from the cardholder, the*

SENATE BILL NO. 31—SENATOR LAMB

JANUARY 27, 1975

Referred to Committee on Commerce and Labor

SUMMARY—Adjusts industrial insurance benefits to counteract rise in inflation.
Fiscal Note: Yes. (BDR 53-388)

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

AN ACT relating to workmen's compensation; increasing certain benefits under industrial insurance and for occupational diseases; 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 616 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 5, inclusive, of this act.
- 3 SEC. 2. *Any claimant or his dependents residing in this state who*
4 *receive compensation for permanent total disability on account of an*
5 *industrial injury, or disablement due to occupational disease, occurring*
6 *after April 9, 1971, and prior to July 1, 1975, are entitled to a 20-per-*
7 *cent increase in such compensation without regard to any wage limitation*
8 *imposed by this chapter on the amount of such compensation. The*
9 *increase shall be paid from the state general fund.*
- 10 SEC. 3. *Any claimant or his dependents residing in this state who*
11 *receive compensation for a temporary total disability on account of an*
12 *industrial injury, or disablement due to an occupational disease, occurring*
13 *after April 9, 1971, and prior to July 1, 1975, are entitled to a 20-per-*
14 *cent increase in such compensation without regard to any wage limita-*
15 *tion imposed by this chapter on the amount of such compensation. The*
16 *increase shall be paid from the state general fund.*
- 17 SEC. 4. *Any claimant who receives compensation for permanent*
18 *partial disability on account of an industrial injury, or disablement due to*
19 *occupational disease, occurring prior to April 9, 1971, is entitled to a*
20 *35-percent increase in such compensation without regard to any wage*
21 *limitation imposed by this chapter on the amount of such compensation.*
22 *The increase shall be paid from the state general fund.*
- 23 SEC. 5. *Any claimant who receives compensation for permanent*
24 *partial disability on account of an industrial injury, or disablement due to*

S. B. 32

SENATE BILL NO. 32—SENATOR MONROE

JANUARY 27, 1975

Referred to Committee on Commerce and Labor

SUMMARY—Corrects typographical error in provision for private corporations. Fiscal Note: No. (BDR 7-57)



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

AN ACT to amend NRS 78.020, relating to private corporations, by deleting typographical error referring to "county" and substituting "country."

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

- 1 SECTION 1. NRS 78.020 is hereby amended to read as follows:
- 2 78.020 1. Insurance companies, mutual fire insurance companies,
- 3 surety companies, express companies and railroad companies may be
- 4 formed under this chapter; provided:
- 5 (a) That no corporation formed for the purpose of conducting such
- 6 business shall transact any such business within the State of Nevada until
- 7 such corporation has first complied with all laws now in effect or hereafter
- 8 enacted concerning or affecting the right to engage in such business; and
- 9 (b) That such corporation shall not infringe the laws of such other
- 10 state or [county] *country* in which it may intend to engage in business,
- 11 by so incorporating under this chapter.
- 12 2. No trust company, building and loan association, or corporation
- 13 organized for the purpose of conducting a banking business shall be orga-
- 14 nized under this chapter.
- 15 SEC. 2. This act shall become effective upon passage and approval.