

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
MARCH 13, 1975

The meeting was called to order at 8:30 a.m.

Senator Floyd R. Lamb was in the Chair.

PRESENT: Senator Floyd R. Lamb, Chairman
Senator James I. Gibson, Vice-Chairman
Senator B. Mahlon Brown
Senator Warren L. Monroe
Senator William J. Raggio
Senator Clifton Young
Senator Lee E. Walker

OTHERS: Mike Melner, Department of Commerce
James Baker, HUD
Dick Rottman, Division of Insurance
Wendall Cutler, Insurance Agent
Dan Quinan, Fire Marshall
Preston Tidvall, Division of Banking

Les Goddard, Division of Banking
Rex Landberg, Consumer Affairs Division
Angus McLeod, Real Estate Division
Howard Barrett, Budget Director
Ron Sparks, Fiscal Analyst
Cy Ryan, UPI

COMMERCE DEPARTMENT DIRECTOR

Mr. Mike Melner said there are no new positions recommended for this budget, and that the Legal and Court Expense is for the Deputy Attorney General.

HOUSING DIVISION

Mr. Melner said that this program proposes to issue tax-free revenue bonds sold in Eastern markets, which would be distributed in the State as revenue to lending institutions for loans to families whose income level would not normally qualify.

Senator Lamb asked how this will be reimbursed. Mr. Melner said one-eighth will be for the program's operational costs, and the remainder to banks and mortgage firms.

Senator Lamb and Senator Brown questioned if the State will be asked to pick this up. Mr. James Baker, representing HUD said that the Federal Comprehensive Planning Act stated that HUD will pay two-thirds of either taxable, or non-taxable bonds.

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Senator Lamb asked about the Out-of-State Travel. Mr. Melner said the Division has to deal with the Eastern Houses to market securities.

DIVISION OF INSURANCE

Mr. Dick Rottman listed the following activities for the Division:

- a) Respond to consumer complaints (processed 1,500);
- b) Re-license 12,000 agents per year;
- c) Regulate Insurance industry and tax collection;
- d) Conduct insurance agency audits;
- e) Conduct rate analysis and evaluate policy forms;
- f) Extensive surveillance system;
- g) Eighteen month audit on Retallitory Taxes (\$250,000 recovered);

Senator Lamb asked about the New Positions. Mr. Rottman said:

- a) Accountant - too many funds for someone on a junior level;
- b) Senior Clerk Typist - workload increase in the complaint/response area.

Senator Lamb asked about communications. Mr. Rottman said this for an eight-line phone system in Carson City; a four-line system in Las Vegas, and postage costs.

Senator Lamb asked about the printing. Mr. Rottman said this is for company renewal forms; and license and tax forms.

Senator Monroe asked if the Legal and Court expenses were for a Deputy Attorney General. Mr. Rottman said yes, as defense is needed on No-Fault Insurance lawsuits.

Mr. Wendall Cutler testified that as an Independent agent he supports the reinstatement of actuaries.

Senator Young asked how many applications are reviewed monthly. Mr. Rottman said 200, and are tested for excess, unfair discrimination and inadequacy.

Senator Lamb and Senator Young asked if a casualty actuary would aid the Division. Mr. Rottman said yes, and his salary would be \$17,000 or \$18,000.

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Senator Raggio questioned if residents actually did receive a decrease in rates from the No-Fault Insurance. Mr. Rottman said that 70% to 80% of those with coverage received about a 3% rate decrease.

Senator Raggio asked how many people are uninsured. Mr. Rottman said about 30% to 45% of the motorists last year. Senator Young stated that a survey conducted by himself and Senator Raggio showed that a majority of the motorists do not understand the No-Fault Program.

Senator Lamb, in reference to a letter he sent to Mr. Rottman asked if the Division has made any effort to assist the State Employees Group Insurance Committee. Mr. Rottman said that one meeting has been held since the receipt of the Senator's letter, and another will be held on March 25, 1975.

Senator Monroe asked why mandatory insurance coverage cannot be enforced when obtaining a driver's license. Mr. Rottman and Senator Gibson both felt this would involve constitutional problems.

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Mr. Rottman said this Association obtains its funds by billing the user company for services; and this amounts to about \$300,000 per year.

Senator Gibson mentioned that a Las Vegas Fire Chief had stated if the city structure is changed, they lose their fire rating. Mr. Rottman said rates should not be affected by structure, however, historically this does happen. Mr. Rottman said the Commission would look into this.

FIRE MARSHAL

Mr. Dan Quinan responded to Senator Lamb that the budget's increase is because this office is now responsible for mobilehome and tract housing inspection.

Mr. Quinan said that the Life Safety Code Specialist investigates licensed health-care facilities, and he feels more secure if determinations are made by someone from his office. Senator Raggio asked if this was a duplication of the Bureau of Health. Mr. Quinan said that when this position was filled, the Specialist was in his office for two weeks in a training program; and then he worked for the Bureau, and they have scheduled his workload since that time.

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Mr. Barrett said that an attempt was made with the Bureau to transfer funding for this position, but it could not be worked out. Senators Gibson and Young felt that this Department has been a "catch-all", and questioned if it was possible to rely more on local authorities. Mr. Quinan said that he does accept the expertise of some counties, but they are required to respond to the areas designated by law.

BANKING/SAVINGS AND LOAN DIVISION

Mr. Preston Tidvall said that in the last six years, assets have increased 70%, deposits 75%, and capital accounts 60%. Mr. Tidvall said that examinations are done on collection agencies once a year, banks twice in an eighteen month period, and loan companies once a year.

Senator Lamb remarked that there are only four State banks, but the number of branches has increased to thirty-four.

Mr. Tidvall explained that the first year request for \$7,000 for EDP will be used to establish the computer system between the Division and the banks; and the \$1,000 second year request is to cover the \$250 use charge.

Senator Raggio asked if funds are insured for savings and loan companies with the same coverage that banks receive. Mr. Goddard says that FDIC states that they have the same coverage and recovery.

Senator Lamb asked if savings and loan companies have a reserve to cover bad debts. Mr. Tidvall said they are required to maintain a minimum of 5% and FDIC.

Senator Lamb asked if savings and loan companies have a liquidity requirement. Mr. Goddard said 5 1/2%; and banks have a 15% to 20% requirement.

CONSUMER AFFAIRS DIVISION

Mr. Rex Lundberg said that the new position of Principal Clerk Steno is needed for the Las Vegas attorney to handle the increasing number of suits in this area.

Senator Monroe asked about the Out-of-State travel. Mr. Lundberg said this is a relatively new agency, so they attend national conferences in order to share the latest ideas.

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Senator Young asked Mr. Lundberg about the 1,000 complaints he had mentioned earlier in his testimony. Mr. Lundberg said that the Division only acts on written complaints by office form or letter. Senator Young asked what was the commercial area about which the Division received the most complaints. Mr. Lundberg said with automobile sales and repairs.

Senator Walker asked if the Division checked out the authenticity of ads. Mr. Lundberg said yes, but lack of funding limits our investigations.

REAL ESTATE ADMINISTRATION

Senator Gibson remarked that he understood land sales were to make this Administration self-sustaining. Mr. McLeod said the problem here is that developers only file the portion of the sub-divisions expected to sell, not the entire block. Mr. McLeod said that sixty-four were filed last year, and only fifty-five now.

REAL ESTATE EDUCATION AND RESEARCH

REAL ESTATE, RECOVERY

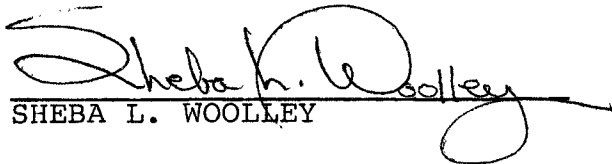
Mr. McLeod said if claim payments amount to more than the \$50,000 in the Recovery account, then the necessary funds to regain this balance are transferred from Education and Research.

REAL ESTATE INVESTIGATIVE FUND


No discussion was held on this fund.

There being no further business, the meeting adjourned at 10:30 a.m.

RESPECTFULLY SUBMITTED:


SHEBA L. WOOLLEY

APPROVED:


FLOYD R. LAMB, CHAIRMAN