

TRANSPORTATION COMMITTEE - Meeting
MAR 11 8, 1977
3:10 P.M.

MEMBERS PRESENT: Chairman Hayes Mr. May
 Mr. Demers Mr. Jacobsen
 Mr. Glover Mrs. Westall
 Mr. Harmon

GUESTS PRESENT: Lori Larson, WNCC
 Patti Baron, WNCC
 Ted Fawcett, WNCC
 Carl Chaplin, WNCC
 Norman Nelson
 V. L. Fletcher, Department of Motor Vehicles
 Frank Shesler
 Nash Sena, Assemblyman
 Howard Hill, Department of Motor Vehicles
 John Ciardiadello, Department of Motor Vehicles
 Leonard H. Winkelman, Department of Motor Vehicles
 Hale B. Bennett, Department of Motor Vehicles
 Bill Fitzpatrick, Department of Motor Vehicles
 Daryl E. Capurro, Nev. Transport Association
 Nick Horn, Assemblyman
 Mr. Lloyd Mann, Assemblyman
 Mr. George Vargas, Insurance Association
 Mr. Dick Rottman, State Insurance Commissioner
 Mr. Virgil Anderson, AAA
 Mr. Richard Garrod, Farmers Insurance Group

AB 323

Mr. Sena, sponsor of the bill stated the intent of this bill was to get the uninsured driver off the road for the protection of the persons who comply with the law by maintaining insurance. Definite percentage figures of uninsured drivers are unavailable but national figures indicate about 40%. These people simply indicate, at the time of vehicle registration, that they are insured when in fact they are not. When an uninsured person is involved in an accident it is often impossible to collect the cost of damage and the insured has to bear the burden.

AB 337

Mr. Nicholas Horn, sponsor of AB 337 said this bill was very similar to AB 323. He would like to have an amendment drafted for AB 323 to include in that bill sections of AB 337-- to combine the two bills by striking on AB 323 lines 1 through 5 and the new language beginning on line 30, page 2 be added to AB 323, adding the same language to Section 1, 4th paragraph page 2, line 8. Mr. Horn would like to see the policy number and name of insurance company added to this; added as an amendment to AB 323 the language in AB 337 beginning on line 50, page two and going through line 6, page 3; the language beginning on line 16, page 3 through line 25; the language beginning on line 17, page 5, and going through line 34.

Mr. Horn said that hopefully these two bills would reduce the insurance premiums. He discussed the merits at length, adding that the proposed amendment put "teeth" into the measure.

Mr. Glover asked the bill sponsors how they proposed to handle a situation whereby someone registered a car and then put the vehicle in storage while they were away for an extended period of time, and thus failed to receive the renewal notices. He was told the intent of the bill was for persons who willfully evaded the law and extenuation circumstances should be recognized. Mr. Glover asked the cost to the insurance companies notifying the Motor Vehicle Department of lapsed or cancelled policies. The bill sponsors did not believe this would be significant.

Mr. May stated the fine of \$300 specified in the bill was excessive and was told that the sponsors had not determined that amount, but they did want some teeth in the bill; the statutes are not working and they want the uninsured off the road.

Mr. Demers asked that if insurance coverage were expanded, would the premiums decrease and was told this was not necessarily a fact.

Mr. Lloyd Mann, Assemblyman, spoke in favor of the bill, saying that hopefully this would correct some of the inequities now existing, in relation to some of the older people. In particular the statute that requires medical coverage, which sometimes results in double coverage. Mr. Mann recommended Mr. Robert Payne of the California State Automobile Association, as an individual better able to address this problem.

Mr. Howard Hill, Director of Department of Motor Vehicles, discussed the problems of implementation of AB 323 and AB 337, and the necessary changes. If the notifications from insurance companies were kept as permanent records, it would involve expanded filing systems and the Department would require additional money to maintain the systems. This was discussed at length. A person now signs the back of the registration form to indicate he has the required insurance. Mr. Hill proposed amendments to the bill. (See EXHIBIT "A")

Mr. George Vargas, Lobbyist, Insurance Association, opposed sections of the bills. They are in favor of the concept. The difficulty is in lack of enforcement. The law provides that when a vehicle is registered, a statement has to be signed that insurance is in effect. Any false statement is a gross misdemeanor; detection and enforcement are the problems. They want to solve the problems at the least cost to the insured who bears the burden. If detection and enforcement are based on companies reporting, none of the uninsured people are going to be picked up because the uninsured are not reported. The solution is to enact legislation with provisions that upon discovery of the existence of any uninsured registered vehicle, ~~the~~ information should be referred to the Attorney General with directions to

investigate and prosecute. Prosecutions are not now being made of the uninsured that are detected. More legislation on the books is not going to be effective unless there is some reasonable concept of detection and enforcement. Mr. Vargas read from a document prepared by the Insurance Committee. (see EXHIBIT "B")

Mr. Vargas suggested legislation they felt to be workable and effective. (See EXHIBIT "C")

He discussed further related insurance premiums and stated there was not enough factual information to judge increase or decrease in premiums as a result total insurance coverage. This measure cannot be sold on the idea that it is going to decrease insurance premiums.

Mr. Demers asked if there were a possibility this could increase premiums.

Mr. Dick Rottman, State Insurance Commissioner, stated there was this possibility. A Florida study indicated persons uninsured were a worse risk. It may have very little impact. There is not enough evidence for a profile. He is in favor of the concept of everyone carrying insurance but it is a very complex issue. No state has dealt with this effectively. This is a detection and enforcement problem. It is difficult for a judge to render a harsh decision that involves a person with marginal income.

Mr. Virgil Anderson, AAA, stated the system was not working and needed corrections in the nature of enforcement as outlined by Mr. Vargas. People who are paying premiums have the right to expect other persons to have insurance for their protection. The objective is to provide a system that will accomplish the maximum with the least expense. Mr. Vargas' program will do that and AAA recommends it.

Mr. Frank Shesler addressed the problem of the high premiums of insurance and their escalation and its effect on people of fixed income, retired persons. He suggested the State fund an insurance program and mandate everyone carry the insurance; or that the State put the insurance out on a bid basis and guarantee one company the entire business; or the State set up a fee structure for the residents of the State. Mr. Shesler wants to arrive at the lowest possible insurance premium.

Mr. Daryl E. Capurro, Nevada Motor Transport Association, stated they had no problems with the recommendations of Mr. Vargas. There are many people who are marginal in the area of providing their own daily sustenance and would be heavily burdened by any system that put tremendous penalties on them or required the carrying of insurance. It is a problem that will not be solved by setting up massive machinery. The consensus of opinion is that market of the now uninsured, is a heavier ~~insurance~~ risk.

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A reasonable compromise is the enforcement end; we have the laws on the books to help solve the problems. The district attorneys refuse to prosecute in this area. The Vargas proposals will help in that area.

Mr. Richard Garrod, Farmers Insurance Group, was entirely in support of Mr. Vargas' proposal. Enforcement is the big problem.

Cancellation notices are also a big problem. Farmers Insurance would be mailing in about 12,000 notices monthly. Under SB 218, the company figures 180,000 notifications would be furnished the Department of Motor Vehicles. The taxpayers would be paying for this landslide of paper.

Assemblyman Sena, addressing the problems of the Department of Motor Vehicles as outlined by Mr. Hill, stated he did not think it would be necessary to maintain the records permanently.

Assemblyman Horn stated that if this was not to be pursued because the uninsured were a high risk group, we were encouraging people to break the law. The basic objective of the bill is to go after the people who are uninsured.

Mr. Howard Hill, Director of Department of Motor Vehicles, addressing AB-337, stated this bill was going to cost money, and they had submitted a fiscal note. The paperwork involved would be tremendous.

The meeting adjourned at 4:45 P.M.

Respectfully submitted:


M. Robertson, Secretary

Exhibit "A"

SECTION 1. NRS 482.215 is hereby amended to read as follows:

- 482.215. 1. All applications for registration, except applications for renewal registration, shall be made as provided in this section.
2. Applications for all registrations, except renewal registrations, shall be made in person, if practicable, to any office or agent of the department.
3. Each application shall be made upon the appropriate form furnished by the department and shall contain:
- (a) The signature of the owner.
 - (b) His residence address.
 - (c) His declaration of the county where he intends the vehicle to be based, unless the vehicle is deemed to have no base. The department shall use this declaration to determine the county to which the privilege tax is to be paid.
 - (d) A brief description of the vehicle to be registered, including the name of the maker, the engine, identification or serial number, whether new or used, and the last license number, if known, and the state in which issued, and upon the registration of a new vehicle, the date of sale by the manufacturer or franchised and licensed dealer in this state for the make to be registered to the person first purchasing or operating such vehicle.
 - (e) A signed declaration by the applicant that he has and will maintain security as required by chapter 698 of NRS covering the motor vehicle to be registered.
4. The application shall contain such other information as may be required by the department, and shall be accompanied by proof of ownership satisfactory to the department, and by a signed statement from the applicant's motor vehicle insurer stating that security required by chapter 698 of NRS covering the vehicle to be registered is in effect.
5. For purposes of the declaration required by paragraph (e) of sub-section 3, vehicles which are subject to the license fee and registration requirements of the Interstate Highway User Fee Apportionment Act (NRS 706.801 to 706.861, inclusive), and which are based in this state, may be declared as a fleet by the registered owners thereof, on the original or renewal applications for proportional registration.

SECTION 2. NRS 482.280 is hereby amended to read as follows:

482.280 1. The registration of every vehicle referred to in subsection 1 of NRS 482.206 shall expire at midnight on the last day of the last month of the registration period. The registration of every vehicle referred to in subsection 2 of NRS 482.206 shall expire at midnight on December 31. The department shall mail to each holder of a valid registration certificate an application form for renewal registration for the following registration period. Such forms shall be mailed by the department in sufficient time to allow all applicants to mail the applications to the department and to receive new registration certificates and license plates, stickers, tabs or other suitable devices by mail prior to expiration of subsisting registrations. An applicant may, if he chooses, present the application to any agent or office of the department.

2. An application mailed or presented to the department or to a county assessor under the provisions of this section shall include a signed declaration by the applicant that he has and will maintain security as required by chapter 698 of NRS covering the motor vehicle to be registered, and accompanied by a signed statement from the applicant's motor vehicle insurer stating that security required by chapter 698 of NRS covering the vehicle to be registered is in effect.

3. The department shall insert in each application form mailed as required by subsection 1 of this section the amount of privilege tax to be collected for the county under the provisions of NRS 482.260

4. An owner who has made proper application for renewal of registration previous to the expiration of the current registration but who has not received the number plate or plates or registration card for the ensuing registration period is entitled to operate or permit the operation of such vehicle upon the highways upon displaying thereon the number plate or plates issued for the preceding registration period for such time as may be prescribed by the department as it may find necessary for issuance of such new plate or plates or registration card.

5. The registration fees for a motortruck and truck tractor, and for any trailer or semitrailer having an unladen weight of 3,501 pounds or more shall be reduced by one-twelfth for each calendar month which has elapsed from the beginning of each calendar year, the fee so obtained, rounded to the nearest one-half dollar, but in no event to be less than \$5.50.

NOTE: This proposed revision accomplishes same thing as original but renders possible implementation of AB 323.

Exhibit "A"

Mr. Casella

IDAHO'S COMPULSORY NO FAULT INSURANCE PLAN

I called the State of Idaho and spoke to Charles Bonny, Field Coordinator for Idaho who is in charge of their No Fault Insurance Plan.

Two years ago Idaho law required that a certificate of insurance was required to be turned in to the Department prior to registration of the customer's vehicle. They found that although the certificate was presented at the time of registration 30 to 40% of the people cancelled their insurance after registration. At this time they employed 8 clerks alone just to file and up-date certificates of insurance. The girls were also responsible for filing of the cancellations and reinstatement notices. After two years of running this plan it was deemed unenforceable and Idaho amended the laws to provide for a self declaration which is very similiar to Nevada law. They made it mandatory that in Idaho it was a misdemeanor to operate a motor vehicle without the required insurance and provided for a misdemeanor punishment.

Idaho's population and geographical concept are very similiar to Nevada. They have a motor vehicle population of 589,000 whereas Nevada's is 602,000. Idaho feels the self certification plan is working and that they have about 17% of the vehicles operating without insurance. They also feel that to correct the 17% deficiency they must obtain additional personnel to enforce the provisions of the self certification declaration.

IDAHO ALSO REPORTED THAT THE RECORDS BETWEEN 250 - 300 CANCELLATIONS DAILY.

good
2008
Exhibit B
Attachment
"B"

Guidelines for the Enforcement of Compulsory
Automobile Insurance by State Regulatory Authorities

The Insurance Industry Committee on Motor Vehicle Administration (IICMVA) recognizes from past experience that no system of enforcement can achieve total compliance, at all times, by every motor vehicle registrant with the requirements of a compulsory automobile insurance law. Past attempts by the state regulatory authorities to enforce such all-inclusive compliance have proven to be exercises in futility.

Just as it is impossible at any point in time to guarantee that every motorist on the road is properly licensed, or that every motor vehicle is legally registered, so is it impossible to guarantee that every motor vehicle subject to a compulsory law is properly insured. Any system attempting to accomplish such all-inclusive compliance must be reckoned with in the light of the law of diminishing returns. Such a system invariably attempts to track down the uninsured minority by keeping tabs on the insured majority, the returns of which do not justify the attendant administrative difficulties and expenses involved. More importantly, an inevitable side effect of such a system is that the insured public becomes unnecessarily harassed.

The burden of compliance with the insurance requirements of a motor vehicle law should be directed at the uninsured registrant, backed up with an effective program of enforcement that does not harass the law-abiding citizens or otherwise involve them, the state regulatory authorities and insurance industry in administratively expensive, ineffective, and time consuming reams of paper work.

The IICMVA further believes that, in the security section of a compulsory law, a general provision should be included by which the state regulatory authorities are empowered to promulgate whatever rules and regulations or administrative guidelines are necessary to enforce the intent of the law. This would permit flexibility in revising a system of enforcement as experience dictates, without resorting to amendatory legislation necessitated by impractical statutory provisions.

As encountered in several states, specific enforcement procedures embodied in statutory provisions have not properly taken into account either the administrative difficulties involved, or whether the regulatory authorities were equipped or even given sufficient funds to carry them out. As experience has proven, these difficulties can be avoided under a general enforcement provision which will enable the regulatory authorities to work out appropriate initial enforcement procedures, including any changes subsequently needed to fit changing circumstances, with the assistance made available by the IICMVA.

With the foregoing understood as the IICMVA's position in general regarding the enforcement of insurance requirements under motor vehicle laws, below is a list of recommended guidelines deemed desirable in the order of preference by which such enforcement can be implemented. These guidelines involve enforcement procedures relating to Evidence of Insurance, Verification of Insurance, and Termination of Insurance. As an additional matter that may be affected by whatever enforcement procedures are eventually adopted, a general guideline concerning Evidence of Mailing is also set out.

Ed. J. Smith

MEMO

RE: A. B. 323 and A. B. 337

It is recommended that the most workable legislation in this area would be a bill which adds to the existing law a provision that all applications for original or renewal registration of motor vehicles in the State of Nevada shall contain, in addition to the present requirements, a signed declaration that he has and will maintain security covering the motor vehicle to be registered as required by Chapter 698 of NRS, and the identity of the insurance carrier which has written the contract of insurance covering the motor vehicle. The Committee may also give consideration to including a statement of the policy number on such application (while this generally would not be absolutely necessary in order to enable a company to respond, it would facilitate and reduce the time of response.)

A second addition should be included providing that the Department of Motor Vehicles shall, from time to time, select such statements of self certification at random for verification on a negative basis by the insurance company involved. This negative basis of verification would require a response from the company regarding only the self certifications which, based on the company name and policy number provided, indicate falsification. Such response should be

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required within a reasonable time and in the absence of such response the self-certification would stand as verified by the insurance company. Additional verifications may be conducted in connection with accidents.

Negative verification is suggested because verification procedures entailing correspondence that also involves the insured majority of registrants should be avoided to the extent possible, as they are wasteful of the attendant expenses that otherwise could be more efficiently applied in identifying and insuring the unidentified registrant. Requiring a positive identification of each inquiry would dissipate enforcement efforts by requiring the handling of correspondence not only in negative and uninsured registrants, but also in positive identification of the majority of insured registrants. Hence, a duty should be placed upon insurance companies upon the request of the director to verify the accuracy of any owner's certification. Failure by an insurance company to deny coverage within 25 days may be considered by the director as an acknowledgment that the information as submitted is correct. A final provision should be that the director shall administer and enforce the provisions of the act relating to the registration of motor vehicles and may make necessary rules and

Re: A. B. 323 and A. B. 337
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regulations for its administration.

At the present time, making a false statement on any registration application is a gross misdemeanor providing for a fine from 0 to \$1,000, imprisonment in the county jail for up to one year, or both. If desired, a provision might be added to provide for revocation of driver's license, as well as registration of the vehicle, for such false certification.

George L. Vargas

GUEST LIST

<u>NAME</u> (Please print)	<u>REPRESENTING</u>	<u>IF YOU WISH TO SPEAK</u>	
		Pro	Con
Lori Larson	WNCC	/	/
Patti Barron	WNCC	/	/
Ted Fawcett	WNCC	/	/
CARL CHAPLIN	WNCC	/	/
Norman Nelson	CC		
J. L. Fletcher	Motor Vehicle Dept		
Frank Shesler	Seff		XAR 323
Nash	AB 323	/	
Howard Hill	" "		
JOHN CIARDILLA	DMV		
Leonard H. Winkelman	DMV		
Hale B. Bennett	"		
BILL FITZPATRICK	"		
Daryl E. Capurro	NEVADA MOTOR TRANSPORT ASSN. NEVADA FRANCHISED AUTO DLRS ASSN.		?
✓ Nick Horn	AB 323 & 337	/	