

Members present:

Chairman Jeffrey  
Vice Chairman Robinson  
Assemblyman Chaney  
Assemblbyman Horn  
Assemblyman Sena

Assemblyman FitzPatrick  
Assemblyman Rusk  
Assemblyman Tanner  
Assemblyman Weise

Members excused:

Assemblyman Bennett  
Assemblyman Bremner

The meeting was called to order at 4:05 p.m.

AB 676: Assemblyman FitzPatrick told the committee that currently a person can only protect themselves against bodily injury under uninsured motorist coverage and this bill would extend that to property damage. He stated that this would fill a gap in the current law and this would give the policyholder an option by which he could fill that gap. He also pointed out that if AB 108 passes the Senate, the only person you would have to worry about would be someone from out of state, if that law were enforced once passed. In answer to a question from Dr. Robinson, Mr. FitzPatrick stated that if a person did not elect to have the coverage, he could sign a release and not have to carry it.

Virgil Anderson, AAA, stated that there are differences within the insurance industry as to how collision claims are handled. He said that if you are insured by AAA and you are involved with a person who is uninsured or with another person who is insured with AAA, then they waive any deductible which you have on your collision coverage. He also stated that this would probably greatly increase the amount that people would be paying for uninsured motorist coverage because they would be, in effect, buying a sort of collision policy, too. (He had no idea what that might increase.)

Dick Garrod, Farmers Insurance Group, stated that he agreed with the comments made by Mr. Anderson. He also said that he had contacted his company and that they had indicated to him that if this bill were to pass, there would probably be about a 30% movement from coverage for collision to coverage for uninsured motorist (property damage). He said they would estimate 30% of their collision claims result from parking lot accidents and this type of coverage would result in many more claims being made because it would also cover those vehicles which were damaged but which were too old for the policyholder to want to carry collision on.

Mr. Chuck Knaus, actuary for the Insurance Division, stated that currently a person pays a premium for collision based upon the

age and type of your car together with a few other factors. He said that if you assume that a large number of people would buy coverage for uninsured motorist, which would have no deductible, and assume that 30-40% of collision losses were the result of the other party being responsible, you might have to "load" that uninsured motorist premium by about 25% of the collision premium because of the overlap.

AB 752: Assemblyman FitzPatrick that currently casualty and property insurance policies have to be countersigned by an agent in Nevada so that there is someone who is responsible to the policyholder in case of loss or questions regarding settlement. He stated that he felt this should also be required for life and health insurers. In answer to a question from Mr. Rusk, Mr. FitzPatrick stated that under the McCarren-Ferguson Act it states that each state should be responsible for the regulation of insurance matters within each state to make sure that policies comply with all state regulations and laws, etc. He said that a resident agent usually receives a 5% commission for acting, supplying a countersignature to a policy.

Milos Terzich, American Council of Life Insurance, told the committee that life and health insurers are not the same as casualty and property insurers. He stated that once the initial life or health insurance policy is written, the customer usually deals directly with the home office anyway, contrasted with the personal dealings between the policyholders and the casualty and property agents. He also stated that the agents who sell casualty and property insurance have a different type of responsibility to their clients than does the life and health agent. He also told the committee that the modern trend is away from this type of activity and that there were only four states which currently require a countersignature on life policies and 10 which require them on health policies.

Mr. Wadhams, Director of Commerce, stated that this might give them more jurisdiction over these companies, but that he thought their current regulations covered this area sufficiently.

Mr. Terzich stated that the Certified Life Underwriters Association also opposes this bill. See also Exhibit "A" attached hereto.

COMMITTEE ACTION:

AB 752: Mr. Weise moved to INDEFINITELY POSTPONE, Mr. Tanner seconded the motion and it carried unanimously.

SB 465: Mr. FitzPatrick moved to DO PASS, Mr. Rusk seconded the motion and it carried with Mr. Weise voting against the motion stating that he did not feel the bill was necessary, and with Mr. Tanner and Mr. Chaney also voting against the motion.

SB 484: Mr. Rusk moved to DO PASS, Dr. Robinson seconded the motion and it carried with Mr. Tanner voting no.

Minutes of the Nevada State Legislature  
Assembly Committee on.....COMMERCE.....  
Date:.....May 18, 1979.....  
Page:.....Three.....

AB 597: Mr. Tanner stated that he had discussed this extensively with Mr. Sevigny and that there should be no problems with its application as it will be closely regulated. Mr. Tanner also noted that there is an apparent conflict with SB 72; however, he moved to DO PASS, Mr. Weise seconded the motion and it carried unanimously.

AB 781: Mr. Tanner suggested that the bond be reduced to \$5,000 or the amount of the contractors limit, whichever was less. He moved to AMEND AND DO PASS, Mr. Horn seconded the motion and it carried unanimously.

AJR 38: Mr. FitzPatrick moved to DO PASS, Mr. Sena seconded the motion and it carried with Mr. Horn voting against the motion.

SB 313: Mr. Jeffrey stated that this bill would be discussed on the floor, during session, on Saturday, 5/19/79. Therefore, it was HELD.

There being no further business to come before the committee, the meeting was adjourned at 5:15 p.m.

Attached hereto is a statement from Dart Anthony concerning SB 465 and it is marked as Exhibit "B".

Respectfully submitted,

*Linda D. Chandler*  
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Secretary



STATE ASSOCIATION OF LIFE UNDERWRITERS, INC.  
LEGISLATIVE COMMITTEE

CHAIRMAN  
DAVE BYINGTON CLU  
P. O. BOX 3116  
RENO, NEVADA 89505  
(702) 323-1041

SOUTHERN NEVADA  
JODY P. WARMAN  
1111 LAS VEGAS BLVD. SO.  
SUITE #204  
LAS VEGAS, NEVADA 89104  
(702) 382-5467

Countersignature AB-752

Countersignature of life insurance policies is neither necessary nor desirable, and a mandatory countersignature requirement for life insurance policies would add nothing to the protection now afforded to policyholders by the life insurance contract.

The life insurance agent merely solicits offers to buy insurance, and he has no authority to accept such offers; nor has he authority to issue policies. The acceptance of risk and the insurance of policies are functions reserved exclusively to the insurer itself, and the company incurs no liability unless and until the application is approved at the home office. This is the universal practice in the life insurance industry.

As a matter of fact, the word "countersignature" means "to authenticate; to sign a document already signed by a superior," and by virtue of the countersignature a blank policy becomes a valid policy; a mere form becomes a completed contract. The countersignature constitutes a protection for both insurer and insured against unauthorized issuance of policies.

In the case of life insurance, however, the authentication afforded by countersignature is unnecessary; the life insurance agent need not sign that which has already been signed by his superiors. Life insurance policies-unlike most property and casualty policies-are issued from the home office and, being complete in all respects when they leave the home office, need no further authentication, either for the benefit of the company or the insured.

EXHIBIT "A"

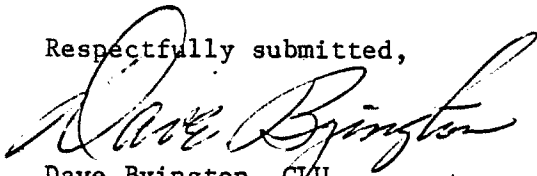
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These distinctions, it appears, are recognized in the laws of the overwhelming majority of states which exempt life insurance from the countersignature requirement.

Since the health insurance business is generally conducted much the same as the life insurance business - i.e., to the extent that the soliciting agents' only power is to take applications and forward them on to the home office, which has sole power to accept or reject them - countersignatures should not be required for health insurance policies.

Therefore, because of the reason stated, the Nevada State Association of Life Underwriters do not support this bill nor believe such a law should be passed, when in fact a number of states are considering repealing their countersignature laws.

Respectfully submitted,



Dave Byington, CLU

Legislative Chairman

TO THE ASSEMBLY COMMERCE COMMITTEE:

Re: Veterinary bill SB 465

Mr. Dart Anthony from the Clark County Humane Society called and said that he had a conflicting appointment for Wednesday afternoon, but that he wished to let the committee know that they very strongly support the addition of a lay person to the State Board of Veterinary Medicine.

He stated that they had originally requested two lay members, but that the bill had been amended in the Senate and they felt that they should go with the bill as presented to the Assembly committee for the sake of time.

He further said that the Humane Societies of North Las Vegas, Las Vegas, Boulder City and Henderson, along with their city councils (by resolutions) all support this bill.

He noted that the Senate committees are in possession of over 34,000 petitions which support this change as well as some others which are addressed in various other bills and that if we wanted copies of the supportive resolutions from the various city councils, he could supply the committee with them.

EXHIBIT "B"