

Members present:

Chairman Jeffrey	Assemblyman Sena
Vice Chairman Robinson	Assemblyman FitzPatrick
Assemblyman Bennett	Assemblyman Rusk
Assemblyman Bremner	Assemblyman Tanner
Assemblyman Chaney	Assemblyman Weise
Assemblyman Horn	

The meeting was called to order at 3:45 p.m.

SB 173: Dick Hoy, President of the Nevada Manufactured Housing Association was first to address the committee on this bill and submitted to them copies of proposed amendments which had been worked out after passage of this bill in the Senate. He stated that those amendments, which are attached and marked as Exhibit "A", were reviewed with members of the Senate and that they had concurred with them. He also noted that the bill had passed the Senate on a 19-0 vote.

He gave the committee some historical background on the mobile home division and stated that the bill not only addresses itself to the recognition of the industry, but also establishes the regulatory division within the department of commerce by law. He stated that the division had been in existence in the recent past, but that it had not had statutory authority; that there was already staff and budgets existing for it. He told the members that this would give the division authority to license, standardize controls on set ups, and professionalize the industry all to the benefit of the people of Nevada.

He pointed out to the committee that currently some 92% of all housing nationally which costs less than \$30,000 is manufactured type housing. He pointed out that most of the amendments which are proposed are for the purpose of clean up; eliminating redundancies, unclear language, etc.

Mr. Wayne Tetrault, Department of Commerce, Division of Manufactured Housing (as it now exists) was also present and concurred with Mr. Hoy's remarks.

Chairman Jeffrey told Mr. Hoy that he felt section 42, page 8 of the bill should be further amended to provide that local ordinances regarding building regulations should be primary. Mr. Hoy agreed and stated that he felt the language in the bill would the smaller counties to use that on an optional basis, pursuant to the language on page 9. He stated that their primary concern was that the public have some consistent standard to work with. Mr. Hoy stated that the provisions on page 31 of the bill deals with allowing limited licenses to be issued by the division to real estate agents who would be selling a manufactured house contingent to the sale of real property, and taking that function out of the Department of Motor Vehicles.

In answer to a question from Dr. Robinson, Mr. Tetrault stated that there was no fiscal note necessary because, as had been pointed out earlier, the division is already a functioning unit and that they currently have nine employees and their budget has already been approved of and much of the cost is offset by collection of fees. He stated that this bill just gives them legal powers.

Mr. Hoy and Mr. Tetrault stated that there is currently only one housing manufacturer within the state, but that there are nine set up companies in the state which are regulated.

Mr. Gil Buck, Nevada Association of Realtors, stated that they were in favor of the concept of the bill and that they felt this was good legislation. He stated that it should have been established last session, but that there apparently wasn't time to get the bill passed at the end of session. He also stated that he felt that Mr. Tetrault had been doing a fine job in this area and that they wanted to see the division continued by this bill.

Mr. Tom Cooke, Nevada State Contractor's Board, stated that they supported the bill in view of the change proposed by the amendments to page 31, lines 14 through 44, as shown on Exhibit "A". That concluded testimony on this bill.

COMMITTEE ACTION: SB 173: Mr. Rusk moved to AMEND AND DO PASS, Mr. Bennett seconded the motion and it carried with Mr. Chaney, Mr. Weise, Mr. Horn and Mr. Sena not present to vote.

SB 484: Wayne Tetrault stated that this bill was introduced by Senator Faiss and would require any mobile home which was to be used as a rental unit to be equiped with smoke detectors. Mr. Tanner stated that he felt if you were going to require it in mobile homes, that it should be also required for other types of rental units. Chairman Jeffrey pointed out that mobile homes are extremely vulnerable due to the fact that it takes such a short period of time for a mobile home to burn completely to the ground and the occupants have such a short warning period. The committee discussed various applications of this bill considering what inspection problems would be faced.

COMMITTEE ACTION: SB 484: Mr. Tanner moved to INDEFINITELY POSTPONE the bill, Mr. Horn seconded the motion; however there were insufficient votes to pass and the motion FAILED.

SB 491: Robins Cahill, Nevada Resort Association of Las Vegas, stated that this bill seeks to set a maximum limit on the amount of loss that the owner of a public accomodation would have to a guest. He stated that they had previously felt current law sufficient because it provided for a determination as to whether or not the security measures taken by the owner were sufficient; however with recent court decisions (which are being appealed), it seemed that further clarification and limitation was needed to protect the innkeepers of Nevada, who deal with a extremely large number of tourists, from excessive liability.

Mr. Cahill submitted to the committee a copy of NRS 679A.100 to which he referred, attached as Exhibit "B". He also suggested that the bill be amended on page one, line 5 by deleting the word "left". He stated that they felt this change should be made to protect the owner from not being covered by the limitation should the guest be buglarized while sleeping, etc. Mr. Cahill discussed the balance of the bill with the committee together with other suggested changes and he stated that he would return to the committee with some suggested amendments on the Thursday meeting.

AB 782: Joseph Sevigny, Superintendent of Banks, stated that he felt this bill was unnecessary and an overreach of legislation, inasmuch as this aspect of the banking industry already has many rules and regulations. He stated that he felt if anyone had a problem in this area, that they should bring it to the attention of the division and take care of it on an individual basis. He further stated that many people don't reconcile their bank statements or look at the notices already sent, much less look at any other special notices which might be sent from the banks.

AB 811: Dave Cook stated that there had been a typographical error in the draft of the bill and he submitted to the committee corrective wording which is attached and marked as Exhibit "C". Mr. Cook, Commissioner of Consumer Affairs, stated that these words had to be included in the bill in order to maintain the confidentiality of records in this area. He stated that in the hearings with Ways and Means, it was pointed out that the Consumer Affairs Division returns to monies to the state fund and they were asked to look for a way to help bring in some revenue to the state and as a result this bill was drafted. He stated that the most important word in the bill was on line 16, page 2, being "willfully". He stated that this would also eliminate the need to go to court in many circumstances, if they could levy fines for these infractions.

Pete Kelly, Nevada Retail Association, stated that he felt that this bill was effective overkill in the way of consumer protection. He stated that he did not feel this was a good way to subsidize a division of the state government. He also stated that it might be considered a veiled threat and also certain provisions might become a hardship on the average businessman.

AB 817: Chairman Jeffrey pointed out that they would be taking testimony on this bill, but that it might be a futile exercise because of the Senate bills coming over which effect this area of industry.

Virgil Anderson, AAA, stated that this would adapt the Nevada insurance law to follow the Michigan plan which has been very successful. He stated that this would establish a verbal threshold and help to stabilize rates. He again reiterated past comments to the committee concerning no fault insurance problems.

Dick Garrod, Farmers Insurance Group, stated that he agreed with Mr. Anderson's comments and that their company would like to see something done and he felt this might make coverage more available in the State.

Rennie Ashleman, Nevada Trial Lawyers, stated that it looked as though the Senate was going to repeal no fault and he felt that the committee should wait to see what was done before taking any action on a bill of this nature.

AB 823: Rennie Ashleman asked that this bill be postponed until the Thursday meeting so that Mr. Joe Johnson could be present to testify.

SB 11: Milos Terzich, American Council of Life Insurance, said that this bill was requested by Ben Dasher of Universe Life of Reno, who is the chairman of the Nevada Life and Health Insurance Guaranty Association. He stated that there had been some minor amendments to the bill and those were reviewed and discussed with the committee members. He stated that provisions on page two of the bill would separate classes A and C which are different types of coverage, one for administration and the other for group health insurance.

Mr. Jim Wadhams, Director of Commerce and Mr. Don Heath, Insurance Commissioner, addressed the committee next. Mr. Wadhams stated that the bill is basically the result of a problem which occurred recently where an insurance company went bankrupt. He stated that this will help eliminate the change of consumers being left holding the bag in the event bankruptcy happens in one of these companies. He stated that this would limit compensation to \$300,000 and that the funds would be paid through separate contingency funds as set up in the division. Mr. Wadhams told the committee that the classes are A (administrative), B (life insurance) and C (health insurance). He also stated that he did not have the exact loss figures from the past which had been covered under the program, but that he was sure Mr. Dasher had that information, if the committee wanted to see it. Mr. Heath pointed out in answer to a question from Dr. Robinson that this money is put into a "slush fund" and assessments are only made when the need is present. The assessments are made to all members of the association and is a way of the insurance industry taking care of its own and that it is used rarely.

SB 451: Joseph Sevigny, Superintendent of Banks, stated that the banking division has no objection to the bill, nor does Mr. Goddard, Commissioner of Savings and Loans, who could not be present but wished that Mr. Sevigny express his feelings. He stated that he did not know where the bill had come from. He stated that he felt the bill was aimed at causing cooperative housing units to be real estate and he had no objection to the concept, though neither did he have a great appetite for it.

Mr. Rusk pointed out that he felt this was a new and growing need

in the state and he felt the bill probably came for the industry.

Mr. Wadhams stated that the bill came from Las Vegas from a person who is in the process of trying to build cooperative units and has found that he couldn't get financing. He stated that this bill would allow banks, etc. to make those types of mortgage and trust deed loans. He stated that previously those types of units have not been built in the state due to lack of funding.

In answer to a question from Mr. Rusk, Mr. Sevigny stated that the way the bill is written, he felt that it would accomplish what was being sought and that he would have no regulatory problems with it.

Mr. Wadhams stated that it would permit the banks, etc. to fund the projects. He pointed out that these cooperatives work by the residents buying shares in the corporations and then leasing back their living units and the shares would be used to secure the loans obtained from the banks or savings and loan associations, etc., just as real property would normally be used.

AB 826: Jim Wadhams stated that this bill was mostly a house-keeping bill to clarify a portion of existing law. He stated that this would specify that they could levy administrative fines of up to \$500 "per violation" under section 2, page 3, line 8. This would be rather than using the \$500 as an aggregate total fine, if there was more than one violation. He said that the change on page 1 would limit the immunity given for someone testifying for them to a specific transaction, not to the whole of the investigation. He stated that the change on page, 3, section 3, line 28 would increase the bonding requirements for foreign insurers who wished to do business in Nevada and that this was necessary in order to protect the public from companies from out of the country selling policies which would have no service agent locally and therefore be very difficult to collect from if a claim were presented and not paid. He also pointed out that the changes on page 3, lines 49 and 50 had been reviewed with most brokers and that they had concurred in those provisional changes. In response to a question from Mr. FitzPatrick, Mr. Wadhams stated that any reputable agent for a foreign insurance company would provide the policy holder with a telephone number and address for the local representative or correspondent for that company. He further stated that the change on page 4, section 5, would allow a local agent to be able to accept a certificate of insurance from a non-resident agent or broker under certain circumstances.

Milos Terzich pointed out to the committee that in the bill where the word "person" is indicated, it was his feeling that the word "individual" (as was originally provided) needed to remain. He stated that this had been changed previously because the term person could mean a partnership or corporation, etc. and he did not feel that was the intention of the bill to include immunity to corporations, etc. He even suggested that the entire section be eliminated.

Mr. Wadhams agreed with Mr. Terzich's comments.

AB 594: Milos Terzich, American Council of Life Insurance, stated that their organization writes 85% of the health insurance in the State of Nevada and that he was reporting back to the committee on the amendments which had been agreed upon among the sub-committee members which had been assigned to this review.

He reviewed the proposed amendments with the committee and they are attached and marked as Exhibit "D". He also stated that the Blue Shield provisions of Ms. Masey's amendment also be included in the revision of the bill. He also suggested that the conversion period be extended to six months.

COMMITTEE ACTION: AB 594: Mr. Bennett moved to AMEND AND DO PASS, Dr. Robinson seconded the motion and it carried with Mr. FitzPatrick not voting and Mr. Sena, Mr. Weise and Mr. Bremner not present to vote.

There being no further business to come before the committee, the meeting was adjourned at 6:45 p.m.

Respectfully submitted,

Linda D. Chandler
Linda D. Chandler
Secretary

ASSEMBLY COMMERCE COMMITTEE

GUEST LIST

NAME (Please print)	REPRESENTING (organization)	WISH TO SPEAK	
		Yes	No.
WAYNE TETRAULT	MOBILE HOME AGENCY-Commerce Dept	✓	
Richard Hoy	NEW MANUF HOUSING ASSOC.	✓	
Milos Terzich	ACLJ	✓	

Amendments to SB173

1. Amend bill as a whole by adding a new section designated section 6A following section 6, page 1, to read as follows:

"Sec. 6A. Responsible managing employee means a person in a position to exercise authority in connection with his principal or employer's business in the following manner:

(a) To make technical and administrative decisions.

(b) To hire, superintend, promote, transfer, lay off, discipline or discharge other employees and to direct them, either by himself or through others, or effectively recommend such action on behalf of his principal or employer."

2. Amend section 13, page 3 by deleting line 17 and inserting a new line 17:

"facturer, rebuilder, installer or serviceman of a mobile home or commercial coach in"

3. Amend section 13, page 3 by deleting line 20 and inserting a new line 20:

"turer's, rebuilder's, installer's or serviceman's license by the division."

4. Amend section 14, page 3, line 23 by deleting "or" and inserting a comma.

5. Amend section 14, page 3 by deleting line 24 and inserting a new line 24:

"installer's or serviceman's license must be filed upon forms supplied by the division, and"

6. Amend section 14, page 3 by deleting line 27 and inserting a new line 27:

"a manufacturer, dealer, rebuilder, installer or serviceman."

7. Amend section 14, page 4 by deleting line 12 and inserting a new line 12:

"manufacturer's, installer's, rebuilder's or serviceman's license certificate containing"

8. Amend section 14, page 4, line 14 by deleting "12 months" and inserting "2 years".

EXHIBIT "A"

Amendments to SB173, cont'd.

9. Amend section 16, page 4, line 44 by deleting "applicants for a salesman's license." and inserting "applicants for a mobile home or commercial coach dealer's, installer's, salesman's, or serviceman's license."

10. Amend section 20, page 5 by deleting line 47 and inserting a new line 47:

"dealer, rebuilder, installer or serviceman or the name under which he is doing busi-"

11. Amend section 45, page 9, line 45 by deleting "2" and inserting "12".

12. Amend section 73, page 16, by deleting line 5 and inserting:

"Sec. 73. NRS489.145 is hereby amended to read as follows:
489.145 Serviceman means a person who owns or is a responsible
managing employee of a firm that installs or repairs skirting,
awnings, assessorly buildings, fixtures or appliances on or in
mobile homes or commercial coaches."

13. Amend section 116, page 31 by deleting lines 14 through 44 and inserting:

"Sec. 116. (Deleted by Amendment.)"

679A.100 "Insurer" defined. "Insurer" includes every person engaged as principal and as indemnitor, surety or contractor in the business of entering into contracts of insurance.

(Added to NRS by 1971, 1558)

679A.110 "Person," "individual" defined.

1. "Person" includes an individual, association, organization, society, reciprocal insurer, partnership, firm, syndicate, business trust, corporation and every legal entity.

2. An "individual" is a natural person.

(Added to NRS by 1971, 1559)

679A.120 "State" defined. When used in context signifying a jurisdiction other than the State of Nevada, "state" means any state, district, commonwealth, territory or possession of the United States of America, and the Panama Canal Zone.

(Added to NRS by 1971, 1559)

679A.130 "Transacting insurance" defined. In addition to other aspects of insurance operations to which provisions of this code by their terms apply, "transact" with respect to a business of insurance includes any of the following, by mail or otherwise or whether or not for the purpose of profit:

1. Solicitation or inducement.

2. Negotiations.

3. Effectuation of a contract of insurance.

4. Transaction of matters subsequent to effectuation and arising out of such a contract.

(Added to NRS by 1971, 1559)

679A.140 Purposes; construction.

1. The purposes of this code are to:

(a) Protect policyholders and all having an interest under insurance policies;

(b) Implement the public interest in the business of insurance;

(c) Provide adequate standards of solidity of insurers, and of integrity and competence in conduct of their affairs in the home offices and in the field;

(d) Improve and thereby preserve state regulation of insurance;

(e) Insure that policyholders, claimants and insurers are treated fairly and equitably;

(f) Encourage full cooperation of the office of commissioner with other regulatory bodies, both of this and other states and of the Federal Government;

(g) Insure that the state has an adequate and healthy insurance market characterized by competitive conditions and the exercise of initiative;

(h) Prevent misleading, unfair and monopolistic practices in insurance operations; and

EXHIBIT "B"

(1973)

23136

*A-3 811:
page 2, line 1*

Except as provided in the next sentence, any [such] assurance of discontinuance accepted by the commissioner and any [such] stipulation filed with the court shall be confidential to the parties to [such] the action or proceeding and to the court and its employees.

EXHIBIT "C"

Amendments to AB 594:

by: Milos Terzich

Amend Sec. 3., page 2, by deleting at line 5:

..."base" through the words "establishing rates " on line 11, and inserting the following language:

2. "base the premium on the converted policies for the first 12 months and subsequent renewals in accordance with the insurer's table of premium rates applicable to the age and class of risk of each person to be covered under that policy and to the type and amount of insurance provided."

Amend Sec. 8, subsec. 2, page 3, line 24, by deleting the word "must" and inserting therefore the word "may".

Amend Sec. 8, subsec. 3, page 3, line 26, by deleting the word "shall" and inserting the word "may".

Amend Sec. 13, page 4, line 14, by deleting the number "3" and inserting "6".

EXHIBIT "D"