

MEMBERS PRESENT

Chairman Dini  
Mr. Marvel  
Mr. Fitzpatrick  
Mr. Harmon  
Dr. Robinson  
Mr. Craddock  
Mr. Jeffrey  
Mr. Getto  
Mr. Bedrosian  
Mr. Bergevin

GUESTS PRESENT

See Guest List attached

\* \* \* \* \*

Vice Chairman Harmon called the meeting to order at 8:00 A.M. He stated the order of business would be AB 24 and AB 137.

AB 24 - CREATES RISK MANAGEMENT DIVISION IN DEPT.  
OF ADMINISTRATION

ASSEMBLYMAN JIM BANNER

Mr. Banner stated that the Bill is one of the measures proposed as a result of a study, namely, the availability of liability employee group insurance to local governments. Mr. Banner then introduced the witnesses who would testify on the Bill and outlined their credentials.

DR. NESTER ROOS, Prof. Finance & Real Estate, Univ. of Ariz.

Dr. Roos stated he was in support of the general concepts of the Bill and thought it was a great step forward for the State of Nevada. Dr. Roos stated that risk management involves trying to protect the assets of the State, its income capacity, against accidental loss at the most economical cost. Dr. Roos said it could do a lot of good for the State of Nevada. He said there were many states now, and the ranks were growing, who had State Risk Managers. He stated that a

very important area was safety and loss control and more emphasis should be given in that area for protecting state property and the state employees. He stated there were over 89,000 governmental jurisdictions in the country of all types and there has been shown to be a great need for risk management concept in public entities.

GREGORY TROUT, County Supervisors Assn. of California

Mr. Trout stated he was in strong support of the concept of the Bill. He said that nearly half of the countries in the State now have a full time Risk Manager. He stated only the very small counties do not have someone in that capacity. Mr. Trout stated that in California, in regard to the cost factor of having a Risk Manager, the experience has been minor in comparison to the savings the public agencies themselves have had as a result of the position and the duties. Mr. Trout said the underwriters are very receptive to the idea of having one individual who is responsible at the city, county, or state level, for safety claims administration, record keeping, exposure inventories, and for centralizing the function. He stated this results in reduced insurance premiums from the standpoint that the companies are more willing to insure risks of that nature, who are able to control their losses, and working actively to reduce the exposures the public agencies have.

Mr. Fitzpatrick asked when a Risk Manager is at the State level under which office is he responsible to, and Mr. Trout responded that at the county level he is located in the County Executive, Chief Administrative Office, and he stated that was an ideal place to locate the position. Dr. Roos concurred with Mr. Trout.

LEE HANSEN, Legislative Counsel Bureau, Audit Division

Mr. Hansen stated that AB 24, in Section 13, repeals the insurance premium revolving in the insurance recovery funds. Sections 7 and 8 read almost the same as those sections repealed. Mr. Hansen stated they would like to suggest that sections 7 and 8 of AB 24 be amended to read the same as SB 44.

Mr. Harmon requested Mr. Hansen to prepare the amendment for the Committee and Mr. Hansen said he would do so.

BILL W. THOMASON, Chairman, Legislative Committee, Independent Insurance Agents

Mr. Thomason had a prepared statement\* and read it into the record. He stated that while his group wholeheartedly supported the concept of a risk manager for the State of Nevada, they felt that the position properly belongs in the Division of Insurance rather than the Dept. of Administration and requested that the Bill be amended to have the risk management function performed under the administrative supervision of the Commissioner of Insurance. He stated that because risk management is an area where competence is a necessity they request that the qualification as set forth in the Legislature's Sub-Committee Report on the Availability of Liability and Employee Group Insurance to Local Governments (SCR 37 File Number 153) be specifically referred to in the Bill as a requirement for the position. He stated they also request that Section 5, Paragraph 3 of the present bill (page 2, line 11) be amended to include the wording ". . .and have placed "through a licensed, Nevada resident insurance agent or broker" or continued . . . etc.'. Mr. Thomason went on to state that if the Committee felt that the risk manager should function in the Division of Insurance, it was their recommendation that the Bill be reworded to give him or her working authority over the insurance premium revolving fund and the insurance recovery fund. He stated they felt it was a management situation and could be very helpful out in some of the cow counties.

LARRY KEES, Nevada Independent Insurance Agents

Mr. Kees stated they support the concept of a Risk Manager because that was the sign of the times; the system over the past several years has worked well and there is definitely a place for a professional Risk Manager inside the State government who would have the added benefit of helping the smaller communities. He stated he would not go into how the insurance is presently handled unless the Committee would like him to do so. The Committee members responded that it would be a good idea for him to elaborate.

Mr. Kees stated that the State Board of Finance dealt with the job of handling the state's insurance to the State Insurance Committee and they, in essence, handled the function of buying, that part of the Risk Manager's job. Mr. Kees went on that his organization was designated to be the agent of record on the State's property and casualty business. He elaborated on updating property values on buildings and contents, negotiated rates, negotiated deductibles, and handling of all of the loss handling function.

\* See Exhibit

He elaborated on his organization's functions, compiling data and information, and getting it back to the Insurance Committee who makes the final buying decisions. Mr. Kees stated they performed more of an insurance management function. He stated they do not have the authority to enforce a program over a state agency and, presumably, the Risk Manager would.

Dr. Robinson asked Mr. Kees the reason why he felt the position should stay in the Division of Insurance, Dept. of Commerce, rather than the Dept. of Administration. Mr. Thomason responded they were thinking along the technical lines of the situation in having more insurance information available.

Dr. Robinson also stated that he felt the same provisions that apply to the Insurance Commissioner should apply to the Risk Manager and referred everyone to page 5 of the Bill, lines 1, 2, and 3, and 679(b) 020. Mr. Kees stated that to his knowledge there have never been any abuses of power but more an oversight of management function.

G.P. ETCHEVERRY, Executive Director, Nevada League of Cities

Mr. Etcheverry stated he was in favor of AB 24. He said his group had done a study in order to obtain insurance coverage for the smaller cities and counties. He said they could use the services of a Risk Manager to help get some insurance for their small cities; he said two years ago Winnemucca had to go bare. He stated those areas in Clark County and Washoe County that have risk management have done a lot better job in retaining insurance and various coverages.

In response to the question where he felt the division should be placed, Mr. Etcheverry stated that they felt it should be a separate division.

Chairman Dini wanted to know if the counties and cities could be plugged into the Bill and Mr. Etcheverry replied he was sure they could. Chairman Dini wanted to know if it might increase the fiscal load on the division. Mr. Etcheverry replied he did not know.

Chairman Dini asked Mr. Etcheverry if he would poll the cities and see how many cities would actually use the division and Mr. Etcheverry said he would get the poll.

Dr. Robinson requested Mr. Etcheverry to do the same thing with the counties and he responded he would.

W.S. "BUD" MENELEY, CPCU, Specialty in Risk Management

Mr. Meneley stated he has been in the insurance business in Nevada for 28 years and a native Nevadan. He said he was appearing as an individual knowledgeable on the subject of AB 24. Mr. Meneley stated that a Risk Manager is a valuable asset in industry but the same conditions don't always exist in public entities. He said risk management over the years could grow into a real monster and Mr. Meneley felt it was questionable as to what could be saved. He said payment will still be made to independent brokers in the way of commissions and they will not be getting those commissions back in the way of public good which the State is receiving now. He stated that the State was getting a lot of help on a voluntary basis; the independent agents don't make anything on this themselves, they volunteer their time. Mr. Meneley felt it was a fine public service which would be lost. He said he didn't feel it was necessary to go into another layer of government bureaucracy. He said risk management is not particularly strong in the marketing area.

Dr. Robinson asked Mr. Meneley if he concurred in paragraph 1 that it should be kept in the Division of Insurance and Mr. Meneley stated that he did. He stated that is where he believed the State expertise was - in insurance.

DON HEATH, Insurance Commissioner, State of Nevada

Mr. Heath stated one of his concerns was the qualifications if there was to be a Risk Manager. Mr. Heath stated they already had the personnel to provide the functions. He stated he was concerned about the fiscal impact regardless of where it does find its home. Mr. Heath stated that if the position is placed in the Division of Insurance it would require at least one other employee to properly fulfill its responsibilities. Mr. Heath stated that sub-section 8 of section 5 might be better worded and that "other risk management duties" be inserted between the words "other" and "duties" particularly if a larger purview of county and local government is being spoken about.

Mr. Harmon stated that one of the big reasons the position was suggested was for the handling of claims.

He said the handling of the claims was up to Mr. Barrett and with his workload and the lack of expertise in insurance the position would be of benefit.

JIM WADHAMS, Executive Director, Commerce Dept.

Mr. Wadhams stated there will be several things displaced by the passage of the Bill; the Insurance Placement Committee, state placement for the State Group Health Committee, and the Board of Examiners. In regard to 679(b) 020, he stated the would recommend it remain in tact for all current and future Insurance Commissioners, as well as the Risk Manager, seeing no problem with restricting the political activity of individually appointed positions. Mr. Wadhams suggested placing the division with the Dept. of Commerce and he said a very strong reason for it being the fiscal impact as the Risk Manager must have access to information and the periodicals alone would be in excess of \$10,000 and the hard library maintained, excluding periodicals, is even more substantial than that. He stated he agreed with Mr. Heath that the qualifications be spelled out in the Bill so that someone truly capable can be hired to perform the function. He also stated that the individual be either licensed or certified as a Risk Manager although there was no law in connection with same.

Mr. Craddock asked Mr. Heath if he would supply the Committee with a list of historical premiums by year measured against benefits back to the State by year and Mr. Heath advised he would make such information available.

Chairman Dini then announced testimony was concluded on AB 24. Chairman Dini stated the hearing would be continued on the Bill in about a week in order to get some more facts and figures.

AB 137 - PROVIDES FOR COLLECTIVE BARGAINING BY STATE EMPLOYEES

ROBERT GAGNIER, Executive Director, SNEA\*

Mr. Gagnier stated he would explain the Bill, give some of the background, and the reasons for the Bill. He stated the Bill was a result of a consolidation, improvement, and refinement of bills that have been before the Legislature in the past. He stated it was

\* See Exhibit

similar to a Bill passed by the Assembly, 39 to 1, in 1973. In other ways, he stated, it has been amended and improved. Mr. Gagnier went on to highlight some of the issues of the Bill. He stated that page 1, lines 13 through 16, was the first portion of substance within the Bill which is the requirement that every agency of state government, including the university system, negotiate and enter into written agreements. Mr. Gagnier stated he wanted to make it clear that the Bill in no way permits strikes by state employees. He stated that generally the Bill would apply to classified employees in state government but under collective bargaining division heads, and there are many classified division heads who would not be covered under the definition of administrative employee on page 2. He stated that Section 9 is important because another group of employees would be excluded from bargaining, namely, confidential employees. He stated it was felt this group should not belong to an organization such as SNEA and they should have a separate unit if they want to negotiate on their own.

MEETING ADJOURNED TO RECONVENE AT 5:00 P.M.

GUEST LIST

<u>NAME</u> (Please print)	<u>REPRESENTING</u>	<u>IF YOU WISH TO SPEAK</u>	
		Pro	Con
BOB GAGNER	SNEA	✓	
E. L. Newton	NTA		✓
LEE HANSON	LCB AUDIT	✓	
Jim Pettit	P.A.S. INC (NOT TO SPEAK)		
Bob Pedcock	PAS INC (NOT TO SPEAK)		NTA
Nester Ross	Self	✓	
Megory Trout	County Supervisors Ass'n of CA	✓	
Larry Kees LARRY KEES	NEV. INDEPENDENT INS. AGENTS	✓	
Vite Kelley	" " " "		NO
Don Keatts	Ins Division		✓
Lauren R. House	Nev. Ind. Ins. Agents		
Diane M. Ramsey	Nev. Ind. Ins. Agents		
Bill W. Thompson	Nevada Ind. Ins. Agents	✓	
Bud Menendez	Individual		✓
Jim Woodhams	Commerce Dept		





February 2, 1979

Mr. Joseph E. Dini, Jr., Chairman  
Government Affairs Committee  
Nevada State Assembly  
Carson City, NV 89701

Dear Mr. Dini:

We would like to submit the following comments on Assembly Bill 24 for consideration of your committee.

- 1.) While we wholeheartedly support the concept of a risk manager for the State of Nevada, we feel that the position properly belongs in the Division of Insurance rather than the Department of Administration. Therefore, we request that the bill be amended to have the risk management function performed under the administrative supervision of the Commissioner of Insurance.
- 2.) Risk management is an area where competence is a necessity. Thus, to assure that the position will be filled by a capable person, we ask that the qualification as set forth in the Legislature's Subcommittee Report on the Availability of Liability and Employee Group Insurance to Local Governments (SCR 37 File Number 153) be specifically referred to in the bill as requirement for the position.
- 3.) We request that Section 5, Paragraph 3 of the present bill (page 2, line 11) be amended to include the wording '. . . and have placed "through a licensed, Nevada resident insurance agent or broker" or continued . . . etc.'

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Mr. Joseph E. Dini, Jr.  
February 2, 1979  
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- 4.) Finally, if you agree that the risk manager should function in the Division of Insurance, we recommend that the bill be reworded to give him working authority over the insurance premium revolving fund and the insurance recovery fund. In order to perform effectively the risk manager would have to be able to determine premiums due from each state agency, he would have to authorize premium payments to insurers, he would have to be involved in the settlement and collection of losses and he would have to see that the costs of repairs are paid to outside suppliers.

We thank you for your consideration of our thoughts.

Sincerely,



B. W. Thomason, Chairman  
NIIA Legislative Committee

BT:nj

EXHIBIT - 1



# State of Nevada Employees Association

Post Office Box 1016 -- Carson City, Nevada 89701 -- (702) 882-3910

February 1, 1979

This paper will attempt to explain the features of AB 137 "The State Employee-Management Relations Act" and some past history.

The Nevada Legislature adopted a law governing collective bargaining (or negotiations) for all local government employees during the 1969 session. With the exception of the anti-strike section of the law, state employees are specifically excluded from this so-called "Dodge Act" (NRS 288).

State employees have never sought inclusion in NRS 288 because it was tailored to fit the needs of local governments and would cause a great deal of problems and confusion if implemented at the state level.

AB 137 is similar to a bill passed overwhelmingly by the 1973 Assembly. That bill was lost in the Senate as was a similar measure last session. A number of improvements have been made in this bill to correct possible problems in the former measures.

The bill continues in effect the current law prohibiting strikes by state employees (Sec. 27).

The measure provides definitions consistent with the intent of the proposed law (Sec. 5-12).

AB 137 would create one negotiating unit for classified employees with some exceptions (Sec. 13). The exceptions would be top level administrative and confidential employees. Naturally all appointive and other unclassified employees would be excluded.

The reason for having one unit is to keep benefits consistent among employees in keeping with the merit principle and to avoid "leap frogging" of benefits from one unit to another as is often done in private industry and local government. The needs of particular groups of employees are addressed at second level negotiations (Sec. 14).

This two level negotiation may take a little explaining. An employee organization may become certified as the negotiating agent for the classified employees by demonstrating that it represents a majority of the employees (Sec. 17). The governor or his designated agent is then obligated to meet and confer with that organization concerning the matters listed in Sec. 15.

Once an organization is so designated it may also negotiate with individual agencies concerning matters peculiar to that agency.

If the sides cannot reach agreement the issues may be submitted to arbitration. At the state level (governor) the arbitrator's decision is advisory only. At the Agency level the decision of the arbitrator would be final and binding.

The bill creates the position of Administrative Judge, jointly appointed with his costs shared jointly by the state and the employee organization.

The bill sets out those issues which are subject to negotiations (Sec. 15) and those which are not.