

The meeting was called to order at 3:15 p.m. in Room 323 in the Legislative Building.

Senator Blakemore in the Chair.

PRESENT: Senator Richard Blakemore, Chairman
Senator Wilbur Faiss, Vice-Chairman
Senator Keith Ashworth
Senator Lawrence Jacobsen

ABSENT: Senator William Hernstadt
Senator Clifford McCorkle
Senator Joe Neal

OTHERS

PRESENT: Chuck Knaus, Nevada Insurance Division
Robert Guinn
Virgil Anderson, American Automobile Association

A.B. 103 CREATES DEPARTMENT OF TRANSPORTATION. (Previous testimony in Minutes of 5/8/79.)

Chairman Blakemore asked if there was any further testimony on A.B. 103 and there was no further testimony.

Senator Ashworth moved that A.B. 103 be recommended: "Do Pass."

Seconded by Senator Faiss.

Motion carried unanimously.

A.B. 108 REQUIRES PERSON SEEKING TO REGISTER MOTOR VEHICLE TO SUBMIT PROOF THAT MANDATORY INSURANCE FOR THE VEHICLE IS IN EFFECT. (Previous testimony in Minutes of 5/10/79.)

Chuck Knaus, Nevada Insurance Division, spoke on A.B. 108. He felt that of the bills relating to mandatory insurance and requiring evidence of insurance, A.B. 108 is the best one that has been presented. The insurance division is in support of it as it is amended.

Chairman Blakemore said if the repeal of no-fault insurance passes, then these amendments would have to be made in this bill.

Mr. Knaus explained the amendments submitted by the division. He said that if security is being provided by contract of insurance, which would be mandatory insurance required by law, people will have evidence of that mandatory insurance from the insurer on a form that is approved by the commissioner of insurance and identifies the vehicle. He said the next thing deletes "Chapter 698 of NRS" and substitutes the words "this act." (See Exhibit A.)

Robert Guinn expressed personal concern about mandatory insurance. He said that in every state where there has been mandatory insurance it has resulted in exorbitant costs of insurance. He said that without no-fault, where there is at least some threshold against tort action and there is mandatory insurance, there would be many more cases going to trial because there would be more insurance in the pot. He said that a good portion of the 40% of the people that don't carry insurance simply cannot afford it and he was concerned about these people. He said he felt there are some serious social consequences attached to making these people have that insurance certificate when they register their vehicles.

Chuck Knaus gave some general costs of 15-30-10 insurance coverage.

Virgil Anderson, American Automobile Association, passed out his company's 1977 annual report (Exhibit B). He said he knew the committee was concerned about the cost of insurance. Comparing AAA's insurance rates and the increase in rates since 1967, during the same period of time the cost of living has gone up 81.5%, semi-private hospital room rates have risen 199.5%, auto repairs and maintenance by 103.7%, auto crash parts by 182.1%, the hourly shop labor rate by 138.1%, while their average insurance rate has gone up only 72%.

Chairman Blakemore asked if passage of this bill would affect the insurance rates. Mr. Anderson replied that he did not see where it would have any effect on them at all. He said assuming everybody was 100% insured, there would be no need for uninsured motorists' insurance coverage. Mr. Knaus said that since there wouldn't be any subrogation, very possibly the rates might even go down.

Senator Ashworth moved that A.B. 108 be amended and recommended: "Do Pass."

Seconded by Senator Jacobsen.

Motion carried unanimously.

A.B. 476 MAKES VARIOUS CHANGES IN LAW CONCERNING MOTOR VEHICLE CARRIERS. (Previous testimony in Minutes of 5/10/79.)

Senator Faiss moved that A.B. 476 be recommended: "Do Pass."

Seconded by Senator Ashworth.

Motion carried unanimously.

A.B. 453 REVISES REQUIREMENTS OF REPORTING SALE OF CERTAIN VEHICLES. (Previous testimony in Minutes of 5/8/79.)

Senator Ashworth moved that A.B. 453 be amended and recommended: "Do Pass."

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Seconded by Senator Jacobsen.

Motion carried unanimously.

There being no further business, the meeting was adjourned at
3:50 p.m.

Respectfully submitted,

Jane A. King, Secretary

APPROVED:


Richard E. Blakemore, Chairman

AMENDMENTS TO AB 108
(First Reprint)

* Page 2, Line 5, delete "Chapter 698 of NRS"; substitute "this act".

* Page 2, Line 7 through 11, substitute the following language:
"f. if security is provided by a contract of insurance, evidence of insurance shall be provided by the insurer on a form approved by the Commissioner of Insurance, which identifies the vehicle and indicates, at the time of application for registration, coverage which conforms with the requirements of this act. The department may file such evidence, return it to the applicant, or otherwise dispose of it."

* Page 2, Line 29, delete "Chapter 698 of NRS"; substitute "this act".

* Page 3, Lines 1 through 5, substitute the following language:
"b. if security is provided by a contract of insurance, evidence of insurance shall be provided by the insurer on a form approved by the Commissioner of Insurance which identifies the vehicle and indicates, at the time of application for registration, coverage which conforms with the requirements of this act. The department may file such evidence, return it to the applicant or otherwise dispose of it."

* Page 3, Line 29, delete "Chapter 698 of NRS"; substitute "this act".

* Page 3, Line 30 and 31, substitute the following language:
"Operate or knowingly permit the operation of a motor vehicle without having current evidence of insurance in the vehicle."

* Page 3, Line 37, delete "Chapter 698 of NRS"; substitute "this act".

* Page 3, Line 42, substitute as Section 4, NRS Chapter 690B is hereby amended by adding a new section which shall read as follows:

"Every owner of a motor vehicle registered or required to be registered in this State shall continuously provide with respect to that motor vehicle while it is either present or registered in this State, by evidence of insurance coverage or by qualifying as a self-insurer in compliance with Chapter 485 of NRS, security in the amounts set forth as proof of financial responsibility in Section 485.105 of NRS for the payment of tort liabilities arising from the maintenance or use of the motor vehicle."

* Former Section 4 to be renumbered as Section 5.

Inter-Insurance Bureau report 1977

Mr. Chairman and Gentlemen:

As Chairman of your Executive Committee, I am pleased to present to you, the Insurance Board, a brief report of the Inter-Insurance Bureau's operations for 1977.

As predicted in last year's Annual Report, 1977's results improved significantly over 1976, both for the Inter-Insurance Bureau and the insurance industry as a whole. For the first time in three years a large number of companies reported an underwriting profit. Although the total profit for the industry falls by a large margin to offset the losses of 1974, 1975 and 1976, it would appear that 1978 should find an increasing availability of insurance to the general public. The affordability of insurance continues to be a major problem which can only be solved by close attention to auto insurance reform and control of the rapidly rising cost in the settlement of all types of claims.

The Inter-Insurance Bureau's year 1977 showed a reduction in the frequency of accidents, but the average cost per claim continues to climb. This average cost rose by 14% since the end of 1976, and 106.2% since 1967. To bring this problem into perspective, we can look at a few relevant figures from the government-produced Consumer Price Index. Since 1967 the overall cost of living has risen 81.5%. A semi-private hospital room rate has risen 199.5%; auto repairs and maintenance by 103.7%, auto crash parts by 182.1%; the hourly shop labor rate by 138.1%; and the average CSAA insurance rate by 72.3%.

Your Inter-Insurance Bureau has been embarked on a strict program in an effort to control the cost of insurance to subscribers. In recent years careful review of all procedures, judicious underwriting of new insurance applicants, and strict evaluation of accident claims have all contributed significantly to this goal. Unfortunately, in spite of successful efforts to control costs in California, the Nevada auto situation continued to deteriorate. This required the discontinuance of dividends on auto insurance policies in Nevada effective with policies expiring during the month of December 1977. The continued erosion of the effectiveness of the Nevada no-fault system caused both by inflation in medical cost and widespread abuse of the system will require major changes before the availability and affordability of insurance in Nevada returns to a normal condition.

1977's overall results permitted the Executive Committee to increase the dividend to auto insureds in California from 10% to 15% and to all Homeowner insureds under forms 1 and 3 from 10% to 20%. This should result in an addi-

tional 13 million dollars in dividends to be paid in 1978. The number of Bureau policyholders continued to grow, with over 978,000 cars insured at year end. This is an increase of 9% or almost 81,000 cars. It is estimated that sometime in early 1978 the Bureau will be insuring one million cars. This will represent, in California, 21% of all the private passenger cars registered in our territory. The Homeowners insurance program continues its popularity with CSAA members, showing a 47% increase in the number of policies issued.

As we look forward to 1978 we are hopeful that the time for auto insurance reform (no fault) has finally arrived. The California Legislature is showing signs of general interest for the first time in three years. On the federal level, President Carter has stated his support

of federal legislation. Both the CSAA and the AAA nationally are working closely with legislators in an effort to ensure a well written bill. While no fault may not provide premium relief, it certainly can, if properly written, provide significant benefits to policyholders in a better product.

In conclusion, I wish to thank the Insurance Board, all employees, and policyholders for their support in the past year.

Respectfully submitted.

Harry D. Holt

Harry D. Holt, Chairman

Arthur H. Breed, Jr.

Arthur H. Breed, Jr., Vice Chairman

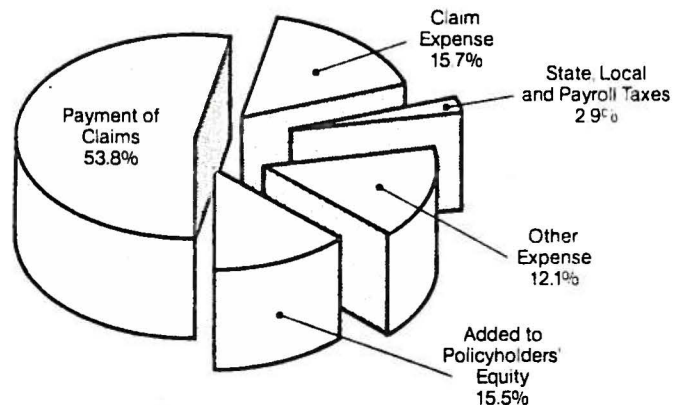
CALIFORNIA STATE AUTOMOBILE ASSOCIATION INTER-INSURANCE BUREAU BALANCE SHEET—DECEMBER 31, 1977

(As Filed with the Insurance Department of the State of California)

Assets		Liabilities	
U.S. Government, Municipal and Corporate Bonds	\$361,849,758	Reserve for Losses (Including Adjusting Expense)	\$194,029,680
Stocks	31,021,348	Accrued Taxes	14,228,512
Real Estate	22,343,458	Unearned Premium	
Cash (Bank Deposits and Office)	3,961,000	Deposits	144,436,426
Premium Deposits		Other Reserves	21,444,475
Receivable	70,070,193	Total Liabilities	\$374,139,093
Other Assets	9,972,362	*Net Policyholders' Equity	125,079,026
Total Assets	\$499,218,119	Total Liabilities & Equity	\$499,218,119

*Average Policyholders' Equity Per Unit Insured, 1977: \$122.03

HOW THE REMAINING PORTION OF THE EARNED PREMIUM DOLLAR (AFTER PAYMENT OF DIVIDENDS* TO POLICYHOLDERS) WAS ALLOCATED IN 1977



*Dividends to Policyholders, \$24,519,944

(REPRINTED WITH ADOPTED AMENDMENTS)

SECOND REPRINT

A. B. 453

ASSEMBLY BILL NO. 453—COMMITTEE
ON TRANSPORTATION

FEBRUARY 23, 1979

Referred to Committee on Transportation

SUMMARY—Revises requirements of reporting sale of certain vehicles.
(BDR 43-1070)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.



EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT relating to licensing of vehicles and vehicle dealers; revising certain requirements governing the sale of certain vehicles; defining and regulating branches of vehicle dealers; providing a penalty; and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

- 1 SECTION 1. Chapter 482 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 4, inclusive, of this act:
3 SEC. 2. "*Branch*" means an established place of business of a
4 vehicle dealer at which he conducts business simultaneously with, and
5 physically separated from, his principal established place of business.
6 SEC. 3. 1. A vehicle dealer shall inform the department of the loca-
7 tion of each place at which he conducts any business, and the name
8 under which he does business at each location.
9 2. If a vehicle dealer does business at more than one location, he
10 shall designate one location as his principal place of business and one
11 name as the principal name of his business. He shall designate all of his
12 other business locations as branches.
13 3. If a vehicle dealer changes the name or location of any of his
14 established places of business, he shall notify the department of the
15 change within 10 days.
16 SEC. 4. 1. At each of his established places of business, a vehicle
17 dealer shall display a sign containing the name of his business in lettering
18 of sufficient size to be clearly legible from the center of the nearest
19 street or roadway.
20 2. Each vehicle dealer shall post each license issued to him by the
21 department in a conspicuous place at the location described in the
22 license.

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

A. B. 476

ASSEMBLY BILL NO. 476—COMMITTEE ON
TRANSPORTATION

FEBRUARY 27, 1979

Referred to Committee on Transportation

SUMMARY—Makes various changes in law concerning
motor vehicle carriers. (BDR 43-1052)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: Yes.

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT relating to motor vehicle carriers; changing exemptions for licensing of
motor vehicle carriers; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly,
do enact as follows:*

- 1 SECTION 1. NRS 706.196 is hereby amended to read as follows:
2 706.196 1. The department may:
3 (a) Require such reports and the maintenance of such books, papers
4 and records as it determines necessary for the administration and enforce-
5 ment of this chapter and NRS 484.739.
6 (b) Examine, at any time during the business hours of the day, the
7 books, papers and records of any common, contract or private motor
8 carrier doing business in this state.
9 2. *These books, papers and records must be preserved intact for a*
10 *period of 28 months.*
11 3. The fact that such books, papers and records are not maintained
12 in this state [shall] *does* not cause the department to lose any right of
13 examination under this chapter when and where [such] *the* books,
14 papers and records become available.
15 SEC. 2. NRS 706.506 is hereby amended to read as follows:
16 706.506 1. Except as otherwise provided in NRS 706.011 to 706.-
17 791, inclusive, the license fees for vehicles [shall be] *are* as follows:

(REPRINTED WITH ADOPTED AMENDMENTS)

SECOND REPRINT

A. B. 103

ASSEMBLY BILL NO. 103—ASSEMBLYMEN HAYES,
GLOVER, JEFFREY AND HORN

JANUARY 17, 1979

Referred to Committee on Government Affairs

SUMMARY—Creates department of transportation. (BDR 35-93)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT relating to transportation; providing for the creation of a department of transportation; and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

- 1 SECTION 1. NRS 408.020 is hereby amended to read as follows:
2 408.020 As used in this chapter the words and terms defined in
3 NRS [408.025] 408.035 to 408.095, inclusive, [shall,] unless the
4 context otherwise requires, have the meanings ascribed to them in [NRS
5 408.025 to 408.095, inclusive.] *those sections.*
6 SEC. 1.5. NRS 408.035 is hereby amended to read as follows:
7 408.035 "Board" means the board of directors of the department of
8 [highways.] *transportation.*
9 SEC. 2. NRS 408.045 is hereby amended to read as follows:
10 408.045 "Department" means the department of [highways of the
11 State of Nevada.] *transportation.*
12 SEC. 3. NRS 408.100 is hereby amended to read as follows:
13 408.100 Recognizing that safe and efficient highway transportation
14 is a matter of important interest to all the people of the state, and that
15 an adequate highway system is a vital part of the national defense, the
16 legislature hereby determines and declares that:
17 1. An integrated system of state highways and roads is essential to
18 the general welfare of the state.
19 2. Providing such a system of facilities, its efficient management,
20 maintenance and control is recognized as a problem and as the proper
21 prospective of highway legislation.
22 3. Inadequate highways and roads obstruct the free flow of traffic,
23 resulting in undue cost of motor vehicle operation, endangering the health