

MEMBERS PRESENT:           Mr. Brady  
                              Mr. Bremner  
                              Mr. Chaney  
                              Mr. Dini (Late-excused)  
                              Mr. DuBois (Late-excused)  
                              Mr. Jeffrey (Late-excused)  
                              Mr. Kovacs  
                              Mr. Prengaman (Late-excused)  
                              Mr. Rusk  
                              Dr. Robinson

MEMBERS ABSENT:           Mr. Bennett (Excused)

Chairman Robinson called the meeting to order at 3:06 p.m. in Room 200 of the Legislative Building. Dr. Robinson asked the Committee members to peruse the minutes for March 4th, 5th, and March 9th for a motion later in the meeting.

Dr. Robinson noted that he had a request from the Dental Association/Board to have two bills drafted. One of the bills is to provide monitoring of prepaid dental health plans. The second relates to employers with five or more employees where a dental plan exists.

A MOTION TO REQUEST BILL DRAFTS WAS MADE BY MR. BREMNER AND SECONDED BY MR. KOVACS. THE MOTION CARRIED WITH A UNANIMOUS VOTE OF THE MEMBERS WITH NO DISCUSSION.

Mr. Bremner mentioned that he also had a request for a bill draft. He stated that the bill would make changes in the kind of conversion policies than an insurance company must offer.

THE MOTION TO REQUEST THE BILL DRAFT WAS MADE BY MR. RUSK AND SECONDED BY MR. KOVACS. THE MOTION CARRIED WITH THE UNANIMOUS VOTE OF THE MEMBERS PRESENT.

Dr. Robinson requested that the subcommittee, which had held hearings on A.B. 30 and A.B. 31, submit a written report with recommendations, amendments (if any) and a summary by Wednesday, March 18, 1981. Mr. Kovacs, Chairman of the subcommittee, responded that there should be no problem with providing the Committee with the requested information by the specified date.

Chairman Robinson then moved the meeting to the discussion of A.B. 190.

A.B. 190:                   Removes requirements for evidence of insurance and associated penalties.

Speaking as a proponent of A.B. 190 was Hale Bennett, Chief of the Registration Division for the Department of Motor Vehicles. Mr. Bennett opened his remarks by stating, "A.B. 190 is not the

Department's bill. We don't know who to thank for introducing it, but I would like to express appreciation for the sponsor and for the content of the bill and the intent of the bill."

Mr. Bennett stated that there was little benefit or justification from the current law, which requires a signed declaration of insurance prior to registration and the evidence of insurance to be carried in the vehicle as well as being presented. He then went through the bill and listed the four essential elements of it.

Mr. Bennett remarked that the law requiring evidence of insurance had not materially increased the number of people who are insured--except on the day that they register their cars. He showed the Committee two stacks of insurance cards; one was a stack of temporary cards from the Reno office, and one was a stack of permanent cards. He said that there was no way of his department knowing which of the insurance policies were cancelled after the car was registered. Mr. Bennett indicated that the law posed problems for individuals living outside of the state of Nevada who want to register and license their cars in Nevada.

Chairman Robinson asked Mr. Bennett if he knew if any of the states bordering Nevada had insurance requirement laws similar to Nevada's. Mr. Bennett responded that they did not.

Mr. Chaney then asked if there were any other states at all with this kind of law. Mr. Bennett said that there were three or four eastern states that have "full insurance coverage" laws, which required keeping detailed information and data on all insurance policies in the state. He added that Utah had a plan similar to Nevada's, which they found to be unmanageable and consequently did away with.

Mr. Chaney pursued the issue by asking Mr. Bennett if he knew what would happen if the insurance companies were required to notify the DMV of all automobile insurance transactions. Mr. Bennett indicated that such a program was presently in effect in several states in the East; however, he added that it was a very expensive process which would require a system as extensive as statewide registration.

Mr. Rusk inquired if, under our present system, all people who register automobiles in the state are not covered by insurance at least for a minimal period of time. Mr. Bennett responded that they would all be covered for at least 30 days, which is the minimum time period for which an insurance policy can be purchased. Mr. Rusk also asked if there had ever been a cost/benefit analysis performed in the eastern states that had full mandatory insurance programs. Mr. Bennett responded that he was not aware of any such analysis, but that the fact that only three or four states had such a system seemed to indicate that someone had performed a cost/benefit analysis and that the majority of the states found it to be unrealistic to implement such systems.

Mr. George Vargas, counsel for the American Insurance Association, gave the Committee some history of the requirement found on page 3, lines 25 through 29 of the bill. He stated that there was some question of whether or not that provision was actually law at all.

Following Mr. Vargas' remarks, the Chairman called the opponents of A.B. 190 to testify. Speaking first was Virgil Anderson, appearing on behalf of AAA. Mr. Anderson indicated that he wished to present an alternative to A.B. 190. The alternative that he suggested was to pattern Nevada's law after the one the state of Oregon had successfully implemented in 1979. He gave the Committee some details of the Oregon law.

Mr. Prengaman asked Mr. Anderson for some clarification of the Oregon law and also asked what happens in the event that a random check showed individuals who were not carrying the mandatory levels of auto insurance. Mr. Anderson clarified several points of the law for Mr. Prengaman, and in answer to his question about the random checks responded, "There's a procedure for filing a complaint and for prosecution of that individual for erroneously certifying false information on the registration." He added that Oregon had no requirement for motorists to carry proof of insurance in their vehicles.

Mr. Rusk stated that it would be a good idea to make sure that people carried insurance "year round." Mr. Anderson agreed that it would be a good idea but stressed the expense involved in enforcement of such a provision. He said that several years back New York had such a requirement, but they dropped it because of the cost coupled with the fact that they could not show evidence that any more motorists were insured under such a law than before it. Mr. Anderson added that the only sure solution to the problem would be to adopt a system such as found in New Zealand where motorists are required to pay one year's premiums in advance at the time of registration. Those premiums are paid directly to the governmental department handling vehicle registration, which in turn pays it to the insurance company designated by the owner of the vehicle.

Speaking in opposition to A.B. 190 next was Ms. Ray Ceccarelli. Ms. Ceccarelli indicated that she was on the drunk driving campaign. She stated that she was speaking from a personal standpoint, and that there was a need for insurance. She stressed that the requirement for insurance should be improved instead of eliminated. Ms. Ceccarelli related the experiences of herself and other individuals who had had experiences either directly or indirectly of being struck by an uninsured motorist. She suggested large fines for individuals who did not carry insurance and pleaded with the Committee members to not pass A.B. 190.

Mr. Bob Heaney, speaking for the Nevada Trial Lawyers Association, came forward next to speak in opposition to A.B. 190. Mr. Heaney stated that if A.B. 190 was passed and the provision for enforcement of mandatory liability insurance limits was eliminated, it

would be "a step backwards." He indicated that he could not understand how the agencies charged with enforcement of the insurance law could not work the situation out. He suggested an increase in staffing as one solution to the paperwork problems. Mr. Heaney also mentioned that requiring people to show proof of insurance at the time of registration at least "gets people in the door." He added "If you can just one family that grief of being struck by an uninsured motorist and the financial disaster that that can cause in their lives with medical bills or what have you, you're doing a service to the public."

Dr. Robinson asked if Mr. Heaney had any recommendations. Mr. Heaney responded that he would suggest an interim study committee to take a look at the lapse ratio and the enforcement problems. He also recommended that a serious look be taken at the cost of enforcement to the DMV and that the law that is now on the books should be given at least another two years to work out the problems.

Mr. Dick Garrod, representing the Farmers Insurance Group, stated that he was in agreement with everything said earlier by Virgil Anderson. He said that he had copies of the Oregon law that was mentioned and that he would provide copies to the Committee. Mr. Garrod indicated that the insurance companies had millions of dollars of expenses involved in printing the forms to comply with the requirement that proof of insurance be carried in each vehicle. He said that the law had only been in effect for 15 months and requested that the Committee allow it to remain on the books so that "we can give it a chance to work."

Mr. Bremner asked Mr. Garrod if he had any statistics available on lapse ratios. Mr. Garrod stated that the lapse ratio went down in 1980 for the Farmers Group but that it went up with the Mid Century organization. He added that there was no way to trace to see if some of those who dropped their insurance coverage with one company did not turn around and get insurance with another company at a lower rate.

Mr. Prengaman asked Mr. Garrod what happens to an individual who simply buys insurance for the minimum period each year when he registers his car. Mr. Garrod indicated that eventually such a person would develop a record of cancellation and would have a hard time buying insurance at all.

Next to speak was Randy Capurro, representing the Professional Insurance Agents of America. Mr. Capurro commented that he just wanted to give the Committee an indication of what the insurance companies were required to do under the law requiring mandatory proof of insurance coverage. He stated that there was really no reason for providing temporary proof of insurance and went on to explain how his company's procedures worked. He also challenged Mr. Bennett's earlier statements that a large majority of the temporary permits the DMV receives each day represent people who are only purchasing insurance in order to be able to register their cars.



Mr. Brady asked what the effect would be if the onus for making sure each individual driving a motor vehicle carried the mandatory insurance were placed on the insurance companies. Mr. Capurro remarked that in order to do that, the insurance companies would be forced to require payment of an entire year's premiums in advance, which would produce "a tremendous human cry."

Mr. Brady went a step further and asked why the insurance companies couldn't just use the same system they are using now for payment but follow up on those individuals who had dropped or cancelled their policies, which would result in the insurance company assuming the position of a collection agency. He added that the insurance company would have to cover the person for the full year whether or not that person paid his bill.

Mr. Capurro stated, "If we don't have the right to nonrenew a policy or they don't have the right to not pay or cancel a policy, then we'd have a contract that is not an insurance contract."

Mr. Brady responded that insurance companies should start checking peoples credit before issuing a policy and if someone then signed with a particular company for a year's policy, "You're on the hook for it."

Mr. Capurro indicated that there was no insurance company that would propose a requirement for complete mandatory insurance coverage.

Mr. Brady went on to say, "Driving is a privilege, and if they're not good enough for an insurance company to give them insurance, then maybe they're not good enough to have a license." Mr. Capurro stated that just the opposite is true, "Why should we be the ones to take away their license. If the state's going to be in the business of policing the drivers, then they should be able to get into the position of policing those drivers. If they don't have a valid driver's license, they don't get an insurance policy." He added that the heart of the matter, poor drivers, has nothing to do with the insurance companies.

Mr. Capurro remarked that the insurance companies could provide an array of information to the DMV to assist them with enforcement of the law. He said that a new set of problems might result, such as what to do with a driver who has let his insurance lapse after he registers his car. He added, "Unfortunately, the only things that can be done are after something happens." He said that he was in favor of keeping a current certificate of insurance in each vehicle, and that the insurance companies can tie the dates on the certificates with with the period for which a person has paid the premiums.

Mr. Bremner mentioned that some certificates were being sent out with the renewal notices, and that the person had the certificate of insurance whether or not he paid his premiums. Mr. Capurro indicated that he realized that was happening, but that it was not supposed to be.

Mr. Prengaman asked Mr. Capurro for an explanation of the purpose of the temporary certificates. Mr. Capurro complied with Mr. Prengaman's request and explained the temporary certificates to him.

Mr. Dini stated that he had introduced A.B. 190 and indicated that his reason for doing so was that he had received extensive complaints from his constituents that the law requiring proof of insurance was not working. That there were still just as many people who were driving around now that did not have insurance as before the law was passed. He said that he proposed A.B. 190 to provide a mechanism to open hearings to see what should be done about the existing law.

Mr. Capurro said that there were more people insured now than there were prior to the passage of the law, and that more people were now concerned about the insurance problem.

Mr. Bremner asked if the Insurance Division had any statistics available on the number of uninsured drivers in Nevada today as opposed to what the number was before the law went into effect.

Responding for the Insurance Division was Chuck Knaus. He stated that the Insurance Division had evidence that the present system reduced the number of uninsured motorists. He gave statistics on State Farm Insurance Company to prove his point. He also used statistics on Dairyland Mutual Insurance Company as an example. He added that there was no good method to keep track of people who cancelled or changed policies.

The next person to speak was Bob Feldman representing the Insurance Agents Protective Association. He stated that the Association was strongly in favor of maintaining the present system and improving it. He presented a letter to the Committee, EXHIBIT A, requesting funds be appropriated for the modernization of the DMV. Mr. Feldman gave the Committee a brief description of his background as President of All Risk Insurance Company and his involvement in the designing of the card that is presently used for proof of insurance. Mr. Feldman also defended the payment of monthly insurance premiums and recommended that issuance of only permanent cards for proof of insurance that would be cancelled or revoked if the person did not pay his insurance premiums. He told the Committee of the recommendations he had made for establishing a computer system within the DMV that could accomplish the revocation of insurance cards as well as other capabilities of such a system.

Mr. Feldman recommended that the Committee not pass A.B. 190 and give the present system more time to work. He said that the best solution would be to give the DMV the necessary funds to fully enforce the provisions of the law.

Dr. Robinson asked Mr. Feldman to provide the Committee with his company's cancellation statistics to compare with those provided by the Insurance Division. He then concluded the hearing on A.B. 190.

Some of the individuals wishing to testify on other bills on the agenda had flights to catch, so Dr. Robinson opened the hearings on both A.B. 223 and A.B. 224 and said that he would accept concurrent testimony.

A.B. 223: Increases minimum amount of insurance coverage required for motor vehicles.

A.B. 224: Increases required minimum amounts of proof of financial responsibility concerning motor vehicles.

Speaking on behalf of the Nevada Trial Lawyers Association was Bob Heaney. Mr. Heaney stated that his Association was in favor of the increased limits of liability outlined in A.B. 224, but if the Committee felt those increases were "too much" the Association would support the increases mentioned in A.B. 223 with an amendment to increase the property damage minimum to \$10,000. Mr. Heaney gave his reasons for the support of the two bills to be:

1. An increase in medical costs to injured persons;
2. Inflation;
3. The last increase in minimum liability levels went into effect twelve years ago with no increases since that time.

Mr. Heaney read some statistics on the costs of premiums if the increase were to take effect. Those statistics are attached as EXHIBIT B and EXHIBIT C. He concluded his remarks by saying, "The legislature, having passed the mandatory insurance law, has an obligation to the public to make the limits realistic in terms of today's real world."

Next to speak as a proponent of A.B. 223 and A.B. 224 was Pat Fitzgibbons, an attorney from Las Vegas. He stated that his personal experiences with some of his clients lead him to believe that the present liability limits were "terribly inadequate." He suggested that the limits be increased to \$100,000 for bodily injury, \$300,000 for more than one person for bodily injury or death, and \$25,000 for property damage. He indicated that he felt these greater limits would cover 99 percent of present claims. Mr. Fitzgibbons then told the Committee what kind of increases in insurance premiums could be expected if the higher limits became effective. He emphasized that the higher limits could prevent a lot of tragedy in the lives of families who are involved in an auto accident.

Following the testimony of Mr. Fitzgibbons, was testimony from Mr. Virgil Anderson of AAA. Mr. Anderson indicated that the increase in premium rates that would be necessary in order to put the higher limits into effect would result in a higher number of motorists driving without insurance at all--especially in the areas of the younger drivers who already are paying high insurance premiums. He provided the Committee with statistics to illustrate the types of premium increase that he was talking about.

Mr. Bremner asked if any other states now had such high limits of liability required. Mr. Anderson answered that there were no other states with such high minimum liability standards. Mr. Anderson added that about 50 percent of the people insured by AAA were already purchasing increased rates of liability. He also said that some companies do not write high limits of liability coverage and that by enacting a law to require the higher limits they may be forced into a substandard market.

Mr. Dick Garrod came forward to testify on A.B. 223 and A.B. 224. He stated that his experiences were the same as those of Mr. Anderson's company with the exception that his was considered a substandard company and that he wrote insurance for a lot of the "younger people." Mr. Garrod remarked that the increases in liability insurance would mean excessive premiums for some of the younger customers. He added that approximately 50 percent of his company's policy holders are now purchasing higher liability limits.

Bob Feldman testified that the increased liability limits would result in an increase in the number of uninsured motorists. He said, "We just had a hearing on people we're having trouble to get them to buy insurance in the minimums; and now we're going to tell them to buy it in the maximums." He added that the law already provided for persons to purchase additional insurance to protect themselves against uninsured or underinsured motorists. This additional coverage can be purchased in the same amounts that the motorist insures himself for.

There was no further testimony for A.B. 223 or A.B. 224, so the Chairman moved the hearing to A.B. 209.

A.B. 209:                    Requires any excess insurance or reinsurance for self-insured employers to be written by Nevada carriers.

Patsy Redmond, Deputy Commissioner of the Insurance Division, came forward to explain A.B. 209 to the Committee. She indicated that it was simply a housekeeping bill to change wording to emphasize the fact that all insurance for workman's compensation must be written by an authorized insurance agent in the state of Nevada.

Testifying as an opponent to A.B. 209 was Wayne Carlson, Senior Risk Analyst for Washoe County. He indicated that the intent of the bill was fine; however, if the market place tightened, some authorized insurers might not be available to provide the excess coverage thereby causing a restriction of the market place for entities like the county. He felt that the present surplus lines laws were adequate protection without the implementation of A.B. 209.

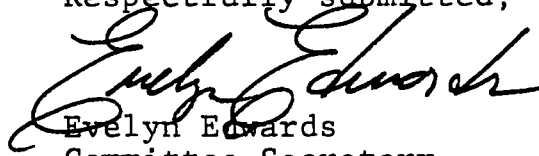
Mr. Knaus, from the Insurance Division, testified that the authorized insurance carriers were covered by a guaranty fund that would pay claims in the event that the carrier failed. Unauthorized



carriers were not covered by this fund.

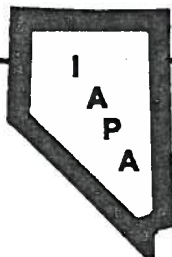
There being no further testimony concerning A.B. 209, Chairman Robinson adjourned the meeting.

Respectfully submitted,



Evelyn Edwards  
Committee Secretary





**General Counsel:**  
Louis Weiner, Jr., Esq.  
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**Director of Public Relations:**  
Mahlon E. Faust  
Faust and Associates

March 4, 1981

Representatives  
Nevada Legislature  
Legislative Complex  
Carson City, Nevada 89710

Re: D.M.V. funding for proper enforcement of compulsory insurance and future operations.

Gentlemen;

Our association consists of insurance agents who insure more than 100,000 automobiles in Clark County.

We have gone on record in support of a proper system of enforcement of Nevada compulsory insurance laws and the proper funding for the Nevada Department of Motor Vehicles to obtain a computer system capable of handling enforcement, motor vehicle records, and future growth.

It is our recommendation that our legislature authorize adequate funds for the modernization and effectiveness of the D.M.V.

After extensive study we also feel that the investment in proper computer equipment and programs will eventually produce a negative cost to the state via lower payroll costs.

  
\_\_\_\_\_  
R.B. Feldman, Sec-Treas.

EXHIBIT B

GI

15-30	81 <sup>00</sup>	
25-50	94 <sup>00</sup>	13
50-100	101 <sup>00</sup>	20
100-300	108 <sup>00</sup>	27

10,000	50	
25,000	55	5
50,000	59	9

\* Note: Miles for a single day  
 driving 1-10 miles a  
 day. (For week)

194  
 108  
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 26



EXHIBIT C

liability only!

State Farm:

15-30-5 - 150.00 (per year)	} 16 } 44 } 62	add \$3.00 per year for property at \$10,000
25-50-5 - 168.00 (per year)		
50-100-5 - 194.00 (per year)		
100-300-5 - 212.00 (per year)		

Farmer's:

15-30-10 - 120.40 (per year)	} 18 } 28 } 35
25-50-25 - 138.20 (per year)	
50-100-50 - 148.60 (per year)	
100-300-50 - 155.20 (per year)	

Allstate:

15-30-10 - 132.00 (per year)	
25-50-10 - 146.00 (per year)	14
50-100-50 - 164.00 (per year)	32
100-300-50 - 182.00 (per year)	60