

Chairman Robinson called the meeting to order in Room 200.

MEMBERS PRESENT: Mr. Brady
Mr. Dini
Mr. DuBois
Mr. Kovacs
Mr. Prengaman
Mr. Rusk
Dr. Robinson

MEMBERS ABSENT: Mr. Bennett
Mr. Bremner
Mr. Chaney
Mr. Jeffrey

GUESTS PRESENT: See Attached Guest List

Dr. Robinson opened the hearing on S.B. 429.

S.B. 429: REGULATES SALE OF TIME-SHARE ESTATES
AND TIME-SHARE LICENSES.

Testifying for the bill were Jim Wadhams, Director of the Department of Commerce and Lynn Luman, Administrator of the Real Estate Division. Mr. Wadhams remarked that Nevada has been very lucky in that there have been no real problems concerning time-sharing properties; however, other areas of the country seem to have been plagued with problems. He said that there were two types of time-sharing; one type provides the purchaser with a deeded interest, the second type gives the purchaser a right-to-use license for a number of years. The first kind of time-sharing arrangement, Mr. Wadhams indicated, was regulated by the Real Estate Division under NRS 119, the Land Sales Law. He added that the second type of arrangement was not currently subject to regulation by the Real Estate Division because the State Supreme Court had ruled that such arrangements were not interests in real estate.

Mr. Wadhams went on to explain that S.B. 429, "sets up a comprehensive framework for registration of both kinds of time-sharing and requires full disclosure . . . of the projects." He commented that he had some concern over Section 61 of the bill, which limited right-to-use time-sharing to multiple structure projects. He added that he felt it would be more reasonable to use the language, "multiple units" instead of "multiple structures."

Mr. Wadhams also expressed concern over the 50 percent limitation of Section 61, which stipulates that a time-share license will be issued only when less than a majority of parcels are time-share parcels.

Dr. Robinson questioned if there had been any serious complaints or problems concerning time-sharing.

Mr. Wadhams responded that, to date, there had been only one serious

problem, and that was the bankruptcy of a right-to-use project in Reno. He added that there was no regulation at all now of such projects and purchasers had no way of knowing just what it was that they were buying.

Mr. Kovacs indicated that he was also concerned with the provisions of Section 61 because, literally interpreted, it would mean that any project with only one structure would be unable to obtain a time-share license.

Also testifying for the bill was David Hoy, representing the Plaza Resort Club, a time-share project in Reno. Mr. Hoy stated that his client was in favor of the bill with the exception of the previously mentioned Section 61.

There being no further testimony on S.B. 429, Chairman Robinson opened the public hearing on S.B. 542.

S.B. 542: PROVIDES FOR INVESTIGATIONS OF CERTAIN
CRIMES BY COMMISSIONER OF INSURANCE.

Presenting the bill to the Committee was George Vargas. He stated that the first portion of the bill was part of a "model bill," and the remainder originated from the Insurance Division. Mr. Vargas referred to a chart showing insurance fraud cases in 1980 in Nevada indicating that the total amounted to \$1,220,396.10. This chart is attached as EXHIBIT A. Mr. Vargas also read excerpts from a newspaper article regarding arson. The article is attached as EXHIBIT B.

Mr. Vargas stated that a model arson reporting bill had been written to attempt to create a solution to the rising epidemic of arson. He indicated that the model bill had been passed in almost all states with a few states changing some of the provisions of the bill. He produced a chart showing the states that had adopted the bill. The chart is attached as EXHIBIT C.

Mr. Vargas explained that he had given Dr. Robinson a copy of the model bill early in the Session. He also said that A.B. 467 had been written to increase the penalties for arson and that S.B. 601, which had been heard earlier in Committee, contained many of the provisions of S.B. 542. Now all three bills were contained in S.B. 542.

He also said that the police powers in S.B. 542 were a result of the Senate's decisions, and that the original model bill had provided that the insurance companies report to authoritative agencies. Those agencies would, in turn, continue investigations of fraud; however, the Senate felt that all reporting should be done through the Insurance Division, Mr. Vargas said.

Mr. Vargas then deferred further testimony on the bill to Patsy Redmond, Insurance Commissioner and Jim Wadhams, Director of the Department of Commerce. Ms. Redmond also introduced Jim West 502,

an insurance investigator for the Insurance Division

Ms. Redmond then read a presentation prepared by Guy Cottino, an insurance investigator for the Division. She indicated that Mr. Cottino had been working on this type of proposal for some time. The presentation is attached as EXHIBIT D. Portions of the presentation relate to the chart entitled "1980 Fraud Cases-- Dollar Value of Claims Investigated," which is attached as EXHIBIT A.

Mr. Wadhams then stated that there would be no cost to the state for implementation of S.B. 542. He said that the cost would be entirely subsidized by assessments to the insurance companies, who had indicated that they were more than willing to bear the cost. He also commented that fraud was one of the reasons for higher insurance rates, and that this bill would help to reduce fraud and, thereby, reduce future rate increases.

Mr. Wadhams explained the rationale behind having peace officer status for the fraud investigators, and added that if the Committee had any reservations about that status, it could put a sunset clause in the bill.

Mr. Prengaman said that he was opposed to additional insurance investigators because there were already a sufficient number of other investigators within other agencies such as the police department that could handle the fraud investigations.

Mr. Wadhams responded that the only time the Insurance Division would become involved in an investigation would be when a claim was filed. He also stated that there were other situations where other investigatory agencies rarely become involved, such as with staged automobile accidents.

Mr. Westlake then explained some of the frustrations he had experienced while trying to investigate fraud cases. He said that having the status of a peace officer would make his job much easier and probably safer. He added that approximately 20 to 25 percent of the known criminals, especially those involved in organized crime, have records showing that they have been involved in insurance fraud.

Mr. Westlake said that one of the most important aspects of having peace officer classification is that it will allow the Insurance Division's fraud investigators to have access to police and FBI files for information. He then told the Committee of some of his pending investigations.

Ms. Redmond commented that the Insurance Division had the right to examine any of the insurance companies' records; however they did not have access to any of the local law enforcement records, which were badly needed to pursue fraud cases.

Mr. Vargas then stated that a unique element of the bill is that

it will require insurance companies to report suspected cases of insurance fraud to the Insurance Division and give the companies immunity from prosecution in situations which are determined not to be fraud.

Virgil Anderson, representing AAA Insurance, stated that he was in support of S.B. 542.

Dick Garrod, of Farmers Insurance Group, added his support to the bill. He also said that his company has turned many insurance fraud cases over to the district attorney, but the district attorney has shown no interest in prosecuting such cases. He noted that in California, since that state passed comparable legislation, there have been more prosecutions and there has been more cooperation from other enforcement agencies and from the courts. He also said that the insurance companies were willing to pay the costs of implementing this type of legislation.

There was additional conversation between the Committee members and the witnesses regarding the Committee's concern about giving the Insurance Division's investigators peace office status.

Chairman Robinson also expressed concern over insurance investigators being qualified for early retirement as peace officers. It was ascertained that S.B. 542 would not qualify the investigators for early retirement status.

Ms. Redmond noted that other states which had implemented this type of legislation without giving the investigators peace officer status had eventually asked for that type of status during later legislative sessions.

Assemblyman Jim Banner testified in opposition to the bill because he objected to the Insurance Division "extending themselves into the police realm." He added that he had evidence which would show how such authority could be abused, but he did not have adequate time to prepare the evidence. He also said that he knew of abuses of authority within the Insurance Division.

In rebuttal to Mr. Banner's remarks, Jim Wadhams stated that the language for the bill had been submitted to the drafting office in September; however it did not emerge from the bill drafter's office until April. He also said that the Department of Commerce had only 120 people staffing it, which he considered a small number in relation to other state or governmental agencies. He added that other divisions within the department already had peace officer status and that all 12 divisions within the Department of Commerce answered directly to the Legislators of the state.

Chairman Robinson then asked the Committee to take action on some of the bills remaining in Committee.

S.B. 634:

REQUIRES NOTICE TO OTHER CLAIMANTS OF
ACTION ON BOND OR DEPOSIT OF CONTRACTOR 1504

MR. RUSK MOVED TO DO PASS S.B. 634. THE MOTION WAS SECONDED BY MR. KOVACS AND PASS UNANIMOUSLY OF THE MEMBERS PRESENT.

Dr. Robinson assigned the floor work on the bill to Mr. Rusk.

S.B. 695: MAKES VARIOUS AMENDMENTS TO PROVISIONS OF LAW GOVERNING MORTGAGE COMPANIES.

MR. DINI MOVED TO AMEND S.B. 695 WITH AMENDMENT NO. 1508 AND TO DO PASS THE BILL AS AMENDED. THE MOTION WAS SECONDED BY MR. KOVACS AND IT PASSED UNANIMOUSLY OF THE MEMBERS PRESENT.

Dr. Robinson assigned the floor work on the bill to Mr. Kovacs.

S.B. 443: EXTENDS EXEMPTION FROM PREMIUM TAX TO ANNUITIES FOR DEFERRED COMPENSATION OF PUBLIC EMPLOYEES.

MR. RUSK MOVED TO DO PASS S.B. 443; HOWEVER, THE MOTION DIED FOR LACK OF A SECOND.

S.B. 521: PROVIDES FOR REGULATION OF HOME PROTECTION INSURANCE.

MR. KOVACS MOVED TO AMEND S.B. 521 WITH AMENDMENT NO. 1293 AND TO DO PASS THE BILL AS AMENDED. THE MOTION WAS SECONDED BY MR. DUBOIS AND CARRIED UNANIMOUSLY OF THE MEMBERS PRESENT.

S.B. 539: DISTINGUISHES BETWEEN INSURANCE ADMINISTRATORS AND ADJUSTERS AND CLARIFIES STATUS OF OTHER EMPLOYEES.

MR. PRENGAMAN MOVED TO DO PASS S.B. 539. MR. KOVACS SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY OF THE MEMBERS PRESENT.

S.B. 535: PROHIBITS UNAUTHORIZED INTERCEPTION OF CODED TELEVISION SIGNALS.

MR. KOVACS MOVED TO DO PASS S.B. 535. MR. BRADY SECONDED THE MOTION; HOWEVER, THE MOTION DIED FOR LACK OF A MAJORITY.

S.C.R. 69: ENCOURAGES BOARD OF PSYCHOLOGICAL EXAMINERS TO CERTIFY PSYCHOLOGISTS ON BASIS OF TRAINING IN LIEU OF EDUCATION.

MR. PRENGAMAN MOVED FOR A DO PASS ON S.C.R. 69. MR. KOVACS SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY OF THE MEMBERS PRESENT.

Mr. Prengaman volunteered to handle the floor work on the bill.

S.B. 429: REGULATES SALE OF TIME-SHARE ESTATES AND TIME-SHARE LICENSES.

MR. KOVACS MOVED TO AMEND S.B. 429 BY DELETING SECTION 61 AND ALL REFERENCES TO THAT SECTION IN THE REMAINDER OF THE BILL. THE MOTION WAS SECONDED BY MR. RUSK AND CARRIED UNANIMOUSLY OF THE MEMBERS PRESENT.

Mr. Kovacs indicated that he would get the amendment and handle the bill on the floor.

S.B. 542: PROVIDES FOR INVESTIGATIONS OF CERTAIN CRIMES BY COMMISSIONER OF INSURANCE.

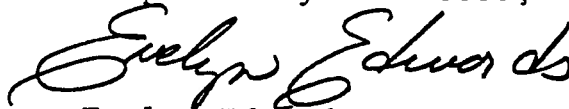
MR. RUSK MOVED TO AMEND S.B. 542 BY ADDING A CLAUSE TO SUNSET THE LEGISLATION IN TWO YEARS. MR. DUBOIS SECONDED THE MOTION AND CARRIED UNANIMOUSLY OF THE MEMBERS PRESENT.

S.B. 391: AMENDS LAW RELATING TO PHARMACISTS AND PHARMACIES.

MR. DINI MOVED TO AMEND S.B. 391 BY REMOVING THE REFERENCE TO VETERINARY PRESCRIPTIONS AND TO DO PASS AS AMENDED. THE MOTION WAS SECONDED BY MR. RUSK AND CARRIED UNANIMOUSLY OF THE MEMBERS PRESENT.

There being no further business, the meeting was adjourned.

Respectfully submitted,



Evelyn Edwards
Committee Secretary

61st SESSION NEVADA LEGISLATURE

ASSEMBLY COMMERCE COMMITTEE

LEGISLATION ACTION

DATE May 31, 1981

SUBJECT S.B. 634: REQUIRES NOTICE TO OTHER CLAIMANTS OF ACTION ON BOND OR DEPOSIT OF CONTRACTOR.

MOTION:

Do Pass x Amend Indefinitely Postpone Reconsider

Moved By Mr. Rusk Seconded By Mr. Kovacs

AMENDMENT:

Moved By Seconded By

AMENDMENT:

Moved By Seconded By

Table with columns: VOTE, MOTION (Yes/No), AMEND (Yes/No), AMEND (Yes/No). Rows include BENNETT, BRADY, BREMNER, CHANEY, DINI, DUBOIS, JEFFREY, KOVACS, PRENGAMAN, RUSK, ROBINSON, and TALLY (7/0).

ORIGINAL MOTION: Passed x Defeated Withdrawn

AMENDED & PASSED AMENDED & DEFEATED

AMENDED & PASSED AMENDED & DEFEATED

61st SESSION NEVADA LEGISLATURE

ASSEMBLY COMMERCE COMMITTEE

LEGISLATION ACTION

DATE May 31, 1981

SUBJECT S.B. 695: MAKES VARIOUS AMENDMENTS TO PROVISIONS OF LAW GOVERNING MORTGAGE COMPANIES.

MOTION: AMEND & DO PASS AS AMENDED

Do Pass X Amend X Indefinitely Postpone Reconsider

Moved By Mr. Dini Seconded By Mr. Kovacs

AMENDMENT: Adopt Amendment No. 1508

Moved By Seconded By

AMENDMENT:

Moved By Seconded By

Table with columns: MOTION (Yes, No), AMEND (Yes, No), AMEND (Yes, No). Rows include VOTE: BENNETT, BRADY, BREMNER, CHANEY, DINI, DUBOIS, JEFFREY, KOVACS, PRENGAMAN, RUSK, ROBINSON, and TALLY: 7, 0.

ORIGINAL MOTION: Passed X Defeated Withdrawn
AMENDED & PASSED AMENDED & DEFEATED
AMENDED & PASSED AMENDED & DEFEATED

1981 REGULAR SESSION (61st)

ASSEMBLY ACTION

SENATE ACTION

Assembly

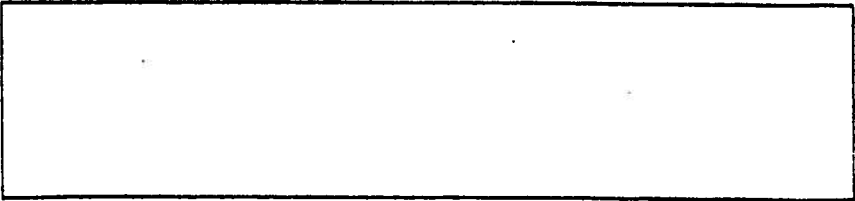
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Adopted
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Adopted
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 Date:
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 Concurred in
 Not concurred in
 Date:
 Initial:

AMENDMENTS to Senate
~~Joint~~
 Bill No. 695 ~~Resolution No.~~
 BDR 54-2004
 Proposed by Committee on Commerce

Amendment N^o 1508



Amend sec. 4, page 2, line 45, before "For" by inserting an open bracket.

Amend sec. 4, page 2, line 46, by deleting the brackets.

Amend sec. 4, page 2, by deleting line 47 and inserting:
 "being able to do so.]"

Amend sec. 13, page 8, by deleting lines 24 through 28.

Amend sec. 13, page 8, line 29, by deleting "5." and inserting
 "4.".

Amend sec. 14, page 8, lines 33 and 34, by deleting "who advertises
 as being able"

Amend sec. 14, page 8, by deleting lines 35 and 36, and inserting:
 "exempted under NRS 645B.190, [to charge a fee for mortgage compnay
 services or] to engage in or carry on, or hold himself out as".

61st SESSION NEVADA LEGISLATURE

ASSEMBLY COMMERCE COMMITTEE

LEGISLATION ACTION

DATE May 31, 1981

SUBJECT S.B. 443: EXTENDS EXEMPTION FROM PREMIUM TAX TO ANNUITIES FOR DEFERRED COMPENSATION OF PUBLIC EMPLOYEES.

MOTION:

Do Pass X Amend Indefinitely Postpone Reconsider

Moved By Mr. Rusk Seconded By

AMENDMENT:

Moved By Seconded By

AMENDMENT:

Moved By Seconded By

Table with columns for MOTION and AMEND (Yes/No) and rows for VOTE: BENNETT, BRADY, BREMNER, CHANEY, DINI, DUBOIS, JEFFREY, KOVACS, PRENGAMAN, RUSK, ROBINSON, TALLY:

MOTION FAILED FOR LACK OF A SECOND

ORIGINAL MOTION: Passed Defeated X Withdrawn

AMENDED & PASSED AMENDED & DEFEATED

AMENDED & PASSED AMENDED & DEFEATED

61st SESSION NEVADA LEGISLATURE

ASSEMBLY COMMERCE COMMITTEE

LEGISLATION ACTION

DATE May 31, 1981

SUBJECT S.B. 521: PROVIDES FOR REGULATION OF HOME PROTECTION INSURANCE

MOTION: AMEND & DO PASS AS AMENDED

Do Pass Amend Indefinitely Postpone Reconsider

Moved By Mr. Kovacs Seconded By Mr. DuBois

AMENDMENT: Adopt Amendment No. 1293

Moved By Seconded By

AMENDMENT:

Moved By Seconded By

VOTE:	MOTION		AMEND		AMEND	
	Yes	No	Yes	No	Yes	No
BENNETT	Absent					
BRADY	X					
BREMNER	Absent					
CHANEY	Absent					
DINI	X					
DUBOIS	X					
JEFFREY	Absent					
KOVACS	X					
PRENGAMAN	X					
RUSK	X					
ROBINSON	X					
TALLY:	7	0				

ORIGINAL MOTION: Passed X Defeated Withdrawn
AMENDED & PASSED AMENDED & DEFEATED
AMENDED & PASSED AMENDED & DEFEATED

Attached to Minutes May 31, 1981

1981 REGULAR SESSION (61st)

ASSEMBLY ACTION	SENATE ACTIONSenate.....AMENDMENT BLANK
Adopted <input type="checkbox"/>	Adopted <input type="checkbox"/>	AMENDMENTS to.....Senate.....
Lost <input type="checkbox"/>	Lost <input type="checkbox"/>	Joint
Date: <input type="checkbox"/>	Date: <input type="checkbox"/>	Bill No. 521 Resolution No.
Initial: <input type="checkbox"/>	Initial: <input type="checkbox"/>	BDR. 57-1370
Concurred in <input type="checkbox"/>	Concurred in <input type="checkbox"/>	Proposed by.....Senator McCorkle.....
Not concurred in <input type="checkbox"/>	Not concurred in <input type="checkbox"/>	
Date: <input type="checkbox"/>	Date: <input type="checkbox"/>	
Initial: <input type="checkbox"/>	Initial: <input type="checkbox"/>	

Amendment N^o 1293

Consistent with Amendment No. 1292.

Amend sec. 9, page 5, line 4, by deleting the period and inserting:
" , excluding Sundays."

Amend sec. 9, page 5, line 5, after "(i)" by inserting:
"That the repair or replacement of any substantial defect in the structure or a component of the home will be performed by a licensed contractor.

(j)".

61st SESSION NEVADA LEGISLATURE

ASSEMBLY COMMERCE COMMITTEE

LEGISLATION ACTION

DATE May 31, 1981

SUBJECT S.B. 539: DISTINGUISHES BETWEEN INSURANCE ADMINISTRATORS AND
ADJUSTORS AND CLARIFIES STATUS OF OTHER EMPLOYEES.

MOTION:

Do Pass X Amend _____ Indefinitely Postpone _____ Reconsider _____

Moved By Mr. Prengaman Seconded By Mr. Kovacs

AMENDMENT:

Moved By _____ Seconded By _____

AMENDMENT:

Moved By _____ Seconded By _____

VOTE:	MOTION		AMEND		AMEND	
	Yes	No	Yes	No	Yes	No
BENNETT	Absent	_____	_____	_____	_____	_____
BRADY	X	_____	_____	_____	_____	_____
BREMNER	Absent	_____	_____	_____	_____	_____
CHANEY	Absent	_____	_____	_____	_____	_____
DINI	X	_____	_____	_____	_____	_____
DUBOIS	X	_____	_____	_____	_____	_____
JEFFREY	Absent	_____	_____	_____	_____	_____
KOVACS	X	_____	_____	_____	_____	_____
PRENGAMAN	X	_____	_____	_____	_____	_____
RUSK	X	_____	_____	_____	_____	_____
ROBINSON	X	_____	_____	_____	_____	_____
TALLY:	7	0	_____	_____	_____	_____

ORIGINAL MOTION: Passed X Defeated _____ Withdrawn _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

61st SESSION NEVADA LEGISLATURE

ASSEMBLY COMMERCE COMMITTEE

LEGISLATION ACTION

DATE May 31, 1981

SUBJECT S.B. 535: PROHIBITS UNAUTHORIZED INTERCEPTION OF CODED TELEVISION SIGNALS.

MOTION:

Do Pass X Amend Indefinitely Postpone Reconsider

Moved By Mr. Kovacs Seconded By Mr. Brady

AMENDMENT:

Moved By Seconded By

AMENDMENT:

Moved By Seconded By

Table with columns: MOTION (Yes, No), AMEND (Yes, No), AMEND (Yes, No) and rows for various legislators including BENNETT, BRADY, BREMNER, CHANEY, DINI, DUBOIS, JEFFREY, KOVACS, PRENGAMAN, RUSK, ROBINSON, and a TALLY row.

ORIGINAL MOTION: DEFEATED FOR LACK OF MAJORITY Passed Defeated X Withdrawn

AMENDED & PASSED AMENDED & DEFEATED AMENDED & PASSED AMENDED & DEFEATED

61st SESSION NEVADA LEGISLATURE

ASSEMBLY COMMERCE COMMITTEE

LEGISLATION ACTION

DATE May 31, 1981

SUBJECT S.C.R. 69: ENCOURAGES BOARD OF PSHCYOLOGICAL EXAMINERS TO CERTIFY PSYCHOLOGISTS ON BASIS OF TRAINING IN LIEU OF EDUCATION.

MOTION:

Do Pass X Amend Indefinitely Postpone Reconsider

Moved By Mr. Prengaman Seconded By Mr. Kovacs

AMENDMENT:

Moved By Seconded By

AMENDMENT:

Moved By Seconded By

Table with columns: VOTE, MOTION (Yes, No), AMEND (Yes, No), AMEND (Yes, No). Rows include BENNETT, BRADY, BREMNER, CHANEY, DINI, DUBOIS, JEFFREY, KOVACS, PRENGAMAN, RUSK, ROBINSON, and TALLY (7, 0).

ORIGINAL MOTION: Passed X Defeated Withdrawn

AMENDED & PASSED AMENDED & DEFEATED

AMENDED & PASSED AMENDED & DEFEATED

61st SESSION NEVADA LEGISLATURE

ASSEMBLY COMMERCE COMMITTEE

LEGISLATION ACTION

DATE May 31, 1981

SUBJECT S.B. 429: REGULATES SALE OF TIME-SHARE ESTATES AND TIME-SHARE LICENSES.

MOTION: AMEND & DO PASS AS AMENDED

Do Pass X Amend X Indefinitely Postpone Reconsider

Moved By Mr. Kovacs Seconded By Mr. Rusk

AMENDMENT: Amend by deleting Section 61 and all references pertaining to that section.

Moved By Seconded By

AMENDMENT:

Moved By Seconded By

Table with columns: MOTION (Yes, No), AMEND (Yes, No), AMEND (Yes, No) and rows for VOTE: BENNETT, BRADY, BREMNER, CHANEY, DINI, DUBOIS, JEFFREY, KOVACS, PRENGAMAN, RUSK, ROBINSON, TALLY: 7, 0

ORIGINAL MOTION: Passed X Defeated Withdrawn

AMENDED & PASSED AMENDED & DEFEATED

AMENDED & PASSED AMENDED & DEFEATED

61st SESSION NEVADA LEGISLATURE

ASSEMBLY COMMERCE COMMITTEE

LEGISLATION ACTION

DATE May 31, 1981

SUBJECT S.B. 542: PROVIDES FOR INVESTIGATIONS OF CERTAIN CRIMES BY COMMISSIONER OF INSURANCE.

MOTION: AMEND & DO PASS AS AMENDED

Do Pass X Amend X Indefinitely Postpone Reconsider

Moved By Mr. Rusk Seconded By Mr. DuBois

AMENDMENT: Amend by adding a provision to sunset in two years

Moved By Seconded By

AMENDMENT:

Moved By Seconded By

Table with columns: VOTE, MOTION (Yes/No), AMEND (Yes/No), AMEND (Yes/No). Rows include names like BENNETT, BRADY, BREMNER, CHANEY, DINI, DUBOIS, JEFFREY, KOVACS, PRENGAMAN, RUSK, ROBINSON and a TALLY row showing 6 Yes and 0 No.

ORIGINAL MOTION: Passed X Defeated Withdrawn

AMENDED & PASSED AMENDED & DEFEATED

AMENDED & PASSED AMENDED & DEFEATED

61st SESSION NEVADA LEGISLATURE

ASSEMBLY COMMERCE COMMITTEE

LEGISLATION ACTION

DATE May 31, 1981

SUBJECT S.B. 391: AMENDS LAW RELATING TO PHARMACISTS AND PHARMACIES

MOTION: AMEND & DO PASS AS AMENDED

Do Pass X Amend X Indefinitely Postpone Reconsider

Moved By Mr. Dini Seconded By Mr. Rusk

AMENDMENT: Amend by removing the reference to veterinary prescriptions

Moved By Seconded By

AMENDMENT:

Moved By Seconded By

Table with columns: VOTE, MOTION (Yes/No), AMEND (Yes/No), AMEND (Yes/No). Rows include BENNETT, BRADY, BREMNER, CHANEY, DINI, DUBOIS, JEFFREY, KOVACS, PRENGAMAN, RUSK, ROBINSON, and TALLY (7/0).

ORIGINAL MOTION: Passed X Defeated Withdrawn

AMENDED & PASSED AMENDED & DEFEATED

AMENDED & PASSED AMENDED & DEFEATED

ASSEMBLY COMMERCE COMMITTEE

GUEST LIST

DATE: 5/21/81

PLEASE PRINT YOUR NAME	PLEASE PRINT WHO YOU REPRESENT	I WISH TO SPEAK-		
		FOR	AGAINST	BILL NO.
Dick Garrard	Farmers Ins Group	X		542
David Hoy	Plaza Resort Club	X		429
David Thompson	PLAZA RESORT CLUB		NOSPEAK	429

1980 FRAUD CASES — DOLLAR VALUE OF CLAIMS INVESTIGATED

Insurance Company	VEHICLE THEFT	VEHICLE DAMAGE	ARSON FOR PROFIT	INFLATED INVENTORY	CASUALTY	THEFT CLAIMS	EMBEZZLEMENT
Associated Intr'l Underwriters					1,681.00		
Transamerica Insurance Co.	20,000.00		80,000.00*				
State Farm	1,250.00		25,000.00**	50,000.00*			
	6,630.00		85,000.00*				
Colonial Life & Accident							408.00
Colonial Insurance Company		500.00					
		7,500.00					
Farmers Insurance Group	8,845.72		22,000.00*	82,779.00	245.00	79,280.00	
	8,768.00		90,000.00*		40.00	658.00*	
	8,182.35		32,000.68				
Allstate Insurance Co.					6,500.00	5,100.00*	
						24,000.00	
Maryland Insurance Co.							586.00
Canal Insurance Co.		2,580.05*					
St. Paul Mercury							9,769.89
American Hardware Mutual			253,391.17				
Northeast Insurance Co.						1,439.73	
Firemans Fund			250,000.00*				
U S F & G					5,795.48		
Actna Insurance Co.					16,676.30		
Bankers Life							402.73
Kemper Insurance Co.	9,000.00*						
John Deere Insurance Co.	23,800.00						
United American Ins. Co.							587.00
CATEGORY TOTALS.....	\$86,476.07	\$10,580.05	\$837,391.85	\$132,779.00	\$30,937.73	\$110,477.73	\$11,753.62

CLAIM VALUE OF CONVICTIONS** \$ 25,000.00
 CLAIM VALUE OF ARRESTS* 593,680.05
 CLAIM VALUE OF OPEN CASES 601,058.05

37 Cases total GRAND TOTAL \$ 1,220,396.10

EXHIBIT A

'Arson Is Epidemic' In U.S.

NEW YORK (AP) — The fire at the Las Vegas Hilton Hotel was not the only case of arson in the United States on Tuesday. There were 400 others. There will be 400 more today and 400 more tomorrow.

"Arson is an epidemic in this country," said Ed Wall, who teaches investigative techniques at the government's National Fire Academy in Emmettsburg, Md.

Indeed, Americans are setting fire to their homes and businesses, even their cars, in record numbers, prompting new anti-arson efforts by government agencies and private associations.

Yet arson remains one of the toughest crimes for authorities to snuff out. The U.S. Fire Administration said an arsonist has less than one chance in 10 of being arrested, and less than one in 100 of being convicted.

In 1979, the last year for which complete statistics are

available, there were 148,500 known cases of arson in this country, and tens of thousands of other fires which may have been started deliberately.

The National Fire Protection Association in Boston said those fires caused 675 deaths, an estimated 10,000 injuries and \$1.3 billion in smoke and fire damage. And that does not include the U.S. Forest Service estimate that brush and forest arson cases caused \$450 million in damage to the nation's wild lands last year.

The U.S. Fire Administration said the average arson caused \$9,000 in property damage in 1979, nearly twice that of a non-arson fire. And figures still being compiled for 1980 are undoubtedly higher, authorities said.

Bruce Bogart of the American Insurance Association in New York said reported arson cases have increased by about 25 percent

each year of the past decade.

"The biggest increase has been in cars. There were 63,500 cases of arson in automobiles in 1979, up 33 percent," he said. "People have these big old clunkers they can't sell, so they burn 'em up."

Aside from actual damage to structures, Bogart said, arson has the most serious economic "ripple effect" of any crime. He said jobs, income, sales and taxes lost to arson probably total \$6 billion to \$10 billion a year.

For instance, he said, the loss of several hundred Las Vegas Hilton guest rooms for

three months of repairs will probably cost the hotel \$6 million just in room fees.

EXHIBIT B

			CIVIL IMMUNITY	CRIMINAL IMMUNITY	AGENCIES GET INFORMATION	COMPANIES INITIATE CONTACT	COMPANIES GET INFORMATION	NOTICE TO ONE AGENCY	AUTHORITIES TESTIFY	AGENCIES SHARE INFORMATION
			1	2	3	4	5	6	7	8
ALABAMA	1979	SB359	X	X	X	X	—	X	X	—
ALASKA	1980	SB303	X	X	X	X	X	X	—	X
ARIZONA	1979	HB2014	X	X	X	X	—	X	X	X
ARKANSAS	—									
CALIFORNIA	1978	SB1386	X	X	X	X	—	X	—	X
COLORADO	1979	SB30		X*	X	X	—	X	X	X
CONNECTICUT	1977,9	SB385	X	X	X	X	X	—	X	—
DELAWARE	1980	SB251	X	X	X	X	X	X	X	X
FLORIDA	1978	SB754	X	X	X	X	—	X	X	X
GEORGIA	1977	HB257	X	X	X	X	—	X	X	X
HAWAII	1979	HB988	X	X	X	X	X	X	X	—
IDAHO	—									
ILLINOIS	1980 1977	SB1994 HB2220	X	X	X	X	3*	—	X	—
INDIANA	1979	HB1940	X	X	X	X	X	X	—	X
IOWA	1979	SF339	X	X	X	X	X	—	X	X
KANSAS	1979	HB2134	X	—	X	X	X	X	X	X
KENTUCKY	1980	HB106	X	X	X	X	X	X	X	X
LOUISIANA	1978	SB419	X	X	X	X	—	X	X	—
MAINE	1977	HB959	X	X	—	—	—	—	—	—
MARYLAND	1978	HB370	X	X	X	X	—	—	—	—
MASSACHUSETTS	1978	HB5914	X	X	X	X	X	X	X	X
MICHIGAN	1978	SB1264	X	X	X	X	—	X	X	—
MINNESOTA	1979	HF1324	X	X	X	X	—	X	—	X
MISSISSIPPI	—									
MISSOURI	—									

This two page chart was developed by the All Industry Research Advisory Council (AIRAC) to aid in tracking the status of arson reporting-immunity legislation.

			CIVIL IMMUNITY	CRIMINAL IMMUNITY	AGENCIES GET INFORMATION	COMPANIES INITIATE CONTACT	COMPANIES GET INFORMATION	NOTICE TO ONE AGENCY	AGENCIES SHARE INFORMATION	AUTHORITIES TESTIFY
			1	2	3	4	5	6	7	8
MONTANA	1979	SB148	X	—	X	X	—	X	X	X
NEBRASKA	1979	LB301	X	X	X	X	X	X	X	X
NEVADA	—									
NEW HAMPSHIRE	1979	HB742	X	X	X	X	X	X	X	—
NEW JERSEY	—									
NEW MEXICO	1979	SB216	X	X	X	X	X	X	—	X
NEW YORK	1980 1977	AB10319 SB4383	X	X	X	X	3*	X	X	—
NORTH CAROLINA	1977	SB408	X	X	X	X	—	X	X	—
NORTH DAKOTA	1979	HB1500	X	X	X	2*	X	X	—	—
OHIO	1980 1976	SB198 SB462	X	X	X	X	X	X	X	—
OKLAHOMA	1979	HB1031	X	X	X	X	3*	X	X	X
OREGON	—									
PENNSYLVANIA	1980	HB1106	X	X	X	X	X	X	—	X
		HB7445								
RHODE ISLAND	1978,9	HB6208	X	X	X	X	X	X	X	X
SOUTH CAROLINA	—									
SOUTH DAKOTA	1979	HB1104	X	X	X	X	X	X	X	X
TENNESSEE	1979	SB43	X	X	X	X	—	—	X	—
TEXAS	1977	SB1260	X	X	X	—	—	—	X	—
UTAH	1979	HB260	X	X	X	X	—	X	—	—
VERMONT	—									
VIRGINIA	1979	HB1243	X	X	X	X	X	X	—	X
WASHINGTON	1979	SB2727	X	X	X	X	X	X	X	X
WEST VIRGINIA	1978	SB365		X*	X	X	—	X	X	—
WISCONSIN	1978	SB317	X	X	X	2*	X	—	—	—
WYOMING										

* grants limited immunity, but does not use the terms criminal or civil
2* does not require insurance companies to report suspicious claims but states that they "may report"
3* provides that insurance companies may ask agencies for information but does not specifically state that release of the information by the agencies is mandatory.

LEGISLATIVE PRESENTATION

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His name was provided by who has

For the record, my name is Guy Cottino. I have been employed by the Insurance Division for over 3½ years. For the past year and a half ^{his} my primary responsibility has been the investigation of fraudulent insurance claims, a criminal violation of the Nevada Insurance Code. Chapter 686A of the Insurance Code, entitled "Trade Practices and Frauds" charges the Commissioner of Insurance with the exclusive jurisdiction in regulating insurance trade practices in the State of Nevada. Contained in that chapter is section 686A.290 that makes the submission of a false insurance claim a felony in Nevada.

Although the Commissioner of Insurance is charged with the enforcement of this section, there is no provision for the necessary authority or staff to properly carry out those duties within the present organization of the Insurance Division. Although I ^{have been} assigned to investigate cases of insurance fraud, ^{his} my classified title is Insurance Officer, a consumer complaint position within the Division.

During the course of the past year and a half, it has become increasingly evident that some type of an organized effort will be necessary to cope with the rising incidences

of insurance fraud. The effort will require creation of a bureau within the Insurance Division with proper staffing and enforcement authority by way of enabling legislation.

The proposed fraud bureau, although part of the Insurance Division, would be autonomous to the regulatory and consumer protection functions of the Division. In order to achieve this autonomy; the budget provides for separated office space from the remainder of the Division staff. Policy decisions on other bureau functions for support to the Division of Insurance would be made directly by the Commissioner of Insurance.

Insurance fraud can only have an adverse effect on the insurance premiums paid by Nevada policyholders. Since the rates for insurance are determined primarily by the losses experienced by an insurance company, any costs for payment of fraudulent claims are considered when a rate increase is submitted. In submitting the proposed legislation, the primary question was "Is fraud a significant factor effecting Nevada insureds and the premiums that they pay?"

I would like to present a chart which will reflect the dollar figure of suspected cases of insurance fraud that were investigated during the calendar year 1980. Each dollar figure opposite an insurance company depicts one case of suspected

insurance fraud and indicates the status of that case as of December 31, 1980.

The dollar figure in green indicates one case that was opened in 1980 which resulted in a conviction during that year. The figures in red indicate cases wherein arrests have been made, which total 10 cases, and the figures in black are cases that were still open investigations at the close of 1980. Thirty-three of the cases were opened in Southern Nevada, since that is where I am stationed. ^{Aug 10} The remaining four cases were opened in Northern Nevada during the month of December, when the Insurance Division assigned Mr. Jim Westlake to fraud investigations.

The category of insurance is located opposite each insurance company. The categories are:

VEHICLE THEFT - including automobiles, boats and heavy equipment.

VEHICLE DAMAGE - which relates to fraudulent claims for collision or vandalism to a vehicle.

ARSON FOR PROFIT - which only relates to arson fires wherein the insured owner is suspected of setting fire to his own premises for the insurance money.

INVENTORY FRAUD - which reflects cases wherein the loss to contents of an insured premises were either inflated or the items were non-existent.

CASUALTY - which relates to personal injuries purportedly sustained in a staged accident, or a minor injury that is extremely exaggerated to effect a higher insurance settlement.

THEFT - which includes claims for property that was either non-existent or which was disposed of by the insured for the insurance money.

EMBEZZLEMENT - which reflects moneys which were obtained by an insurance agent or other person in a fiduciary capacity and were diverted for his own use instead of being submitted for the client's insurance.

The figures across the bottom indicate the total dollar value of each category, with the Grand Total of all cases culminating in a figure of \$1,220,396.10. Any reduction in payment of fraudulent claims can only have a positive impact on future premium rates for Nevadans. This chart reflects the potential impact that a single investigator can have during a one year period on the payment of fraudulent claims.

The proposed legislation accomplishes two major objectives. First, it provides the statutory authority necessary to conduct a proper investigation by the proposed insurance fraud bureau. Secondly, the insurance companies are granted immunity from civil liability for providing information to the bureau on suspected cases of insurance fraud.

The status of "peace officer", granted to the bureau investigators through amendment to Chapter 169 of the Nevada Revised Statutes, is an incumbent part of the success of the operation of the proposed bureau. Without this provision,

bureau investigators would be unable to gain information on the criminal history of suspects, they would be unable to execute search warrants for documentation of fraud, and they would be unable to apprehend suspects when arrest warrants are issued. For the past year and a half, we have relied upon local law enforcement agencies to assist us by supplying a peace officer to carry out these functions. As is evident from the statewide crime statistics, local law enforcement agencies are having a difficult time finding the necessary manpower to keep pace with their own workload. The local agencies have been as cooperative as possible, but there are several cases wherein suspects have been able to flee the State of Nevada due to the time lapse between issuance of an arrest warrant and apprehension. In several instances this has exceeded six months and in two cases, the suspects are still fugitives. By granting peace officer status to bureau investigators, with the limitation that status is granted only for the express purpose of investigation of insurance fraud and related crimes, once the warrant is issued the suspect can be brought before the criminal justice system without delay.

On the subject of immunity for insurers, we feel that when probable cause exists to believe that an act of insurance

fraud has occurred, the insurer should not withhold that information from a proper investigation for fear of civil repercussions. The proposed legislation contains a section making the subject of an investigation by the fraud bureau confidential. This section will protect the suspect from unnecessary injury to his character during that investigation. Therefore, we submit that any insurance company or its' representatives should not be subject to civil liability for providing information to the proposed bureau on suspected cases of insurance fraud.

The proposed legislation would assess the insurance companies who write insurance in Nevada for the cost of the bureau. We feel that this is a justifiable method of funding, since the insurance companies will reap direct benefits from the results of the investigations. These benefits can then be passed on to Nevada policyholders via a containment of rate increases. Both the insurance company and the general public will benefit without impact on the State general fund.

If the legislature looks favorably on this proposed bill, we would ask that it become effective on July 1, 1981 with the inception of the operational unit to commence on January 1, 1982.

In conclusion, the proposed legislation before you would give the Insurance Commissioner the necessary authority and staff to properly discharge ~~his~~^{those} duties under the Insurance Code as it relates to insurance fraud and related crimes. What we are proposing is a viable solution in the containment of Insurance rate increases due to deception and fraud. A Bureau of Fraudulent Claims was created in Florida in 1977 and in California in 1980. Since they have proven to be a cost effective vehicle in the containment of insurance fraud, New York, New Jersey and Idaho, together with Nevada are proposing legislation to create a similiar unit within their Insurance Departments.

We do not feel that we are proposing a piece of experimental legislation to see if it will have an impact on fraudulent claims and insurance premiums. We have viewed the results in other jurisdictions and feel that it is a viable answer to the rising incidences of insurance fraud in Nevada, and we feel that Nevadans deserve our best efforts in helping to contain the cost of insurance in our State.

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