MEMBERS PRESENT: Chairman Stewart
Vice Chairman Sader
Mr. Thompson
Ms. Foley
Mr. Beyer
Mr. Price
Mr. Chaney
Mr. Malone
Mrs. Cafferata
Ms. Ham
Mr. Banner

MEMBERS ABSENT: None

GUESTS PRESENT: Robert Petroni, Clark County School District
John Borda, Nevada Motor Transport Assoc.
John Hawkins, Nevada School Board Assoc.
Pete Zadra, DMV, Highway Patrol
Mary Finnell, NV Risk Mgmt. Div., Dept. Admin.
Peter C. Neumann, Nevada Trial Lawyers Assoc.
Jack Lehman, Nevada Trial Lawyers Assoc.
Robert E. Heaney, Nevada Trial Lawyers Assoc.
Zane S. Miles, Nevada Trial Lawyers Assoc.
Virgil Anderson, AAA
Richard R. Garrod, Farmers Group
Mike Del Grosso, State Lands
Karnes (illegible), Nevada Ins. Division
John Eck, Southern Pacific
George Vargas, American Insurance Assoc.

Chairman Stewart called the meeting to order at 8:06 a.m. and asked for testimony on AB 68.

AB 68 Increases statutory rate for interest on judgments from 8 to 12 percent.

Assemblyman Price stated that AB 68 and ACR 16 were the product of two recommendations from an interim legislative sub-committee created during the last session whose interest was in automobile insurance rates and company rating practices. On that committee were Senator Hermstadt, Assemblyman Bremner, Assemblyman Fitzpatrick, Assemblyman Polish, Assemblyman Westall, and Assemblyman Price. He went on to say that numerous hearings were held throughout the state, including Winnemucca, Elko, Ely, Las Vegas, Reno, and Carson City, at which a great deal of testimony was heard. Mr. Price indicated that the primary interest of that sub-committee was to try and determine if there were any possibilities that insurances rates could be reduced without bringing any harm to the companies to see that the citizens of Nevada

were getting the best break possible and to maintain a good business position for the companies. There were a number of findings arrived at, of which these bills are two. Mr. Price said that there was testimony heard from experts throughout the United States, including the Insurance Commissioner from New Jersey who is considered one of the leading experts in the United, consumer advocates from national groups, insurance executives from throughout the United States. He stated that there was extensive testimony heard on the prejudgment interest rates. According to Nevada statute the rate is 8%. He defined "prejudgment interest" by saying that where a case is litigated and a judgment is found, for example, against the Defendant, if the judge does not set a specific rate of interest, then it is left up to the interest rate specified in the statutes. Interest is then applied to the judgment to accrue from the time of the filing of the action.

Mr. Price indicated that this study had taken place during the time when interest rates were soaring and in the neighborhood of 19½% and there was ample testimony that indicated that it was not uncommon that insurance companies would have a tendency to drag litigation out through appeals or litigating cases with poor merit. The reason was that it was possible to earn much higher interest with the potential money, or lack of loss, than if the case were settled early. Mr. Price indicated that if that were not actually taking place, there certainly was a potential for it since 8% money would be cheap at this time.

The initial recommendation of the committee was that the rate be tied to something more current. It was the suggestion of Senator Hernstadt was that the rate be tied to the prime interest rate. The initial idea was to set it two or three points below the prime rate to allow for fluxuation in the prime rate and still remain within a realistic realm and would encourage both sides to resolve their cases early on. Mr. Price pointed out that any litigation which drags on also has an impact on the cost to the state and the cost to the citizens in tying up the courts. It was advised by Frank Daykin during the drafting of the bills that there would be a constitutional problem with tying an interest rate to the prime due to the transfer of Legislative authority. Mr. Daykin did suggest to the committee at that time that the interest rate could be tied to the average prime rate of the three largest banks in Nevada*, but did mention that could also become a point of contention to be argued between the parties to the lawsuit. As a result, Mr. Price stated that the committee decided on a rate that would be somewhere in a reasonable range. He stated in conclusion that the committee attempted to bring the prejudgment interest into a more realistic realm than 8%.

* see Exhibit A

Peter Neumann, a trial attorney, speaking on behalf of the Nevada Trial Lawyers Association, stated that he favored AB 68 for a number of reasons. It was his belief that interest rates on judgments have fallen behind the real cost of living in the world. It was his statement that the cost of money now is between 19% and 22% and the indication of experts that it would remain high for a number of years or at least until the next session of the Legislature, enabling an adjustment if necessary at that time. Mr. Neumann stated that at this time, the difference between the cost of borrowing money to us, as consumers, and the interest that an insurance company can earn on its money lending it out is quite substantial. Mr. Neumann went on to say that the problem he faces, as a trial lawyer on behalf of a client, is after 2½ to 3½ years of litigation, having to win the case for his client against very good opposition, and then often having the insurance company representative or their counsel call and ask to settle for less than the judgment or they will appeal the decision. It was his statement that this happened on almost every case where the judgment is more than $10,000. He further stated that in times like now, where the interest rate is 15% to 20%, the insurance company can make that threat stick because they can get a free appeal, they can pay all their attorney's fees, they can pay all their court costs, etc., with the variance between what they have to pay his client at 8% and what they can be earning on that money while they're delaying the payment of a judgment. He indicated that on a two year delay, the approximate time it takes to make an appeal, they get a free appeal off the difference. He cited as an example the insurance company appealing a judgment in favor of his client in the amount of $100,000. Over the two year period in which it takes to have an appeal heard, the insurance company would be collecting 15% interest on that amount, or $30,000. In the meantime, assuming the Supreme Court affirmed the original verdict and the insurance company ultimately had to pay his client, they would pay $100,000 plus 8% for two years, or $116,000, giving them a $14,000 profit which could be used to pay attorney's fees for the appeal.

It was Mr. Neumann's feeling that this occurrence gave the insurance company a lot of leverage against he and his client to take less than the judgment, in that when they threaten an appeal, they mean it. The second problem is that if the case isn't settled for less than the judgment, an appeal raises the costs of the judicial system by increasing the Supreme Court caseload. Mr. Neumann felt that passage of this bill would discourage frivolous appeals and would also be a recognition of the economic variation between the statutory interest rate and the current prime rate. He further felt that interest on judgments was a way of society encouraging the payment of just debts in all cases.

Chairman Stewart asked if Mr. Neumann knew what return was available on the best certificate of deposit on $10,000. Mr. Neumann indicated that the money market rate is 17% and by depositing the money in a Dean Witter brokerage firm account called Inter Capital Liquid Asset Account, which is basically a short term liquid account which pays 17%.

Mr. Stewart stated that a further expense a Defendant has to pay by virtue of the appeal is a bond on appeal. It was not known what the interest rate or cost of such a bond was. Mr. Neumann indicated that some of the self-insured entities, such as governmental entities, do not have to post a bond on appeal.

Jack Lehman, Nevada Trial Lawyers Assoc., stated that he was also an organizer and on the board of directors of one of the new banks in Southern Nevada and was therefore somewhat familiar with some of Mr. Stewart's questions. He indicated he was in favor of AB 68, but suggested that 12% is not high enough. He proposed legislation that would tie the interest rate to the prime rate and felt it was not unrealistic. Mr. Lehman stated that he had made calculations based on the changes in the law proposed and came up with some figures he felt reasonable insofar as what benefit it would be for insurance companies to file frivolous appeals. He added that not just insurance companies, but anyone that is a judgment debtor can find it economically feasible to file an appeal, regardless of how frivolous. He went on to say that at the present time it takes approximately two years to get a case heard by the Supreme Court from the time the appeal is filed. In the case of a $50,000 judgment, if the proposed 12% interest rate is compared to the prime rate at the present, which is 19½%, there is a difference of 7½% which can be used by the judgment debtor during the course of the appeal. By not paying the judgment, the judgment debtor is making more than $3,500 per year, or over a two year period, more than $7,000. Mr. Lehman estimated that an average fee for a defense attorney to file an appeal on behalf of his client would be about $2,500, which would fluxuate substantially depending upon the difficulty of the appeal. In the case of a frivolous appeal that would be a reasonable rate. If $7,000 is saved over a two year period by filing a frivolous appeal and the attorney's fees are $2,500, the judgment debtor has made $4,500 by filing the appeal. Mr. Lehman indicated that this type of occurrence frustrates justice in that a jury sets a judgment according to what they find the damages to be and on the threat of an insurance company or judgment debtor, the prevailing party is forced to accept less than what the judg-

ment was determined to be or wait for the outcome of an appeal. He indicated that there was yet another factor, that being that if the interest rate is not changed or even changed to just 12%, the frivolous appeals are going to continue and in a few years it might take four years to get a case heard before the Supreme Court. This will encourage more frivolous appeals because of the opportunity to either make money or settling for an amount less than the judgment determined by a judge or jury. It was therefore Mr. Lehman's suggestion that for purposes of seeing that justice is done that there should be a realistic interest rate set.

In answer to some of the prior questions, Mr. Lehman stated that banks can invest in government securities which are immediately negotiable and which are tied closely on a day-to-day basis to the prime rate of interest. He further stated that the chief executive officer of his bank, as well as other bankers, feel that the period of high interest rates is continue for the next two years at least. Mr. Lehman went on to say that most bank loans today are made at least one or two points over prime fluxuating. He indicated that the bank's computers can compute interest at any given time based upon the fluxuations in the prime interest rate. An example given is that of a business loan in the amount of $50,000, with payments of interest only for a period of two years and then the $50,000 plus interest being due. At the end of each quarter a statement is sent based exactly on a day-to-day basis of what the prime rate has been during the three month period. He felt that the Court Administrators could do the same thing through the use of computers on the interest on judgments.

Miss Foley asked Mr. Price about the constitutional problem which Mr. Daykin suggested might arise from this. Mr. Price responded that there was no constitutional problem with the amendment being considered in AB 68, however the constitutional problem arose out of tying the interest rate to the prime rate. He indicated that it did raise the question of further argument between the litigating parties over what the rate was or should have been.

Mrs. Cafferata asked if all the court systems had computers and Mr. Lehman indicated that Clark County did, but wasn't sure about the smaller counties.

Mr. Malone asked if there wouldn't be court battles over the constitutionality of a fluxuating interest rate. Mr. Lehman indicated that it would be a very limited period of time to determine whether it was constitutional. He disagreed that it was unconstitutional since loans in banks and lending in-

stitutions are now tied to a fluxuating basis unless a very good customer requests a flat rate and, under certain circumstances, may get a flat rate.

Mr. Malone suggested that it might be more profitable to go with the 12% and then in two years, if it's seen that the frivolous appeals haven't been slowed up, raise it another 4%. Mr. Lehman agreed that 12% was better than 8% and that it might have some detering effect for smaller judgments, however he suggested that the realities of the present situation be considered and if there is some indication that the fluxuating rate might be unconstitutional, consider the possibility of coming up with 14% or 15%. He felt that there was little doubt that the prime rate would get much below 17% or 18% within the next two years.

On a question by Chairman Stewart about investing money as an individual and getting the prime rate, Mr. Lehman indicated that there are funds as mentioned by Mr. Neumann available from stockbrokers that come very close to the prime rate. He thought that either $2,500 or $5,000 was the minimum deposit required. He stated that these types of accounts are advertised all the time. He felt that a plaintiff is not going to appeal if he thinks he can make more money at the prime rate based on a differential of 1%, 2%, 3% or 4%.

Mr. Stewart asked if the courts dealing with small judgments in the neighborhood of $500 could use a fluxuating base of interest. Mr. Lehman felt it could if they were tied into a computer readily accessible to everyone within the judicial system. Mr. Stewart felt it would be economically unfeasible for a municipal court to use a fluxuating base when it handled 30 to 40 small claims a day.

Jim Banner, Assemblyman, District 11, stated that he was not going to discuss the prime rates, etc., since he isn't an attorney or insurance agent but just an Assemblyman and father. He cited an incident with his daughter in an $800 car when she was hit broadside and the car was totalled. In order to keep his daughter in transportation back and forth from the University, he had to withdraw money from his credit union. He felt the interest should revert back to the time of the loss rather than the time of filing the claim since after several months of trying to recover the money from the insurance company, he ultimately had to get an attorney and try the case. When it appeared that a judgment would be forthcoming in the litigation, the insurance company paid the claim and interest was lost due to the length of time it took to get the $800 back.

Bob Heaney, Nevada Trial Lawyers Assoc., concurred with the remarks of Mr. Neumann, Mr. Lehman and Mr. Banner. He indicated he would like to see the interest rate increased to a set amount of 15%. He didn't think that realistically in the future interest rates and inflation would come down to below that figure. He commended the study committee on suggesting 12% and stated that he would favor that as a minimum. Mr. Heaney pointed out that in addition to those who had been personally injured as the in examples given by other testimony, the commercial industry was being damaged by those individuals not paying their debts. He reiterated that 8% interest did not encourage the payment of debts. He felt that 12% was a step in the right direction and pointed out that if an individual is aware that it's not going to cost him money to wait to be sued, he's not going to pay his debt in a timely fashion. Mr. Heaney felt that an increase in the interest rate would give debtors the incentive to pay.

Mr. Heaney continued by stating that due to the increased inflation, when suing for damages, personal injury or to collect a debt, a settlement at the current rate of 8% does not make the party whole. He felt that the interest rate ought to at least reflect the reality of the rise in inflation in the daily cost of living. Mr. Heaney urged the quick passage of AB 68 by the committee and suggested that it be made effective as soon as possible.

Mr. Beyer asked what percentage of cases were settled against insurance companies. Mr. Heaney guessed that the vast majority of cases are settled but that with the interest rate what it is, there is no incentive for settlement. It was his opinion that there are many more cases settled out of court than are actually filed, or settled before they get to final judgment. He indicated that settlement can come sometime after the filing of the complaint, sometime prior to final judgment or even during the appeal process.

Mr. Beyer asked about the possibility of a plaintiff filing suit for a figure higher than what he might actually settle for. Mr. Heaney felt that our system provided the necessary safeguards to compensate individuals for what their case is really worth. He did say that you could ask for more than you would actually receive, but through settlement or a jury verdict the approximate true value of the case was ultimately arrived at. He did not feel people were trying to take advantage of the system because of the interest rate. He felt they were getting basically what they deserved.

Zane Miles of Elko testified next on behalf of himself as a private practitioner and on behalf of the Nevada Trial Lawyers Association. He pointed out to the committee that low post-judgment interest rates were having an adverse effect on settlements. It was his experience in the last three years that there has been a definite decline in offers of settlement from the insurance companies. He stated that three years ago on the average small case with a worth of $10,000 to $25,000, the insurance companies were relatively eager to settle the case before going to trial. He felt the reason was that both sides could arrive at a reasonable figure within $1,000. He stated that now there are far fewer pretrial settlements due to the fact that plaintiffs are finding it difficult to get the insurance company's attention without filing suit. He felt that as a result, it is having a clogging effect on the trial courts. He stated that the offers that are being made by the insurance adjusters are generally lower than the book value of a particular case. This was an indication to him that the insurance companies are aware that they can afford to try cases and even when defeated, can afford to appeal, amounting to a total of approximately four years. He felt the insurance companies believe they will be better off to keep their cash, earn what they can on the cash during that four year period while knowing that all they will have to pay is 8% interest on the last two years. It was his opinion that part of the need for additional judiciary is directly traceable to the relatively low post-judgment interest rate.

It was Mr. Chaney's question in the event of a cash judgment and an offer of settlement in a lower amount, who actually loses? Mr. Miles stated that he handles relatively small cases ranging in the area of $10,000 to $25,000. He indicated that sometimes the client chooses to pay an hourly fee. In this case, the client pays for the work that is actually done and bears the entire loss himself. More often, the fee was on a 35% or 40% contingency basis, in which case the client would bear about 60% to 65% of the reduction and the attorney would bear 35% to 40% of the reduction. Mr. Chaney then asked if the loss would be greater to the client or equally shared by the attorney and client in the event the case went to the Supreme Court. Mr. Miles felt it would be basically the same. Mr. Chaney further questioned whether there would be additional cost to the client if the attorney had to defend the judgment on appeal. Mr. Miles said that was dependent upon the contingent fee agreement. He stated the average agreement was to provide 30% if settled before trial, 35% if it is necessary to go to trial, and 40% if it is necessary to prosecute an appeal. On that basis, there would be that additional cost to the plaintiff caused by the plaintiff having to go to appeal. He would pay his attorney more as well as lose the use of the money for two years.

Mrs. Cafferata asked when the interest started accruing, to which Mr. Miles responded that it started at the time of service of the summons presently. He felt this is another reason for the necessity of filing suits because the insurance companies want to hang onto their money rather than settle.

Mr. Stewart suggested that possibly insurance companies were offering to settle for low amounts due to the fact that many businesses are going self-insured and insurance has become so expensive. Mr. Miles did not feel that rationale applied once you looked at the concrete specifics of a given case. He pointed out that in the case of Mr. Banner's $800 car, there was no justification in involving an attorney when the insurance company knew the car was worth $800. He recited a similar case he had just settled where the insurance company offered $500 and the low blue-book value on the destroyed car was $1,000.

Mr. Stewart asked for a recess at 9:07 a.m. and reconvened the the meeting at 9:19 a.m. He then indicated that the committee was required to be down on the Floor by 10:00 a.m., thereby necessitating the rescheduling of the remainder of the hearing in the event everyone who wished to testify was not called upon.

George Vargas, a paid lobbyist for the American Insurance Assoc., and Chairman of the Board of Vargas & Bartlett, Ltd., indicated that his firm does a substantial amount of insurance defense work in personal injury cases. Mr. Vargas commended Assemblyman Price and the other legislators involved in the preparation of their report. He indicated they had put a lot of time into it, a lot of intense effort, and he congratulated them on the job they did. He commented that most of the testimony had been directed against insurance companies, "the big bugaboo who sits out on the wall for all of the darts of the plaintiffs' lawyers." He felt the fact that insurance companies do not print money was overlooked. Mr. Vargas stated that insurance companies are a vehicle of their stockholders, who are people, and their money comes from people who pay premiums. He pointed out that when insurance companies are referred to, it is actually people who pay premiums that are being talked about.

Mr. Vargas commented that the mention made by Mr. Price about the number of experts that appeared and testified before the committee that did the study was a very accurate statement. He did call attention to the subject of prejudgment interest and quoted from the report as follows:

> "According to the testimony by representatives of the Nevada Trial Lawyers Association, the cost of money and the rate set in law for prejudgment interest are very important factors in any situation when one brings a legal action." (p. 42, Paragraph (f))

He pointed out that a further reading of the paragraph would find no other expert quoted there other than the Nevada Trial Lawyers Association.

Mr. Vargas commented that the question asked earlier by Mr. Chaney about how much money the client loses and how much money the attorney loses was very interesting. According to Mr. Miles' testimony the attorney loses 35% to 40%. He felt this was a definite self-interest proposition.

To the earlier testimony given that insurance companies make frivolous appeals because they can make money in the investment market, Mr. Vargas countered that the insurance regulations limit the insurance companies in the markets in which they can go for securities. It was his statement that they cannot go for second deeds of trust offered by some organizations. His primary point was that in the talk about frivolous appeals, not one individual produced Supreme Court decisions demonstrating that this was taking place. Mr. Vargas stated that from his reading of Supreme Court opinions, he recalled only two appeals dismissed as being frivolous, one involving the judicial commission hearings and another involving an attorney in a divorce action. It was his contention that if frivolous appeals were filed, the Supreme Court would have come out with opinions about them.

Mr. Vargas went on to say that as an officer of the court, a lawyer is duty-bound when he signs a document to certify to the court that there is a reasonable ground for filing and asserting that document. He stated that he would not sign his name to a document that he knew to be a frivolous appeal and felt the arguments to that effect were misleading.

Mr. Vargas further stated that an attorney representing an insured client is an attorney for the client and not the insurance company. In the event of a conflict between the client and the insurance company, the attorney must choose and advise the client he can get independent counsel at the expense of the insurance company or the attorney can withdraw from the case and let both parties get independent counsel.

Mr. Vargas made reference to an occasion when an insurance company, in the interest of keeping costs down, suggested that they should have the say with reference to the taking of depositions and other matters involved in the lawsuit. He indicated that he wrote the company and told them that under no circumstances would his office represent that company if that became their policy and offered to produce the letter to the committee. His reasoning was that his responsibility is to the insured and that he must legally and properly represent that client.

He felt that prejudgment interest was putting a penalty on honest differences. To the argument that it would encourage settlements, it was Mr. Vargas' opinion that it would have nothing to do with settlements. He felt that attorneys representing insured clients were by-and-large entirely honorable men who represented their clients in the best interests of their clients. He stated that he did not know any insurance company that told its attorney to file a frivolous appeal in order to make money in the investment market. He felt that if it happened, there was a great unlikelihood that they would find an attorney in Nevada who would follow that kind of a directive.

On the question of bank interest, Mr. Vargas felt there was no analogy between the situation in banks and the situation under discussion. He stated that bank interest is a contractual matter between two individuals. In the instant situation, the topic is a mandated interest rate imposed upon people and upon every type of claim that might ultimately be into a judgment.

Mr. Vargas next addressed special damages which are the monetary damages incurred such as the cost of automobile repairs, hospital bills, loss of wages, etc. He indicated that perhaps that type of a financial expenditure should be subject to interest and possibly from the time it was expended. He did point out, however, that interest running from the time of an accident can pose a problem in that a plaintiff might not file a complaint until near the end of the statutory time limit.

He went on to discuss personal injury cases where the attorney has a 35% to 40% personal interest, stating that items such as loss of society, comfort and companionship are recoverable items. He gave as an example the case of the accidental death of an elderly woman who contributed nothing to her family and seldom if ever saw them. In that case the family recovered damages for loss of society, comfort and companionship. It was his feeling that interest of 12% on that type of a loss was very

different from banks loaning money and that it was a difference avoided in previous discussions by attorneys who had a 35% to 40% personal interest in the outcome.

Mr. Vargas made mention of the fact that frivolous lawsuits are filed quite frequently, also attributing to the cost of rates. To Mr. Miles previous testimony about a definite decline in settlement offers by insurance companies, Mr. Vargas offered that the cause might be the definite incline in the filing of frivolous lawsuits.

Mr. Vargas recommended that in consideration of prejudgment interest by the committee, that it be limited to the pecuniary or financial damage sustained and not broadly to cover society, comfort and companionship of a distant relative whom you may never see.

When asked by Mr. Thompson if he was proposing an amendment, Mr. Vargas responded that he felt it would be a very good amendment to limit the prejudgment interest to the financial expense involved irrespective of what is done with the rate. Mr. Thompson further questioned why insurance companies are unable to invest in high-yield areas, to which Mr. Vargas replied that they are limited by law in their investments of speculative kinds, such as second mortgage loans which currently carry higher interest rates and are highly advertised. He offered to present to the committee a statement that was made in New York that the underwriting premium income of property and casualty insurers is below what they are paying out and that the difference is being made up in part by investment income. He went on to say that the repairs, hospital bills, etc. have exceeded the ability currently of their investment income to bring it up to the point where their premium income will equate with their outgoing. He indicated that the statement was made at a meeting of the American Insurance Association by a Harvard economist.

Mr. Thompson asked if, to Mr. Vargas' knowledge, had an insurance company ever threatened to appeal if the party wouldn't accept a settlement. Mr. Vargas indicated no.

Mr. Price asked if it was Mr. Vargas' opinion that prejudgment interest had no bearing whatsoever on whether a case was appealed. Mr. Vargas indicated it was his feeling that appeals are determined on the basis of merit and not on any other basis. Mr. Price indicated that there had been testimony heard by the study committee and this very morning that the insurance companies had, from time to time, made offers to settle or they would appeal. Mr. Price further stated that it was his information that the State made money from investments and he submitted that an organi-

zation or insurance company could keep their money for another two years, and indeed the last 20 days after settlement, for investment purposes. He asked if there might be some other scheme which might lend itself to insure that both parties did earnestly attempt an early settlement. Mr. Vargas responded that an attorney who would delay the settlement of a suit is guilty of malpractice. Mr. Price countered that it would be difficult to prove and Mr. Vargas stated that if it did occur, the attorney would be very conspicuous.

Mr. Stewart asked what Mr. Vargas felt the Legislature should take into consideration when setting the statutory interest rate. Mr. Vargas stated that with reference to interest on judgments, you are talking about an ascertained amount of money which is established as a monetary dollar liability and he felt the interest rate should go up on that type of thing. However, as pertains to prejudgment interest on loss of society, companionship and comfort, he felt it was improper.

Robert Petroni, attorney for the Clark County School District, spoke next to AB 68. He expressed his concern over the high insurance rates and the easy access to suing governmental agencies, which had brought about the School District's having to go to a self-insurance concept to a great extent. He stated that in the case of frivolous lawsuits against governmental agencies, they must go to the expense of defending those suits and in the event they prevail, the courts do not award attorney's fees or costs to be paid to the governmental agencies. He suggested an amendment which would alleviate that problem.

Mr. Petroni next addressed the problem of governmental immunity, which had been removed by the passage of NRS 41. He stated that since then the amounts have been raised from $25,000 to currently $40-50,000 in tort actions. He also pointed out that judgments are tax-free except in the case of loss of income. His major feeling was that governmental agencies should be awarded attorney's fees and costs and that it was not his feeling that the interest rate should be increased.

Mr. Thompson asked what type of remedy Mr. Petroni would suggest to prevent frivolous lawsuits. Mr. Petroni felt that awarding costs and attorney's fees to the prevailing party would prevent that, especially in the case of government agencies.

Mr. Stewart indicated at that point that there was no further time left to continue hearing AB 68. He announced that the hearing would continue on Thursday, February 12, 1981, at 8:00 am, and that the remainder of the agenda, AB 72 and ACR 16 would be

heard at that time as well. The meeting was then adjourned at 9:55 a.m.

Respectfully submitted,

Jor Jan M. Martin
Committee Stenographer

17.130 Computation of amounts of judgments; interest.

1. In all judgments and decrees, rendered by any court of justice, for any debt, damage or costs, and in all executions issued thereon, the amount shall be computed, as near as may be, in dollars and cents, rejecting smaller fractions, and no judgment, or other proceedings, may be considered erroneous for that omission.

2. When no rate of interest is provided by contract or otherwise by law, or specified in the judgment, the judgment draws interest [at the rate of 8 percent per annum] on a fluctuating basis based on the prime interest rate of the three largest banks in the United States, from the time of service of the summons and complaint until satisfied, except for any amount representing future damages, which draws interest at that rate only from the time of the entry of the judgment until satisfied.