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MEMBERS PRESENT: Chairman Bremner
Vice Chairman Hickey
Mr. Bergevin
Mr. Brady
Mr. Coulter
Mr. Glover
Mrs. Hayes
Mr. Horn
Mr. Marvel
Mr. Rhoads
Mr. Robinson
Mr. Vergiels
Mrs. Westall

ALSO PRESENT: Bill Bible, Fiscal Analyst; Judy Matteucci, Deputy Fiscal Analyst; Mike Alastuey, Deputy Budget Director; James Wadhams, Director, Department of Commerce; Joe Sevigny, Superintendent of Banking, Don Heath, Insurance Commissioner; Patsy Redmond, Deputy Insurance Commissioner; Holly Elder, Office of Developmental Disabilities; Mr. McGoldrick, Labor Commissioner; Dave Shaffer, Unclaimed Property

Chairman Bremner called the meeting to order at 8:00 a.m.

DEPARTMENT OF COMMERCE

Real Estate Division

Mr. James Wadhams, Director of the Department of Commerce introduced Mr. Lynn Luman, Administrator of the Real Estate Division and presented a handout to the committee (EXHIBIT A).

Investigative Fund

Mr. Wadhams pointed out that the Investigative Fund was established by statute for the specific purpose of investigating land fraud. Mr. Glover asked what is the primary complaint category under the Investigative Fund and Mr. Wadhams said it is single sales.

Real Estate Recovery Fund

Mr. Wadhams said this account was created in 1967 for the purpose of replacing bonds that were formerly required in lieu of default resulting in injury to a person using the services of a real estate licensee. He noted that any amount collected over the \$50,000 limit set each year for this fund is transferred into the Education and Research Fund.

Chairman Bremner referred to the Real Estate Exam Fees line item which reveals a shortfall of \$82,000 the first year of the biennium and \$72,000 the second year.

Mr. Wadhams responded that at the time the budget was prepared, the drastic decline in the real estate market was not anticipated which has resulted in the revenue shortfall which was a partial offset to the General Fund appropriation. Mr. Alastuey added that the monies collected from real estate exam fees were used to partially support the various administrative programs within the division. Mr. Wadhams pointed out that there is legislation pending that would raise the real estate license fees to partially offset the shortfall in this account. Chairman Bremner further asked if the proposed increased revenues will be used to support this budget. Mr. Wadhams said that the application fees will continue to flow into the General Fund but it is not a direct fee subsidy.

Mr. Glover suggested cutting the budget for this account in consideration of the fact that there are not as many people taking the real estate examination. Mr. Wadhams said that the examination aspect of the real estate licensing and regulation is very minor; the enforcement and compliance aspect is by far the major activity.

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Chairman Bremner asked if the Budget Office was aware of this shortfall when the budget was constructed. Mr. Alastuey said that the Budget Office was not aware and merely took the estimate of exam fees that was provided by the agency and budgeted \$200,000 per year. He further added if there is an opportunity to increase the application fees to partially offset the needed General Fund revenue, there would be no objection from the Budget Office. Mr. Wadhams said he would provide the committee with a schedule of what fee increases would be necessary to make up the deficit.

Mr. Robinson asked what is the legislation that is pending. Mr. Luman said that the legislation that would increase the fee schedule is S.B. 193. Mr. Bible further explained that the legislation is tied to the Sunset bill that would raise all of the various fees and if not passed, the Real Estate Division would be dissolved.

Mr. Horn noted that the Real Estate Division has two alternatives; one to raise the fees, and the other to cut the budget. He requested that the Division provide the committee with details on where the budget would be cut in the event it becomes necessary.

Mr. Robinson asked if there was an "inactive" status for brokers and licensees and questioned if there would be an increased number of licensees not renewing their licenses due to the increased fees. Mr. Luman said that the real estate market has a greater impact on the attrition rate than does an increase in license fees. He further noted that many fees have not been increased since 1955 and 1967.

Mr. Rhoads referred to the travel line item which states that board members traveled to Canada and asked if it was necessary for all 5 members to attend. Mr. Wadhams pointed out that the funds for this travel expenditure were from the Education and Research Fund and are spent under the discretion of the 5 member Real Estate Advisory Commission; the Real Estate Division has no real direct control over those funds. Mr. Rhoads additionally asked if the board members are paid a per diem while attending these seminars. Mr. Wadhams said their airfare is paid and per diem is reimbursed on the same level as a state employee.

Mr. Wadhams directed the committee's attention to another item in this budget which is to pay the salary and other benefits of the Education Coordinator out of the Education and Research Fund. He added that this has been added as a budget item in compliance with the Sunset Subcommittee's recommendation. He went on to say that the decision as to whether the Education Coordinator's salary is going to be paid out of that fund is under the discretion of the Real Estate Advisory Commission.

Mr. Bill Cozart, Nevada Association of Realtors, said that national statistics show that the real estate industry is going to come out of the present slump which means that there will be less of a drop-off in license applications. He additionally noted, in reference to Dr. Robinson's question, there is no difference in fees charged for active or inactive licensees. Mr. Cozart further stated that the Real Estate Advisory Commission cannot approve any expenditure without prior recommendation by the Real Estate Division. He said that additional staff is needed in the Las Vegas Office at the present time, because over 50% of the real estate licensees are in the southern part of the state but only one-third of the staff is based there. In conclusion, Mr. Cozart stated that the Nevada Association of Realtors opposes the Division's proposal to fund the Education Coordinator's salary from the Education and Research Fund.

Mr. Wadhams said if the Education Coordinator position is transferred back to the general operating budget, it would produce a fiscal impact that could be adjusted by increasing the fee schedule.

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Mr. Hickey asked for an explanation of the distribution of positions within the Division. Mr. Wadhams said this point was addressed by the Governor's Management Task Force which noted that the implementation of a new computerized system would decentralize the application and licensing function which would reduce the Carson City personnel and increase the Las Vegas personnel. In response to Mr. Hickey's question on the time frame involved for the actual implementation, Mr. Wadhams said the computer program that is being developed by Central Data Processing has come to a halt. He added that information will be available and will be presented to the committee.

Financial Institutions Division

Mr. Joseph O. Sevigny, Superintendent of Banks, said that this Division is an amalgamation of the Credit Union Division, State Banking Division and the Savings and Loan Division pursuant to the recommendation by the Governor's Management Task Force. He noted that the Thrift Company function that formerly operated out of the Office of the Director is also included in this reconstituted agency.

Mr. Sevigny pointed out that through this consolidation, a savings of \$50,000 in in-state travel is being affected. He added that the requested appropriation for training is to develop a crew that can handle examinations for all forms of financial institutions.

Chairman Bremner referred to the "Communication Expense" line item and asked if the same amount was requested for both years of the biennium. Mr. Sevigny said that an additional \$4,000 more in the second year is being requested. In response to Chairman Bremner's question, Mr. Wadhams said that the revenues generated from the Credit Union and Thrift Company will flow into the General Fund.

Mr. Sevigny said there is legislation pending that would request substantial increases in fee revenue from the financial institutions that are presently regulated by the Superintendent of Banks. It would generate approximately \$150,000 additional revenue if the bill is passed.

Mr. Vergiels asked if the savings affected by the consolidation is based on the actual 1980-81 work program or what the agency requested. Mr. Sevigny said the savings are based on the work program in the amount of \$596,965 as opposed to the Financial Institutions report of \$478,682 which is a savings of \$82,541 in fiscal year 1980-81.

Mr. Hickey asked for an explanation for the increase in fees. Mr. Sevigny responded that the banks in Nevada need to pay a fee commensurate with the service that is being performed. Mr. Wadhams referred to EXHIBIT B that details the various institutions, assets and business locations affected by the fee increases.

In response to Mr. Marvel's question on who grants applications, Mr. Sevigny said that the Superintendent grants applications for banks and the Acting Commissioner grants applications for savings and loan associations.

Mr. Renny Ashelman, representing the Nevada Thrift Association, told the committee that the Thrift Association questions the benefits of cross training, and the dangers of having banking and savings and loan examiners look at thrift loans is a cause for concern. He added that it is desirable for the Director's office to retain the policy function as opposed to the audit function.

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Insurance Division

Mr. Wadhams introduced Don Heath, Insurance Commissioner, and stated that the Insurance Division is the only regulatory agency for insurance companies in the State of Nevada. Mr. Heath introduced Patsy Redmond, Deputy Insurance Commissioner and gave a brief overview of the functions of the Division. His comments are contained in EXHIBIT C. He pointed out that the Insurance Division has, during the last year, processed 2,200 consumer complaints and recovered \$3.6 million statewide. He went on to say that the Division produces revenue in two areas: collects a 2% premium tax on all premiums written on insurance in the state which amounted to \$11,122,000 and other revenues including fines, fees, and discretionary taxes amounting to \$1,300,000.

Mr. Heath referred to the Governor's Task Force Study which recommended that additional positions be added in the Division for the collection of the premium tax; and secondly it recommended an enlargement of the proposed software program to establish a computerized surplus lines premium tax verification system.

Mr. Heath noted that the Executive Budget proposes the elimination of 2 positions (Assistant Actuary and Chief Health Care Assistant) and the request by the Division for a technical position in the Las Vegas office to help with the consumer complaints.

Chairman Bremner asked how the 2% premium tax levied in Nevada compares with other states' premium tax. Mr. Heath said that a recent study reveals that 75% of the states have a premium tax of 2%. Additionally, Chairman Bremner asked if an increase of the premium tax to 3% would have a substantial impact on the premiums. Mr. Heath responded that it was his opinion that it would not affect the premiums but would pass a direct cost impact to Nevada consumers and policy holders. Mr. Wadhams noted that a premium tax increase has a direct affect on the domestic insurance industry in that a retaliatory tax is levied against them in any state they are doing business that has a lower tax than imposed by Nevada. Chairman Bremner asked how many domestic insurance companies are in Nevada, and Mr. Wadhams stated there are six.

Chairman Bremner asked why, in lieu of the consumer oriented trend of the Division, did the Division request the elimination of the two actuary positions. Mr. Heath noted that the main function of these actuaries is to determine if trust accounts are properly balanced and if the premium tax has been collected and remitted to the General Fund. Chairman Bremner asked if these actuaries were similar to Gaming Control Board auditors that actually generate revenue far in excess of their actual salary. Mr. Heath said that was correct. Chairman Bremner stated that it is not cost effective to eliminate these positions. Mr. Heath said they were eliminated because the return was marginal and given the budget constraints, the reduction of revenue produced by these positions would be minimal.

Mr. Robinson referred to the Governor's recommendation to increase the sales tax and stated that he viewed the premium tax as in lieu of a sales and use tax on the insurance industry. He proposed increasing this premium tax noting that it would have less of an impact on the consumer than an increase in the sales tax. Mr. Alastuey pointed out that it is possible to view the insurance premium tax as "in lieu" of sales tax; however, the increase in sales tax for retail sales was intended to cover loss to local governments by virtue of the reduction in property taxes.

Mr. Rhoads questioned the Division's intentions to sustain budget constraints and noted that the request for out-of-state travel has doubled over the next biennium. Mr. Heath responded that due to mathematical errors, the out-of-state travel figures were revised to reveal the increased amounts recommended by the Governor. The increases are due to higher costs for airfare.

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Mrs. Westall informed the committee that as a member of the Legislative commission's interim subcommittee she was impressed with the efficiency of the Insurance Division. She urged that the two actuary positions not be eliminated.

Chairman Bremner asked Mr. Alastuey if he had any comments on the two actuary positions. Mr. Alastuey said that the reduction of these two positions was at the request of the Division.

Chairman Bremner asked if there were any unfilled positions in the Division at the present time. Mr. Heath said one position of the Chief Insurance Assistant has been vacant for approximately 1 year.

Mr. Horn asked for an explanation of the "Subscriptions" line item request. Mr. Heath said that due to the technical nature of insurance, the subscription to different periodicals is necessary to keep abreast of the industry. Mr. Wadhams further explained that the increase in that line item is a result of a combination of two accounts. He added that he would provide the committee with a list of all the publications that are received by the Division.

Mr. Hickey referred to the Governor's Task Force recommendation that the Division cannot handle the licensing requirements without an increase in staff or a change in the licensing procedures. Mr. Heath said corrective measures have been taken to issue new licenses and renew old licenses over a period of time rather than all at the same time. Additionally, the renewal period will be extended from 1 year to 3 years as recommended by the Task Force. Mr. Hickey asked if an increase in fees is being proposed. Mr. Heath said there should not be an increase in terms of the total fees collected over the 3 years compared to the fees collected in the 1 year renewal period.

Insurance Fraud Section

Mr. Heath said this is a revolving account which would be provided by assessment on part of the insurance companies.

Chairman Bremner pointed out that this is a new budget that will be funded by assessments, and the goal for this project is to eliminate insurance fraud and is based strictly on the passage of new legislation.

Self-Insurance - Workmans Compensation

Mr. Heath said that A.B. 84 of the 1979 Legislature created a two-way workmans compensation bill placing the responsibility for self-insurance programs in the Insurance Division. This is funded by an assessment provision by employers who self-insure. He added that there are 26 major employers in Nevada who have to date chose to self-insure and the program now covers 44,000 working Nevadans.

Insurance Examiners Revolving Fund

Mr. Heath said this is a revolving account which reflects reimbursements from insurance companies for expenses incurred by examiners of the Insurance Division while conducting examinations of insurance companies.

National Association of Insurance Commissioners

Mr. Heath said this is a revolving account used to defray general expenses of the National Association of Insurance Commissioners and the travel and related expenses incurred by the Insurance Commissioner and his staff in attending NAIC functions.

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Insurance Recovery Fund

Mr. Heath said this account provides for a recovery fund in lieu of a bond for brokers and surplus line brokers and the balance is used for insurance education and research. Mr. Robinson asked if there has been any claims filed against this fund. Mr. Heath said, to date, there have been no claims against this fund.

Unclaimed Life Insurance Fund

Mr. Wadhams said this account reflects no request and no recommendation because it was merged into the unclaimed property section of the budget.

Consumer Affairs Division

Mr. Alastuey pointed out that revised budget pages were distributed to the committee for the Consumer Affairs Division. The difference is reflected in the Operating category where the Budget Office originally recommended, instead of the \$71,818 shown on the revised pages, an amount of \$60,216 which is intended to reflect the operating costs associated with the Las Vegas Consumer Affairs Office. Additionally, the original proposal of \$2,000 is increased to \$5,000 for deceptive trade activities and is funded entirely by deceptive trade fees.

Mr. Wadhams introduced Nancy Sprraig, Director of the Consumer Affairs Division, and informed the committee that the budget presented assumes the continuation of this Division. He noted activities of this Division over the last biennium have generated increased revenue for the state and returned more money to the consumer than the previous entire 6 years of its existence. He referred to the highly publicized Task Force recommendation which would transfer the enforcement of the Deceptive Trade Practice Act for the Consumer Affairs Division to local District Attorneys. Mr. Wadhams said, that with certain qualifications, he would support that recommendation.

Mr. Rhoads asked Mr. Wadhams what qualifications would have to be met by local District Attorneys to assure the protection of the consumer. Mr. Wadhams said that District Attorneys in the rural areas would have the greatest difficulty in assuming this responsibility due to their work load. He noted that at the present time, a staff of 7 is working in the Las Vegas office and it would be necessary to see if the District Attorney could match the level of service that is being provided by this agency. The District Attorney in Washoe County has an active program and indications are that his program could replace the Reno office of the State Consumer Affairs Division. Mr. Rhoads added that during his terms as an Assemblyman, there has been no great demand from his constituents for a program of this type. Mr. Wadhams noted that most likely the problems raised by the deceptive trade practices are far more prevalent in the more populated areas.

Mr. Vergiels pointed out that in the Las Vegas area the Consumer Affairs Division has done a very effective job.

Chairman Bremner asked Mr. Wadhams to comment on the Governor's Task Force report which noted that in 1979 the Consumer Affairs Division handled only 5.4% of the complaints generated in the Washoe County area. Mr. Wadhams said those figures in the Task Force report revealed that 15,000 complaints were attributed to the Better Business Bureau, 9,000 that were attributed to the Washoe County District Attorney and less than 2,000 were attributed to the Reno office of the Consumer Affairs Division. The point is valid that in the Reno/Washoe County area only a minority of the inquiries were handled by the State Consumer Affairs Division and that was the basis of the recommendation to transfer the function to the District Attorney. However, it was not included that in Clark County perhaps 90% of all consumer inquiries were handled by the state agency.

Chairman Bremner directed Bill Bible to contact all local District Attorneys statewide in an effort to determine if it is their feeling that they can handle this function should the Legislature decide not to fund this agency.

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Unclaimed Property Division

Mr. Wadhams introduced Mr. Dave Shaffer, Administrator of the Unclaimed Property Division, and said that this agency was created by the 1979 Legislature to locate owners of unclaimed property. Mr. Shaffer said unclaimed property, mostly cash, is being collected from financial institutions, life insurance companies or other businesses. To date, 329 companies have reported over \$1,804,000 in abandoned property and of the 3,700 names reported, the Division has located over 400 people returning \$332,000. Mr. Shaffer said that each Assemblyman would be provided with a list of names of owners in each respective district that has been published. Additionally, \$1,250,000 is anticipated being deposited in the General Fund as of July 1, 1981. Mr. Shaffer noted sufficient justification will be provided to continue the program beyond the July 1, 1983 sunset period. The anticipated return to the General Fund totals \$1,265,534 as of July 1, 1981 and expenditures of \$121,942 for the first 18 months of operation is a return of \$10.38 for each dollar appropriated.

Mr. Horn asked what length of time is allowed for owners to claim their property. Mr. Shaffer said that the state acts as a "custodian" for the funds and incurs the liability to refund that money to any person who can prove ownership.

Mr. Glover asked if any other states have passed legislation to not hold the money in perpetuity but rather to use it for other purposes. Mr. Shaffer said the majority of other states hold the funds in a custodial trust arrangement.

Developmental Disabilities Protection and Advocacy

Mr. Wadhams introduced Holly Elder, Officer of the Developmental Disabilities Advocate Office, and stated that this Office has the responsibility of protecting the interests of persons with developmental disabilities and that the state and federal laws relating to treatment, care and services are adhered to.

Mr. Wadhams added that this Department was transferred to the Commerce Department by the 1979 Session of the Legislature; it had previously been located in the office of the State Planning Coordinator.

Mr. Wadhams said the budget request of \$91,725 and \$104,034 for both years of the biennium reflects a projected Federal grant of \$50,000 each half of the biennium and the balance from other sources. It has been discussed that the funds will be allocated to this Agency from the State Developmental Disabilities Council; however, it is speculated that the Council is not inclined to fund this function.

Chairman Bremner asked if it is anticipated that the \$50,000 Federal appropriation will be eliminated. Mr. Wadhams said that if the balance of the budget is not funded, the Federal appropriation will not be forthcoming.

Mr. Alastuey stated that the Budget Division in determining whether to General Fund the remainder of this budget is that the protection and advocacy function is a requirement in order to receive other developmental disabilities related funding in the Executive Budget. He stated that there seems to be some reluctance on the part of those that administer the component of developmental disabilities money outside this budget to fully fund the operation as it is proposed.

Chairman Bremner asked if the Disabilities Council will be eliminated if this Agency is not funded. Mr. Alastuey said if the function performed by the Developmental Disabilities Protection and Advocacy Office is not funded, then the money is no longer available and the Council is unnecessary. Mr. Wadhams pointed out that it was his understanding that the funds from the Council are discretionary.

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Chairman Bremner directed the Vocational Rehabilitation subcommittee to further explore this issue.

Mr. Vergiels asked what association this agency has with the Developmental Disabilities Advisory Council. Ms. Elder said that she meets with the Council on a monthly basis and attends meetings on quarterly basis to provide input on planning. Mr. Wadhams further explained that the purpose of this program is to be a "watchdog" and by Federal law, Ms. Elder cannot be responsive to any agency related to those agencies that provide services.

Labor Commission

Mr. Ed McGoldrick, Labor Commissioner, said that this Division is responsible for the administration and enforcement of all labor laws of the State of Nevada. He asked that the Administrative Aide position in the Las Vegas office that is proposed to be eliminated be retained considering the workload in that office and the small existing staff.

Mr. Glover questioned the Agency's ability to handle the possible influx of workers related to the MX missile project. Mr. McGoldrick said at the present time there is a backlog in both the Las Vegas and Carson City offices and expressed his concern that the Agency will not be in a position to handle an increased work load. He noted that the operation of the Commission doubled, yet the staff has remained the same since 1966.

Mr. Horn asked for the rationale behind the elimination, by Agency request, of a Deputy Labor Commissioner who was retained by recommendation of the Governor and given a \$7,000 per year salary increase. Mr. Alastuey said that a deputy was requested for the Carson City office and at the same time the elimination of the deputy in Las Vegas. Instead, the recommendation is, in effect, to move that deputy position to Las Vegas at a higher salary.

Mrs. Westall asked if all the positions in the Las Vegas office are filled and Mr. McGoldrick said they were.

Mr. McGoldrick pointed out a \$1,000 increase in the in-state travel is necessary because the major function of the Commission is investigative and results in a considerable amount of travel.

Chairman Bremner introduced 3 bills to the committee for referral to the Assembly and returned to Ways and Means for consideration. Motion to accept the bills for committee introduction made by Mr. Hickey, seconded by Mr. Glover and carried unanimously.

Chairman Bremner adjourned the meeting at 10:30 a.m.



ROBERT LIST
GOVERNOR
JAMES L. WADHAMS
DIRECTOR
DEPARTMENT OF COMMERCE

STATE OF NEVADA
CAPITOL COMPLEX
DEPARTMENT OF COMMERCE
REAL ESTATE DIVISION

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R. Lynn Luman
ADMINISTRATOR
REAL ESTATE DIVISION

To: Ways and Means Committee Members

Per committee request, the following schedules are provided:

- I. Exam Fee Revenue Projections
- II. Itemized expenditures to be anticipated from the Education and Research Fund.
- III. Itemized account of anticipated travel expenditure from the Education and Research Fund.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "R. Lynn Luman".

R. Lynn Luman, Administrator
Real Estate Division

James L. Wadhams, Director
Department of Commerce



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R. Lynn Luman
 ADMINISTRATOR
 REAL ESTATE DIVISION

February 16, 1981

Real Estate Division Revenue from Exam Fees - Projection

Based on the first 6 months statistics for 1980-81, with 1356 examination applicants receipted, the following estimates are projected regarding the Division's revenue from exam fees:

	79-80	80-81	81-82	82-83
# of Exam Applicants (10% increase/yr. in FY '82 and FY '83)	4291	2702	2972	3269
Exam Revenue (@ \$40/exam)	\$171,640	\$108,030	\$118,880	\$130,760
Exam Cost (@ 25.5% of exam fees)	\$ 43,721	\$ 27,560	\$ 30,314	\$ 33,344
Overage (Reverted to state general fund per NRS 645.140)	\$127,920	\$ 80,520	\$ 88,566	\$ 97,416

Education and Research Fund
(Projection)

	80-81	81-82	82-83
Balance Forward	<u>\$444,215.91</u>	<u>\$362,087.91</u>	<u>\$337,338.91</u>
*Renewal Receipts	\$119,715.00	\$302,120.00	\$182,635.00
*New Licensees (1573 @ \$40)	<u>\$ 62,920.00</u>	<u>\$ 62,920.00</u>	<u>\$ 62,980.00</u>
*Subtotal	<u>\$182,635.00</u>	<u>\$365,040.00</u>	<u>\$245,555.00</u>
Total funds available	\$626,850.91	\$727,127.91	\$582,953.91
Expenditures	\$264,763.00	\$389,789.00	\$423,599.00
Balance	\$362,087.91	\$337,338.91	\$159,354.91
 Itemized Expenditures:			
Education Program	\$193,569.00	\$244,854.00	\$270,000.00
Labels (@24,32,& 40 courses per respective years)	3,600.00	4,800.00	6,000.00
Travel:			
Out-of-State	12,950.00	14,435.00	15,879.00
In-State	2,000.00	2,200.00	2,420.00
Newsletter and mailing	15,000.00	18,000.00	24,000.00
Salary (Education Dir.)	0.00	21,000.00	24,000.00
Special Projects:			
Industry Survey (UNR)	35,244.00	0.00	0.00
Education & Research Calender and mailing	00.00	5,000.00	6,000.00
Manual/Handbook Development	0.00	6,000.00	1,000.00
Information Booklet ("Real World of Real Estate")	800.00	1,200.00	2,000.00
Consumer Information on Recovery fund availability	0.00	500.00	500.00
Timesharing Seminars	0.00	25,000.00	25,000.00
Real Estate "chair" at UNR and UNLV	<u>0.00</u>	<u>45,000.00</u>	<u>50,000.00</u>
Subtotal of Expenses	\$263,163.00	\$387,989.00	\$424,799.00
Refunds/Debits	<u>1,600.00</u>	<u>1,800.00</u>	<u>1,800.00</u>
Total Expenses	\$264,763.00	\$389,789.00	\$423,599.00

ERRF - Out of State Travel

Annual NARELLO Conference	FY81	FY82	FY83
Oct 19-23 (5 days)	Boston	San Diego	Unknown
3 Board Members		5 Board Members	5 Board Members
Air Fare	\$ 1,245.53	\$ 888.00	\$ 977.00
Per Diem	1,049.32	1,685.00	1,854.00
Registration	300.00	358.00	394.00
Legal Council/Ed.Coordinator			
Air Fare	871.50	444.00	488.00
Per Diem	694.76	674.00	741.00
Registration	200.00	220.00	242.00
TOTAL	\$ 4,361.11	\$ 4,269.00 *	\$ 4,696.00 *
<u>NARELLO Spring Board of Directors & Committee Meetings</u>			
April 30-May 2 (3 Days)	Chicago	Unknown	Unknown
Ed. Coordinator (Program Committee)			
Air Fare	\$ 375.00	\$ 413.00	\$ 454.00
Per Diem	285.00	314.00	345.00
LEGAL COUNCIL			
Air Fare	375.00	413.00	454.00
Per Diem	285.00	314.00	345.00
(Education/standards, Legal & Professional, Investigative, enforcement Committees)			
COMMISSION MEMBER (Appointee)			
Air Fare		413.00	454.00
Per Diem		314.00	345.00
TOTAL	\$ 1,320.00 *	\$ 2,181.00 *	\$ 2,397.00 *
<u>NATIONAL REAL ESTATE EDUCATORS CONFERENCE</u>			
August 24-26 (3 Days)	Denver	Unknown	Unknown
Ed Coordinator			
Air Fare	\$ 169.50	\$ 186.00	\$ 205.00
Per Diem	232.89	256.00	282.00
Registration	95.00	104.00	115.00
Board Member			
Air Fare	264.00	290.00	319.00
Per Diem	152.26	167.00	184.00
TOTAL	\$ 913.65	\$ 1,003.00 *	\$ 1,105.00 *
<u>WESTERN DISTRICT NARELLO CONFERENCE</u>			
June 24-27 (4 Days)	Banff, Alberta	Unknown	Unknown
5 Board Members			
Air Fare	\$ 1,972.00	\$ 2,169.00	\$ 2,386.00
Per Diem	2,125.00	2,338.00	2,572.00
Registration	500.00	550.00	605.00
Legal Council/Ed Coord.			
Air Fare	700.00	770.00	847.00
Per Diem	850.00	935.00	1,029.00
Registration	200.00	220.00	242.00
TOTAL	\$ 6,347.00 *	\$ 6,982.00 *	\$ 7,681.00 *
GRAND TOTAL	\$12,941.76	\$14,435.00	\$15,879.00
* Projections			
DIVISION	\$ 5,333.65	\$ 5,263.00	\$ 5,789.00
COMMISSION	7,608.11	9,172.00	10,090.00
GRAND TOTAL	\$12,941.76	\$14,435.00	\$15,879.00

Distribution: Assembly Ways & Means Committee Members

RS:	License	Licenses			Business Locations			Total Assets (in 000)			Total Loans (in 000)			Total Deposits (in 000)		
		Wa.	Cl.	Rur.	Wa.	Cl.	Rur.	12/78	12/79	12/80 (est)	12/78	12/79	12/80 (est)	12/78	12/79	12/80 (est)
57 to 69	Banks	2	3	2	18	23	13	1,229,556	1,051,270	1,561,100	719,582	636,657	858,500	1,105,706	903,089	1,346,881
73	Savings & Loans	4	3	1	31	41	25	1,602,000	1,783,000	1,978,000	1,299,000	1,424,000	1,590,000	1,175,000	1,357,000	1,499,000
77	Thrift Co.'s	3	1	0	6	8	7	25,547	52,837	78,286	25,128	42,735	64,482	22,390	46,790	70,176
73	Credit Unions	3	11	4	3	11	4	50,211	55,154	95,142	43,884	47,304	39,939	37,954	50,396	91,231
158	Mortgage Co.'s	51	69	9	52	70	0	N/A	N/A	N/A	*81,277	143,497	126,267	N/A	N/A	N/A
75	Small Loan Co.'s	22	41	5	22	41	5	120,548	158,858	209,700	119,590	137,782	158,400	N/A	N/A	N/A
19	Collection Agy.'s	4	7	7	4	7	7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
59	Trust Co.'s	2	0	0	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
76	Debt Adjustors	1	1	0	1	1	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
70	Industrial Dev.Co.'s	1	0	0	1	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
71	Money Order Co.'s & Other Check Issuers	0	5	5	0	5	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Totals		93	141	33	140	207	66	3,027,862	3,101,119	3,922,228	2,207,184	2,288,478	2,711,321	2,341,050	2,357,275	3,007,588

* Represents loan volumes by year. Not included in total loan figures.

Wa. = Washoe

Cl. = Clark

Rur. = Rural

PUBLISHED

BUDGET SUMMARY

DIVISION OF INSURANCE DEPARTMENT OF COMMERCE

The Nevada Insurance Division is the state agency responsible for the regulation of the business of insurance. Inasmuch as the business of insurance has been determined to be interstate commerce by the United States Supreme Court in the 1942 S.E.U.A. case, state law in this area would be preempted by the Commerce Clause of the United States Constitution but for the McCarran-Ferguson Act, 15 U.S.C. 1011-5, which states that the continued regulation of the business of insurance by the states is in the public interest and delegates to the states the power to regulate this business.

The office of the Insurance Commissioner was created to enforce and execute the Insurance Code, Title 57. The following functions serve as the basis for the administration of Title 57.

Life and Health Section

Reviews, approves or disapproves, all life and health forms proposed to be sold in Nevada. Regulates all life and health transactions in Nevada, health maintenance organizations, pre-need funeral plans, endowment care cemeteries and administrators.

Property and Casualty Section

Reviews and negotiates all filings for rate changes for homeowners, personal line auto and commercial coverages. These

negotiations have resulted in millions of dollars in savings to Nevada policyholders. Reviews title insurance rates and investigates title insurance complaints. Oversees the Division's responsibility in mandatory automobile liability insurance. Reviews Nevada Industrial Commission claims.

Licensing Section

Renews all resident and non-resident licenses. Processes all new license applications. Administers the continuing education requirements for licensees. The increase from 1979 to 1980 of agents and agencies licensed was 14%. The increase in new examinees for the same period was 43%.

Legal Section

Drafts consent orders, prepares Division regulations and represents the Division in litigation. Serves as hearing officer. Attends administrative proceedings and board meetings. Advises the Commissioner on legal matters pertaining to the Insurance Code. Fines collected as a result of various consent orders rose from \$10,350.00 in 1979, to \$63,075.00 in 1980.

Examination Section

Examines all domestic companies according to code. Schedules all examinations for foreign insurers by Nevada examiners. Reviews all company admission applications. Approves or denies admission in accordance with Nevada solvency requirements. Reviews all annual statements to determine premium tax paid to Nevada is correct.

In 1979-80 biennium, over two hundred companies were admitted making a current total of Nevada admitted companies 1,050.

Audit Section

Under the direction of the Chief Examiner, conducts on-site insurance agency financial and market conduct examinations.

Surplus Lines Section

Monitors annual statements of surplus lines brokers to insure the proper premium tax is remitted to the state. Reviews and revises published eligible listings of surplus lines insurers. Conducts market conduct surveys of major Nevada risks in order to discover market availability.

Health Care Section

Audits financial statements of health care facilities, conducts appeal hearings for capital expenditures and/or construction of health care facilities.

Self-Insured Workmen's Compensation

A new program authorized by the 1979 Legislature regulating self-insured employers and/or their administrators. Twenty three employers have been certified to self-insure, affecting approximately 44,000 employees. Conducts investigations of all self-insured employers and professional administrators to determine compliance with statutes, rules and regulations relating to self-insurance; secures facts and obtains evidence to aid in the administrative disposal of cases or for use in the preparation of cases for hearing or trial.

Consumer Services

Investigates consumer complaints for compliance with contractual terms; enforces the Insurance Code with emphasis on the Unfair Claims Practices and Settlement Regulation. During 1980, 2,258 complaints were closed for a dollar recovery for Nevada policyholders of \$3,610,391.02. Answers numerous inquiries about insurance matters and refers consumers to proper agencies if the problem is not under Division jurisdiction.

The Insurance Division is a revenue producing agency. During 1980, premium tax collected was \$11,122,337. Other revenues generated through Division efforts amounted to \$1,321,708. The Division Budget during the same period was \$830,715 thus returning to the general fund not only the \$11,122,337 in premium tax, but also \$490,993 over and above the fees collected directly through Division endeavors.

Submitted 2/17/81