

MINUTES OF THE
MEETING OF THE SENATE COMMITTEE
ON COMMERCE AND LABOR

SIXTY-FIRST SESSION
NEVADA STATE LEGISLATURE
April 29, 1981

The Senate Committee on Commerce and Labor was called to order by Chairman Thomas R. C. Wilson, at 2:15 p.m., Wednesday, April 29, 1981, in Room 213 of the Legislative Building, Carson City, Nevada. Exhibit A is the Meeting Agenda. Exhibit B is the Attendance Roster.

COMMITTEE MEMBERS PRESENT:

Senator Thomas R.C. Wilson, Chairman
Senator Richard Blakemore, Vice Chairman
Senator Don Ashworth
Senator William Hernstadt
Senator Clifford McCorkle
Senator William Raggio

COMMITTEE MEMBER ABSENT:

Senator Melvin Close

STAFF MEMBERS PRESENT:

Betty Steele, Committee Secretary

The chairman announced that the bills would be handled in the order that they appear in the Agenda.

SENATE BILL NO. 553 -- "Broadens provisions for waiving examination for certification as landscape architect."

Mr. George Charchalis, member of the State Board of Landscape Architects, said that the bill that was originally passed restricted the board in providing licensure to some of the senior practitioners who may not have taken the examination. It required them to pass a written examination, but the National Landscape Architectural Registration Board has a provision for examining senior practitioners and certifying them in an equivalent procedure. Also, we found that we were getting qualified landscape architects emigrating from other countries who had qualifications acceptable to the board. However, we were foreclosed from being able to register them because of the rather tight restrictions in the law. We are asking that it be broadened so we will be able to license more people.

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

Senator Don Ashworth noted that Bermuda grass seems to be the only grass that will grow in Nevada, and he questioned whether people who come to Nevada from outside the United States would know anything about Bermuda grass.

Mr. Charchalis stated that if a person is qualified to practice, he is qualified to learn a procedure.

Senator Raggio asked if "senior practitioner" is defined in the act. Mr. Charchalis said it is not defined in the act, but it is defined by the National Council of Landscape Architects Registration Boards. That is an organization which is a foundation arm of the American Society, which coordinates all registration boards.

SENATE BILL NO. 554 -- "Revises fees and licensing provision for persons engaged in business of insurance."

Ms. Georgia Massey, Nevada Insurance Division, first stated the the bill as written in no way resembles the intent of the Insurance Division when this bill was requested. She proposed an amendment which would . . .

Upon learning that Senate Bill No. 554 was different in substance from what was requested by the Insurance Division, the Chairman questioned how it was different, noting that there had been many complaints of similar problems with other bills during this session.

In response, Ms. Massey said that the changes requested entailed changes to about six or seven chapters of the code--detailed changes--and no one called the Insurance Division to ask for help, advice or the concept and intent of the changes. She indicated that seemed to be one of the major problems. There is no communication between the two entities involved in this: The agency that is making the request and the Legislative Counsel Bureau that is drafting the bill.

The chairman then requested that Ms. Massey address a letter to Frank Daykin, Legislative Counsel, with copies to Mr. Howard Barrett and to the Chairman of the Legislative Commission and to this committee outlining the difficulties.

Ms. Massey agreed to send such a letter. She then said the Insurance Division decided it might be better to scrap the entire bill and present their version to the committee, which represents a complete redo of the bill. Copies of the data were distributed to the committee members and to other persons in attendance who would be testifying on the bill. Ms. Massey indicated a summary of the changes by section was also provided to assist in reading the changes.

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

Ms. Massey discussed the Insurance Division's efforts to streamline the administration for licensees by changes in the licensing requirements with appropriate fee changes. (See Exhibit C.) The major change is the deletion from item 5(a) on page 2 to the end of page 4 for all the remaining fees, and those fees are replaced with pages 5, 6, 7 and 8 of the exhibit, with the proposed changes in italics. Not all the fees were increased; some were decreased to arrive at more equitable, uniform fees for all licensees whether as new applicants or renewal licensees.

Senator Raggio questioned the method of arriving at the proposed changes, since he objected to approving fees which did not relate to the actual cost of the operation.

Ms. Massey advised that an analysis was made of all the processes required to develop a fee that would be adequate for the costs without crucifying the licensee. More work is required in initially licensing an applicant, so those fees are proportionately larger than the renewal fees. She did not anticipate any major increase in revenue, but believed the proposed efficiency of the division, coupled with the changes in the fee structure would allow more money to be placed in the General Fund, from which the Insurance Division's budget is allocated.

Ms. Patsy Redmond, Acting Commissioner of Insurance, responded to Senator Raggio's inquiry of Ms. Massey concerning the relationship of the division's General Fund budget to its fee receipts, as well as the identification of any additional fees. Ms. Redmond indicated the 3-year agent renewal fee, concerning some 3,000 resident and approximately 3,000 non-resident agents is a new charge. Also, although the division has been performing the work of licensing applicants for title agents, no provision has been made in the law allowing a fee to be charged for this service. A fee for this service is now being requested. Ms. Redmond advised that approximately \$1,100,000 in discretionary filing fees is received by the division, the budget has been approximately \$850,000, so more revenue is received from fees and fines than is actually spent. However, in projecting what revenue increase there would be from the licensee fees, it was estimated it would be no more than \$28,000, because some fees have been lowered, some raised and others made uniform.

Discussion was held concerning proposals to change the statutes to require applicants to successfully pass an examination testing their knowledge of the kinds of insurance, policies and transactions to be handled prior to applying for a license. The testing would be handled by an outside testing service.

SENATE COMMITTEE ON COMMERCE AND LABOR

April 29, 1981

When questioned by Senator Raggio, Ms. Massey replied that an attempt has been made to isolate all fees to be charged into Chapter 680 of Nevada Revised Statutes.

Ms. Massey noted the unique part of page 27 of the bill draft an addition to the bill that was originally put out, concerning administrators who are not licensees in the sense that an agent or a broker is. They hold what is called a Certificate of Registration. When they were put into law in 1977, all of the sections pertaining to them went into the agent and broker chapter. For clarification, we are requesting that all of the sections pertaining to administrators be isolated into their own chapter, just the same as adjusters, but that was not done in this bill.

In response to Senator Raggio, Ms. Massey advised that an administrator is one who pays claims and collects premiums on life and health insurance. For example, Mutual Administrators which does the claims processing on the state plan, holds a Certificate of Registration as an administrator and is controlled and regulated under these particular sections, but it is not a license such as those held by agents, brokers or adjusters. So we feel isolating provisions for administrators into one chapter of Nevada Revised Statutes will be beneficial to everyone involved.

Mr. Wayne Carlson stated he was appearing in a dual capacity, as a licensed Surplus Lines Broker and also an instructor at the University of Nevada, where I teach the prelicensing course previously discussed, which prepares students for the prelicensing examination. He supported Senate Bill No. 554, specifically with respect to utilizing an outside testing service in lieu of the present, cumbersome licensing system, and found no problems with the proposals for agents and brokers as outlined in the bill.

Senator Raggio inquired about the continuing education requirements for insurance agents. Ms. Redmond explained that during the first three years of licensure an agent must have 35 hours per year of continuing education. After the first three years, 15 hours of continuing education is required for the next 17 years. After 20 years as an agent, under the continuing education program, an agent is exempt from such studies. If an agent holds a C.L.U. or C.P.C.U., he is also exempt. College insurance courses or related courses, and approved seminar courses reviewed by the Insurance Division to which hours have been assigned are acceptable to meet the continuing education requirements. She advised the division has a list of courses for the first three years available, and additions are made to the list as companies and individuals send in seminar courses

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

Senator Raggio said that he had received a number of telephone calls from insurance agents complaining that they were unaware of the continuing education requirements since they indicated that they had received no notification. He said that future calls concerning this matter would be referred to Ms. Redmond.

In response to his question, Ms. Redmond advised Senator McCorkle that the Insurance Division is required by statute to require continuing education for licensees.

Mr. Larry Hardy of the Nevada State Association of Life Underwriters advised his association had met with the Insurance Division on the original Senate Bill No. 554. Equal representation was assured since people from all over the state provided input as there were many areas which would affect their business. They felt the proposed bill streamlined the system, provided benefits for the agents and the companies, and they further concur with the Insurance Division's amendments and proposals to the bill as set forth.

SENATE BILL NO. 555 -- "Raises ceiling for administrative fees assessed by life and health insurance guaranty association."

Mr. Bob Weiss, Director, Nevada Life and Health Guaranty Association, stated that his association is requesting that the Class A General Funds Assessment Fee be increased from \$25 to \$50. He said that a survey indicated that currently 80 percent of other state associations are already at the \$50 level. He noted that the 100 percent fee increase is needed to cover administrative costs in relation to the special assessment against any company who becomes defunct in the state, and this would reduce the frequency of making general assessment fees. He told the chairman that these fees fund the guaranty fund itself, with some 500 members presently represented.

SENATE BILL NO. 557 -- "Increases and prolongs required trust fund for alien insurers."

Ms. Patsy Redmond, Acting Commissioner of Insurance, introduced Ms. Alice Graham, who is our Market Conduct Examiner and Surplus Lines Examiner. Ms. Redmond read a statement from the Insurance Division concerning Senate Bill No. 557. (See Exhibits D and E .) She then passed out the proposed amendment to Senate Bill No. 557.

SENATE BILL NO. 558 -- "Tightens criteria of eligibility to write 'surplus lines' of insurance."

Ms. Redmond stated that this bill is a proposal of the Insurance Division to broaden the criteria for judging the eligibility of

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

surplus lines insurers to conduct business in the State of Nevada. Presently, surplus lines brokers primarily consider only the financial strength of an insurer with little consideration for the equal importance of financial integrity and good claims practices. The additional provisions would also provide the Insurance Commissioner with more discretion to declare that an insurer is not eligible if it is discovered that the reputation of that insurer is impaired. She then presented an amendment to Senate Bill No. 558 to correct a typographical error. (See Exhibit F .)

Senator Raggio questioned the procedure for determining that a surplus lines insurer has established a reputation for financial integrity.

Ms. Graham explained that the reputation of the officers of an insurer is reported mostly by the National Association of Insurance Commissioners (N.A.I.C.) to the various states, advising them if there are problems within companies as to the financial reputations of the officers or the companies' claims and practices. This type of information is usually gathered after a company has become eligible and the Insurance Division has received consumer complaints of the failure of surplus lines insurers to pay claims. If these complaints are experienced, the Insurance Commissioner would then issue a "Declaration of Ineligibility." Similar language is found in all jurisdictions and is in the N.A.I.C. Model Bill for Surplus Lines, but it was never placed in Nevada statutes.

Responding to Senator McCorkle, Ms. Graham advised there have been abuses by insurers in the past, which prompted this bill request. She said it had been difficult for the Insurance Division to give a specific reason for deleting them from eligibility. There had even been one company which was under F.B.I. investigation which came to their attention. Yet it was difficult to remove them from eligibility, because they still maintained the minimum capital and surplus amounts, which is really the only statutory requirement at the present time.

Ms. Redmond then presented proposed amendments to Section 2 of NRS 685A.120 in Senate Bill No. 558. (See Exhibits G and H .) She stipulated to Senator Raggio that the amendment contained in Exhibit G referred to "any"examination" to include oral as well as written examinations.

The chairman questioned the discretionary judgment of the Insurance Division to deny eligibility to surplus lines insurers based on the standard of "reputation" without a hearing or without having found them in violation of regulations in some other

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

state or guilty of some specific infraction of the law. Ms. Graham replied that some states do have provisions for a hearing upon denial, but this is not presently covered in Nevada statutes as to surplus lines insurers.

Before proceeding to the next bill on the Agenda, the Chairman requested that Ms. Redmond meet with Mr. Will Crockett in the bill drafting office of the Legislative Counsel Bureau concerning Senate Bill No. 554, which did not conform at all to the bill drafting request. He said Ms. Redmond should assume that the committee will act favorably on the bill, and on the Chairman's request, she should present the proposed changes to the bill to Mr. Crockett so an amendment can be drawn up.

SENATE BILL NO. 587 -- "Clarifies statutory provision which allows return of certain unused drugs to pharmacy."

Senator Jean Ford, Clark County Senate District No. 3, testified that the provisions of NRS 639.267 which had been passed during the last session had not been implemented because the Board of Pharmacy felt it was unclear. The pharmacists were afraid to implement it, knowing people felt it was unclear and clarification and direction was needed this session to take care of that problem. Senate Bill No. 587 was prepared to correct the problem. As amended the statute will allow "unit doses (of drugs as defined in lines 2 and 3 of the bill) packaged in ampules or vials which do not require refrigeration may be returned to the pharmacy which dispensed them." That will enable those institutions utilizing this kind of drug dispensing to return such unused drugs to the pharmacies at great savings to the state and also to private patients.

Senator Raggio asked if there was a time limit imposed as to when the drugs would have to be returned. Senator Ford replied that all drugs are probably dated, and the existing rules and regulations would have to be complied with.

Mr. Joe Midmore, State Board of Pharmacy, testified that the board approves of the bill. Senator Ford noted the board had supported the bill which was passed in the 1979 Session, but had furnished the ambiguous language which caused the present problem with the statute. She hoped that Mr. Midmore meant that the board is encouraging any pharmacy in the state who wants to take advantage of this law to proceed, because the pharmacists need that kind of statement from the Board of Pharmacy.

Senator McCorkle stated that the Board of Pharmacy was flaunting the intent of this legislature, despite an opinion from Frank

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

Daykin, Legislative Counsel, that they could do this. It really shouldn't have required this kind of action, he said. The board should have been able to act without this bill, and Senator McCorkle requested that his message be conveyed to the Board of Pharmacy.

Mr. Midmore replied that the problem has been whether or not the pharmacist can accept returned drugs from nursing and intermediate care homes and then resale them and feel that he is not liable thereby if a complaint is received about the resold drugs. It was his understanding that many druggists accept the returned drugs, but then immediately dispose of them rather than attempting to resell them. He agreed to deliver Senator McCorkle's message to the board, but stated he had not represented the Board of Pharmacy prior to this session.

Steven Bradford, Consultant Pharmacist for the Nevada State Welfare Division, testified that he will probably be heavily involved in the process of returned drugs from nursing homes. He stated that the Welfare Division does support the bill.

ASSEMBLY BILL NO. 473 -- "Creates office of advocate for customers of public utilities within attorney general's office."

Larry Struve, Deputy Attorney General, stated he would explain how Assembly Bill No. 473 came to be in its present form and he would answer any questions of the committee concerning the bill.

The Chairman indicated for the record that parallel committee hearings had been held by the Assembly Committee on Government Affairs and this committee, virtually on the same matters on the same day. Some basic policy decisions were made in the Senate Committee on Commerce and Labor before the Assembly Committee on Government Affairs proceeded. Also, he had worked with the Assembly committee in developing this bill in the course of its hearings.

Mr. Struve noted that the Attorney General's office became involved after the joint policy decision was made by the Senate Committee on Commerce and Labor and the Assembly Committee on Government Affairs. His office was asked on February 19th to work with the subcommittee which was established in the Assembly to draft a bill that he understood would go beyond the initiative petition and would address many of the concerns which were raised in those prior meetings. When the initial presentation was made to the subcommittee, the Attorney General's office had five concerns that should be addressed in any bill which was established to create an office of Consumer Advocate in the Attorney General's office.

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

Mr. Struve said the first concern was that the Consumer Advocate's office should have a sufficient number of staff so it would have the capability to review the many matters submitted to them for ultimate determination of whether or not to appear before the Public Service Commission or to take matters into court. This concern involved three functions: (1) The need to appear or take action in a particular case; (2) The type of experts and witnesses necessary to present an effective case to the commission or the court; and (3) To prepare and present the matters before the Public Service Commission and the courts on behalf of the utility customers represented by the office.

He noted that originally there had been a misconception that a consumer advocacy office would not require much staff, only a part-time deputy attorney general and the expenditure of a lot of money to bring in expert witnesses. However, his experience in Washoe County and information he had received from others concerning interventions and appearances in utility rate matters, more than a half-time deputy or full-time deputy is required, and Assembly Bill No. 473 addresses this issue.

The second concern of the Attorney General's office was that the budget should contain a substantial sum for outside consultants and experts, because that will be the bulk of the testimony and evidence that is presented before the Public Service Commission and any other agencies that are involved. That issue was also addressed in the bill.

The third issue was that the Consumer Advocate should have maximum flexibility in selecting the classes of utility customers that will be represented in any particular case. The problem was to be certain the group of interests being represented can be clearly identified by the Consumer Advocate so any potential conflicts can be resolved and confusion can be minimized as to whom the advocate is representing. The flexibility and discretion is essential to allow for maximum effectiveness of the resources of the office. If this office is mandated to get involved in everything, it's not going to be very effective. There is going to have to be a marshalling and a channeling of the resources in the cases having the maximum impact. Presumably, if a qualified person is selected, that discretion will be exercised properly and will give the most effect.

Fourth, the Consumer Advocate should have broad authority to act on behalf of the interests of the utility customers. This would involve authority that goes beyond the initiative petition which restricted the authority of the advocate to appear

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

in cases that were already pending with a motion to intervene. To go beyond that, there would have to be independent authority in the statutes to allow the advocate to become involved to protect the interests of the utility customers.

The fifth and last concern which Mr. Struve had been informed was also of interest to this committee involved the potential conflict between the representation of the Public Service Commission and its staff, which should be resolved in this bill. It is necessary to prevent an advocate who is a deputy attorney general or acting on behalf of the Attorney General representing one side of a case and a deputy attorney general representing the Public Service Commission or its staff on the other side of the case.

Mr. Struve stated that Assembly Bill No. 473 does meet all of the concerns that his office expressed to the subcommittee that drafted the bill.

Assemblyman Peggy Westall stated that she was pleased with the bill and congratulated the subcommittee and Senator Wilson for their work on it. She recommended the bill to the committee.

The Chairman then proposed that the committee "walk" through the bill section by section and answer any questions that may be asked in dealing with each section.

Mr. Struve said that Section 2 defines the terms that are of concern to the bill. "Consumer's Advocate" means the advocate for customers of public utilities. A "cooperative utility" is defined, because later in the bill there is an exemption from authorizing the Consumer's Advocate from being involved in matters involving cooperative utilities. The basic reason that exemption was made was that cooperative utilities are basically run by consumers. It was not felt necessary to have any intervention in those matters. The third term that is defined is "public interest," which term was taken from a similar statute in the State of New Jersey. This is one of the interests that the Consumer's Advocate may represent under the authority of this bill. It means the interests or rights of the State of Nevada and of the citizens of the state, or a broad class of those citizens which arise from the Constitutions, court decisions and statutes of this state and the United States and from the common law as used in Sections 2 to 12 of this Act determined adverse to those interests and rights as they relate to the regulation of public utilities.

The Chairman noted this language related to consumers having different interests which are sometimes in conflict, and the

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

Consumer Advocate had to be freed of those, which the language in paragraph 3 covers.

Section 3 of the bill carries out the policy decision of this committee and the Assembly Committee on Government Affairs and establishes the office of advocate for customers of public utilities within the office of the Attorney General. It may be known as the "Consumer's Advocate." The phraseology was inserted by Mr. Daykin.

Section 4 sets up the mechanism by which the Consumer's Advocate is established. It involves an appointment by the Attorney General for a term of four years. In a subsequent section, it provides the initial appointment shall last until December 31, 1984. Thereafter, the terms are for four years. The Consumer's Advocate is in the unclassified service of the state, and subparagraphs (a) through (d) set forth the qualifications that must be met by the Attorney General in appointing the person to serve as the Consumer's Advocate. Mr. Struve noted that there was much discussion about the necessity of the Consumer's Advocate being an attorney, but decided it would be too restrictive to place this requirement into the law, although the Attorney General would make every effort to secure an attorney licensed to practice law in Nevada to serve as the advocate.

Mr. Struve stated that subparagraph 2 of Section 3 sets forth the grounds on which the Attorney General may remove the Consumer's Advocate after an appointment has occurred. The grounds are: Inefficiency, neglect of duty or malfeasance in office, which are the only grounds upon which a Consumer's Advocate can be removed other than through expiration of the term of office.

Section 5 authorized the Consumer's Advocate to employ the staff necessary to carry out the duties and functions of his office in accordance with the personnel practices and procedures established within the Attorney General's office. That phrase was inserted to provide that there be uniformity in the appointment procedure and the processing of the various forms through the Personnel Division, so two different administrative networks will not have to be set up--one for the Consumer's Advocate and one for the Attorney General. It should lead to better efficiency and use of staff, but the important part is that the staff shall include as mandatory the following persons: A person licensed to practice law in the State of Nevada who shall serve as staff counsel, since the advocate may not be an attorney, and if the advocate is an attorney, there will still be sufficient legal work to

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

keep another attorney busy involving administrative hearings before the Public Service Commission and court appearances involving actions arising out of those administrative hearings. Another staff member required would be a person knowledgeable in rate making and the principles and policies of rate regulation. The third employee should be a specialist in public utilities knowledgeable in accounting, finance or economics or one or more of the related disciplines, and finally there should be an administrative assistant. These four positions and the Consumer's Advocate would be in the unclassified service of the state, and the Consumer's Advocate has the sole discretion to employ and remove the members of his staff who are in the unclassified service. This would set up a semi-autonomous office within the Attorney General's office. These unclassified professionals would serve at the pleasure of the Consumer's Advocate, who, of course, would be appointed by the Attorney General. Mr. Struve stated he understood the Assembly committee was concerned about having some buffer from any unnecessary political influence, because of the Attorney General being a state elected official. It was felt that by creating an arrangement like this that objection would be overcome.

The balance of Section 5 is routine, dependent upon the budget allocated to purchase necessary equipment, lease office equipment, and so forth. Renovation of the Heroes Memorial Building was considered to see if the space available in the basement could be utilized, but the cost of the renovation was prohibitive. Therefore, the budget will have to include money to lease office space.

Paragraph applies to one of the powers the Consumer's Advocate will have in gaining access to information necessary to present cases. Basically the advocate is empowered to apply for an order or subpoena for the appearance of witnesses to attend to the court or administrative proceeding involving the Consumer's Advocate and to pay the costs and fees of the witnesses. The advocate is also authorized to perform whatever functions and make whatever arrangements are necessary to carry out the duties of the office.

Section 6 creates a special revenue fund, which is going to be funded by a three-quarter mill tax levied on the intra-state operations of the public utilities in the State of Nevada. In order to levy three-quarters of a mill, later in the bill the maximum levy would be increased from four mills, which is what the current law provides, to five mills. The Assembly committee felt this provision was necessary. The three-quarter mill tax that would be levied each year by the Public Service Commission would be deposited into the special revenue fund and will provide the resources to make up the budget and provide the necessary funds to retain the expert witnesses.

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

Senator Hernstadt voiced his objections to an increase in the millage to provide three-quarters of a mill to fund the advocate's office, since this increase would simply be passed on to the consumer on his utility bill. Mr. Struve replied that the subcommittee had considered other alternatives to the earlier concepts which had involved the transfer of functions, including regulatory functions, from the Public Service Commission and its staff to a division of representation. In this bill an office of advocacy is proposed to be set up in the Attorney General's office in order to leave the regulatory functions and the consumer services functions with the Public Service Commission. The staff is fixed at the five unclassified positions.

Senator Hernstadt stated the unclassified salaries and expenses of the Consumer's Advocate office required a 25 percent tax increase to the consumers. Mr. Struve said that the authority in current law is to assess four mills and he understood that the Public Service Commission had not assessed that maximum amount for its regulatory fund. The commission does have a request to increase what they have been assessing for this next fiscal year up to about three-and-one-quarter mills, and in the succeeding year of the biennium, it would increase to three-and-one-half mills. The authority it would have would be increased from the current four mills to four-and-one-quarter mills. He advised that all of that money will go into the Public Service Commission regulatory fund. None of that will be made available to the Consumer Advocate. All of the money for the Consumer Advocate comes from the additional three-quarter mill, which is on top of the four-and-one-quarter mill. All of that will be deposited in the special revenue fund set up in Section 6. The money for the Consumer Advocate and the money to pay for these experts will come from that fund.

Section 7 provides that all gifts or grants of money which the Consumer Advocate is authorized to accept will be deposited with the State Treasurer for credit to the fund for the Consumer Advocate, which procedure will probably have to be approved by the Interim Finance Committee. Mr. Struve said that when there was money available in other attorneys general offices at the federal level for consumer advocacy, federal moneys were used. Should that situation present itself, this is the authority by which those moneys could be accepted, subject to legislative approval for deposit in the fund.

Section 8 specifies the authority and designates what the function of the Consumer Advocate office should be. Except for railroads, aircraft, common and contract motor carriers,

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

and cooperative utilities, and except as provided in Section 10, the Consumer's Advocate may conduct or contract for studies, surveys, research or expert testimony relating to matters affecting the public interest or the interests of utility customers. This function is needed in preparing a case. Secondly, the Consumer's Advocate may examine any books, account, minutes, records or other papers or property of any public utility subject to the regulatory authority of the Public Service Commission in the same manner and to the same extent as authorized by law for members of the Public Service Commission and its staff. Presumably, this will give the advocate the same access to essential information that other parties to Public Service Commission proceedings would have. The third provision is most essential to this bill. The Consumer's Advocate may petition for, request, initiate, appear or intervene in any proceeding concerning rates, charges, tariffs, modifications of service or any related matter before the Public Service Commission or any court, regulatory body, board, commission or agency having jurisdiction over any matter which the Consumer's Advocate may bring before or has brought before the Public Service Commission or in which the public interest or the interests of any particular class of utility customers are involved. The Consumer's Advocate may represent the public interest or the interests of any particular class of utility customers in any such proceeding, and he is a real party in interest in the proceeding.

Section 9 basically provides that all utilities with the exception of those noted and except as provided in Section 10 must provide the Consumer's Advocate with copies of any proposed changes in rates or service, correspondence, legal papers and other documents which are served on or delivered or mailed to the Public Service Commission. This provides notice to the Consumer's Advocate so an investigation and review can be made to determine if there are any matters which will require the involvement of the advocate's office.

Section 10 was inserted after debate in the subcommittee. It is an exception to the authority of the Consumer's Advocate to become involved in matters directly relating to the consideration of tariffs requested by a telephone utility for products or equipment which the utility certifies under oath are subject to competition.

Section 11 is an important section as far as the Attorney General's office is concerned because it spells out the discretion that will be vested in the office of the Consumer's Advocate in ascertaining how to allocate the resources of the office in terms of representing utility customers. It gives the Consumer's Advocate sole discretion concerning representation

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

of the public interest or any class of utility customer and allows the advocate to determine who he will represent in case of a conflict of interest between the public interest and a class of utility customer. The advocate may choose to represent no interest or to represent one interest through his office and others through outside counsel engaged on a case basis. Mr. Struve pointed out this would be contingent on the budget made available to the Consumer's Advocate.

Section 12 provides for an interim legislative committee which Mr. Struve assumed would provide an oversight function. The membership is specified in subparagraph 2. The purpose of the interim committee is set forth in this exhibit, and exists only when the legislature is not in session.

In noting that Assembly Bill No. 473 becomes effective upon passage and approval, Senator Hernstadt inquired if the Consumer's Advocate would be appointed immediately and take action in pending Sierra Pacific, Nevada Power and the Nevada Bell rate increases.

Assemblyman Peggy Westall replied that the Consumer's Advocate would probably not act in the pending cases, since it would take awhile to get the office into operation.

Section 13 amends NRS 703.147 and addresses the Public Service Commission regulatory fund.

Section 14 addresses the concern of the representation of the Public Service Commission and the staff in light of the current mandate in NRS 703.210 that the Attorney General shall perform that function. This section repeals the provisions that impose a mandatory duty on the Attorney General to represent the Public Service Commission in all actions, proceedings and hearings. It substitutes the authority of the Public Service Commission to employ or retain on a contract basis its own legal counsel to be known as "commission counsel." Replying to Senator Wilson's observation that the commission does that now, Mr. Struve said the commission now hires staff counsel, which advises the staff and they are involved in presenting cases at the administrative level before the Public Service Commission. The deputy attorneys general who are now assigned to the Public Service Commission do not get involved in the administrative hearings. They basically perform three functions as follows: (1) Represent and defend the commission's action in petitions for judicial review when a P.S.C. Order is appealed in court; (2) assist the commission in enforcing its orders and regulations through orders to show cause and other civil type proceedings; and (3) file amicus briefs representing

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

the Public Service Commission's viewpoint in proceedings that may have a bearing or impact on matters under the authority of the commission. The staff counsel now hired by the Public Service Commission would remain. This section would allow the commission to hire its own "commission counsel" in lieu of the deputy attorneys general who are now hired by the Attorney General and assigned to the Public Service Commission to perform the three functions identified herein. Staff counsel and the representation of staff at the administrative level will remain the same. The balance of Section 14 relates to the Attorney General being able to prosecute violations by public utilities and motor carriers and to intervene in any action to represent the interest of the State of Nevada.

Section 15 authorizes the increase in the mill tax as previously explained by Mr. Struve. The Public Service Commission is not to be involved in the regulation of aircraft. Mr. Heber Hardy interjected that a bill had been passed and signed by the Governor deregulating aircraft.

Section 16 is statutory cleanup with the exception of paragraph 8 which requires the Public Service Commission to transfer funds to the Consumer's Advocate on a quarterly basis from assessments collected. The first quarterly transfer under this authority would occur around August 1, 1981, so the startup funds would have to go from "passage and approval" to August 1st; thereafter, paragraph 8 on page 7 would apply.

Sections 17, 19 and 20 are statutory cleanup amendments. in response to a question from Senator Don Ashworth concerning the deletions of NRS 704.033 and 704.035 in Section 17, Mr. Hardy indicated these NRS sections related to cooperative associations and nonprofit corporations. In the past the only jurisdiction the Public Service Commission has had was to issue an initial certificate, but provided no services for the assessments collected from these special utilities. Upon Mr. Hardy's recommendation, a provision was made to delete the authority of the commission to collect assessments since no services are provided after issuing the certificate.

Section 21 gives authority to the Attorney General to appoint the first Consumer's Advocate for a term ending December 31, 1984 and was provided to accommodate the interim period from passage and approval of the bill until the start of the new fiscal year. Basically, it incorporates all of the unclassified pay bill passed in the 1979 session but adds on page 14, lines 22 through 27, the unclassified positions for the office of Consumer's Advocate. The purpose of that is to authorize

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

annual salary levels for this interim period. For the next biennium, that will be covered by the amendment to NRS 284.182 of the unclassified pay bill to be considered by the legislature at the end of the session. This section keys into the budget proposed for the Consumer's Advocate office. (See Exhibit I.)

Sections 22 and 23 provide for startup money for the Consumer's Advocate office from passage and approval to on or about August 1, 1981. They provide for transfer to the special fund the sum of \$200,000, which is in the nature of a loan to be paid back to the Public Service Commission regulatory fund on or before March 31, 1983. As Senator Wilson observed these funds are derived from bill tax money which is an existing surplus in the Public Service Commission regulatory fund, and it will be paid back from the Consumer's Advocate special revenue fund from the surplus that would be generated there from the imposition of the three-quarter mill tax.

Mr. Struve referred to a letter of intent that had been attached to Assembly Bill No. 473 by the subcommittee, which addressed Section 8 of the bill. Upon request, Mr. Struve indicated he could provide a copy of the letter of intent to anyone interested. Basically, the letter indicates the authority for the Consumer's Advocate to act devolved on the entire staff and consultants the advocate retains. The staff may exercise the functions provided in Section 8 under the advocate's direction in order to represent the utility customers as mandated by the bill.

Mr. Heber Hardy, Commissioner, Public Service Commission testified that the commission had reviewed the bill extensively, was involved with the subcommittee, provided information and made recommendations concerning the bill. He indicated all the concerns of the commission had been addressed, and the bill was acceptable. Mr. Hardy assured Senator Hernstadt that the Public Service Commission had \$200,000 to transfer to the advocate's office. He indicated the current tax rate is two-and-one-half mills, and the proposed budget goes to three-and-one-quarter the first year of the biennium and three-and-one-half the second year of the biennium. Senator Hernstadt noted that represented three-quarters of a mill increase over the two-and-one-half, and the advocate's tax would be another three-quarters of a mill, which represented approximately 60 percent increase in the supervisory budget for the two functions: The regulatory function and the Consumer's Advocate function. Mr. Hardy agreed it was a substantial increase.

Andrew Barbano, representing the Coalition for Affordable Energy,

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

submitted a copy of his "Testimony Before the Assembly Committee on Government Affairs Subcommittee on Utility Consumer Advocacy," which he presented on March 27, 1981. (See Exhibit J.) Mr. Barbano indicated most of the amendments proposed in the exhibit had been accepted by the Assembly subcommittee. The amendment dealing with Section 10 was not accepted, and he read the following remarks into the record:

"The Assembly Subcommittee on Government Affairs on March 13th voted unanimously to include Section 10. Since its inclusion, we have developed some strong arguments against it, and they are of great importance to consumers. This entire section should be deleted, as the potential for abuse and profit gouging will be wide open if it is included.

"It seems that everytime a telephone lobbyist makes a speech, he extolls the fact that his company is not a monopoly anymore. All the utilities that you have heard in previous testimony on this bill and on this concept have long been using the hallowed defense of free enterprise to further their monopolistic profit centers. There is no worse offender of monopoly power than telephone companies, and the abuses are legendary. They would have you believe that they should be exempt from the potential review of a consumer advocate's office in equipment areas where they have competition.

"First, ask yourself, what does a phone company do that does not involve equipment? Second, you have heard Dr. David Schwartz and others talk about the telephone utilities' declining cost curve. One would hope that the declining cost curve due to equipment efficiency would be of benefit to consumers. In the sense that it means that general rate increases are fewer and farther between than those of other utilities, that is true. But have you heard about the New York case where a telephone utility put out equipment that was so artificially underpriced that all competition dried up? They simply assigned the costs of research and development to other areas--in other words, the consumer gets it again--the new equipment was put out at a cut-throat low-cost price. Telephone utilities have such a tremendous cash flow and so many departments and employees that it is relatively easy to bury costs. It is only by allowing for potential review that these inequities can be uncovered. An office of consumer advocacy with a small staff would not unduly snag every equipment tariff filing for every little new item, but the latitude to review a certain project is critical.

"Dr. Schwartz puts it best, and I will quote: 'Just because equipment may be subject to competition (and according

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

to Assembly Bill No. 473, the phone companies involved will swear that such equipment is subject to competition), that simple swearing does not mean there is competition.'

"Please remember that among his other qualifications, Dr. Schwartz is a former senior economist with the Federal Communications Commission.

"Dr. Schwartz continues: 'Western Electric provides 99 percent of phone equipment. Although Western Electric prices may be subject to competition from, say, Motorola, they in fact may not be in competition at all due to the affiliation problem with phone utilities. The Federal Communications Commission reduced an allowance in the rate base of A.T.&T. Longlines because Western Electric had earned an excessive rate of return in their sales to A.T.&T. Longlines. Every operating company pays a licensing fee to Western Electric, and the consumer pays for the research and development involved.

"'They can use consumer paid R&D to market equipment competitively for predatory reasons and then charge what the traffic will bear after all competitors have been forced out of the marketplace. For years, A.T.&T. earned a negative return on long lines service to keep such competition as Western Union out of the long distance business. They were able to do so, because they earned such a heavy amount of money on local exchanges and long distance. There is a history of taking money from the monopoly services which earn more than a fair rate of return and keeping the cost of competition affected areas down. Because Western Electric supplies so much, sometimes competitors don't even appear to bid. If you cannot examine the books, you have no way of determining legitimate costs.'

"Under the language of Assembly Bill No. 473, if a telephone utility swears that an item is subject to competition, then the Consumer's Advocate would be barred from review. As Mr. Orland Outland told the Assembly committee, if simply swearing to tell the truth were the only test of fact in our judicial system, then our prisons would be empty.

"The Initiative Petition included telephone utilities without exemption. The full Assembly Committee on Government Affairs and the Senate Committee on Commerce and Labor voted to follow that Initiative Petition signed by more than 38,000 registered voters as closely as possible and to strengthen it where necessary. Section 10 is a substantial weakening, and should be completely deleted."

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

Senator Hernstadt asked Mr. Barbano if the Initiative Petition would be withdrawn upon passage and approval of Assembly Bill No. 473. Mr. Barbano replied that he understood the Initiative Petition cannot be withdrawn. It is on the 1982 Ballot. Senator Hernstadt acknowledged that, but asked if Mr. Barbano and his group would withdraw their support for the petition. Mr. Barbano replied that if there was a choice between losing Assembly Bill No. 473 and deleting Section 10, they would prefer to see Section 10 left in, and then the Coalition for Affordable Energy would have to make a decision after seeing how the Consumer's Advocate office operates and the telephone equipment filings that have come up whether or not to support the legislative proposal or the initiative on the 1982 Ballot.

Senator Hernstadt proposed rewriting the proposed Section 10 to impose felony penalties for perjury on any utility officer who falsely certifies under oath that "products or equipment are subject to competition." Mr. Barbano stated this procedure would still not provide for review by the advocate's office, and his original comment concerning deletion of Section 10 would stand.

Mr. Barbano noted the telephone equipment of concern is not the Snoopy or Mickey Mouse phones, but the potential for a major new system that might be a freeze-out of competition because it would be artificially underpriced. In the short run the person installing the lower priced equipment would get a benefit, but if the competition were frozen out, then the utility could charge what the traffic will bear, because there would be no competition to obtain bids. In the long run there is potential for much abuse.

Mr. Barbano further noted that if Assembly Bill No. 473 is passed, it goes on the ballot in 1982 along with the Initiative Petition. The one with the most votes becomes the law, according to the Constitution of the State of Nevada.

Senator Wilson stated the legislature had an obligation to put out the best bill possible and thought the Initiative Petition was defective in a number of respects. Accordingly, there is not much resemblance between the bill and the petition. Section 10 is going to have to stand on its own merits. If it ought to be amended or ought to come out, it should be decided on the merits and not with respect to what may happen on the petition.

Mr. George Tackett, Administration Manager for Nevada Bell, voiced his support for Assembly Bill No. 473 in general and Section 10 in particular. He indicated the utility had no

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

objection to giving the consumer a strong voice in rate increase matters. (See Exhibit K.)

In response to Senator Hernstadt's query concerning a tariff officer certifying under oath and perjuring himself as to whether certain products or equipment are subject to competition, Mr. Tackett said that he was not an attorney but understood Deputy Attorney General Larry Struve to say that there are already laws to cover such a situation.

Senator Wilson asked if the Public Service Commission reviews specifically what is paid by Nevada Bell to Western Electric which defrays the cost of research and development in reviewing a rate case and in reviewing allowable expenses--that is, in allowing it or disallowing it if the cost is not being recovered. Mr. Tackett corrected Mr. Barbano's statement that Nevada Bell "paid Western Electric." He stated Nevada Bell pays A.T.&T. for research and development--not Western Electric. He then noted that research and development proportionately applicable to intrastate business would be subject to review by the Public Service Commission.

Senator Wilson said Mr. Barbano had raised the question of what was paid to A.T.&T., which was then paid to or used to support Western Electric, and whether that is loaded onto the rate payer or whether the equipment is put on the market at unreasonably low prices. He asked Mr. Tackett if the Public Service Commission regulates that situation in terms of allowing or disallowing it as an allowable expense to be paid by the rate payer. Mr. Tackett said he understood that the commission did so regulate.

Senator Wilson said that he understood the Public Service Commission exercises jurisdiction over the marketing of product, which has to be marketed pursuant to a tariff which is filed, notwithstanding whether or not the product is available on the market or is produced by other companies. He asked Mr. Hardy of the Public Service Commission if there is competition among the telecommunications companies such as Rolm, Northern Telecom, Honeywell, General Electric, IBM, Lenkurt, etc., in the sense of purchasing from a store items that are competitively priced with competitive features. Mr. Hardy indicated there was.

Senator Wilson then asked why the Public Service Commission exercised regulatory control by approving tariff. Mr. Hardy said the statutes required it.

As to Section 10, Mr. Hardy replied to Senator Wilson, the commission reviews very carefully the equipment offerings

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

which are made by a telephone company by a tariff filing. The commission's procedure is to test the reasonableness of the format and the information provided to it to determine whether or not it is a proper approach. The commission utilizes what is called a "GE-100 Form." On that form there is consideration given to all costs plus reasonable return on the investment and reasonable return on that particular offering. The return on current offerings approved by the commission is usually higher than those approved in the last rate cases. The commission expended much time and effort to test the procedure and format used by the telephone companies and was satisfied that the products were being priced at reasonable costs plus a reasonable return on investment and, therefore, should not be an item which is involved in predatory pricing.

Mr. Hardy said the commission also tests the reasonableness of what is paid to A.T.&T. concerning the research and development expenses incurred by Western Electric. In general rate cases the reasonableness of the fees paid by the telephone utility to A.T.&T. or any other company is taken into consideration. He further stated the commission feels that the public is adequately protected by its staff review. If the commission staff feels there is a problem in any particular area, they will request that the matter be suspended and hold a full hearing. There have been no such staff requests in the last two years, however, because of the procedure previously discussed which was established to ascertain the reasonableness of the methods used by the telephone utilities. Since that is the case, Mr. Hardy felt that the inclusion of Section 10 is appropriate to prevent the possibility of the Consumer's Advocate forcing suspension of a matter and waiting six months for a hearing in areas where a utility is in competition with somebody else. It puts the utility at an unfair disadvantage to go through a lengthened regulatory procedure to change or adjust rates for competitive offerings.

As Commissioner of the Public Service Commission, Mr. Hardy observed that he might be biased, but he felt his staff conducts good reviews, brings problems to the attention of the commissioners, and he feels the current practices used by the commission do protect the public interest and do not permit predatory pricing.

ASSEMBLY BILL NO. 183 -- "Requires insurers of providers of health care to report malpractice claims."

Mr. Richard Pugh, Executive Director, Nevada State Medical Association, read a statement into the record. (See Exhibit L.)

SENATE COMMITTEE ON COMMERCE AND LABOR

April 29, 1981

Senator Raggio asked Mr. Pugh how the voluntary panels would work. Mr. Pugh replied a filing fee would be charged both participants in a hearing of about \$200 each. Senator Raggio also wanted to know the effect of having a screening panel. Mr. Pugh said he understood that prior to his coming to the state in 1973, the panels were working well on a voluntary basis. The attorneys could take a case to the panel to see if it was worth pursuing.

Senator Raggio then questioned the removal of medical-legal screening panels from the law. Mr. Pugh indicated that to a large extent in Clark County and some extent in Washoe County, the panels had too large a backlog of cases to screen, and in most instances, regardless of the panel recommendations, many attorneys would still pursue the cases in court. He felt by eliminating the panels, the attorneys could make their own decisions with their clients about going to court without the unnecessary delay caused by having to present their case to a screening panel.

Senator Close said he understood there was a statute of limitations problem with this bill, and Mr. Pugh agreed but said an amendment was being prepared to take care of that. He added the Nevada Nurses Association had a minor amendment to be considered by the committee.

Ms. Pat Gothberg, Nevada Nurses Association, stated that the association does support Assembly Bill No. 183. However, she had learned there had been an omission in preparing the bill, and she proposed amending the bill to include a reference to NRS 632.320, which is the comparable section of the nurse practice act that pertains to L.P.N.'s. Assembly Bill No. 183, on page 4, line 27, makes reference to NRS 632.220, which is the portion pertaining to professional nurses.

Bob Shriver, Nevada Trial Lawyers Association, stated that although the association had taken no position on the bill, they felt it imperative that an amendment be proposed in connection with the abolishment of the medical-legal screening panel if there will be any tolling of the statute after the repeal of Chapter 41A of NRS. The proposed amendment was circulated to the members of the committee.

The reason for the six month delay is that some of the advance sheets on the legislative statutes often are not ready until two or three months following the close of a session, and by the time the Nevada Revised Statutes are revised, another two or three months have passed. The association felt this amendment might protect those attorneys who might have a case pending.

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

Senator Wilson questioned whether the bill would permit the medical-legal screening panel to continue voluntarily. Mr. Shriver said that it would, according to Mr. Pugh's testimony.

Senator Raggio inquired as to the purpose of making a record of malpractice awards and then making the information a public record. Mr. Pugh replied that under Chapter 41A of NRS, the findings of the screening panel are reported to the Attorney General, Board of Medical Examiners and the Insurance Commission, particularly any awards over \$5,000.

SENATE BILL NO. 533 -- "Requires use of simplified language in insurance contracts."

Mr. Milos Terzich, North American Council, submitted an amendment to Senate Bill No. 533 for consideration. (See Exhibit M.)

The Chairman called for a short work session before considering the N.I.C. bill.

SENATE BILL NO. 553 (See Exhibit N)

Senator Raggio moved Do Pass of Senate Bill No. 553.

Senator Don Ashworth seconded the motion.

The motion carried unanimously.

SENATE BILL NO. 554 (See Exhibit O)

Senator Raggio moved Amend and Do Pass of Senate Bill No. 554.

Senator Don Ashworth seconded the motion.

The motion carried unanimously.

SENATE BILL NO. 555 (See Exhibit P)

Senator Don Ashworth moved Do Pass of Senate Bill No. 555.

Senator Blakemore seconded the motion.

The motion carried unanimously.

SENATE BILL NO. 557 (See Exhibit Q)

Senator Don Ashworth moved Amend and Do Pass of Senate Bill No. 557.

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

Senator McCorkle seconded the motion.

The motion carried unanimously.

SENATE BILL NO. 558: (See Exhibit R)

Senator Don Ashworth moved Amend and
Do Pass of Senate Bill No. 558.

Senator McCorkle seconded the motion.

The motion carried unanimously.

SENATE BILL NO. 587 (See Exhibit S)

Senator Don Ashworth moved Do Pass
of Senate Bill No. 587.

Senator Blakemore seconded the motion.

The motion carried unanimously.

ASSEMBLY BILL NO. 473 (See Exhibit T)

Further discussion was held concerning the controversial
Section 10, and Senator Wilson said he wanted the record to
show that he had a lawyer in his office who had done some
work for Nevada Bell in the past, so he was voting in favor
of the bill but not on the Section 10 question.

Senator Don Ashworth moved Do Pass
of Assembly Bill No. 473.

Senator Blakemore seconded the motion.

The motion carried unanimously.

ASSEMBLY BILL NO. 183 (See Exhibit U)

Further discussion was held concerning amending the bill as
to the statute of limitations and including reference to
NRS 632.320, which pertains to L.P.N.'s.

Senator Don Ashworth moved Amend and
Do Pass of Assembly Bill No. 183.

Senator Wilson seconded the motion.

The motion carried unanimously.

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

SENATE BILL NO. 542

"Provides for investigations of certain crimes by commissioner of insurance."

Senator Raggio observed the amendments to be considered on this bill were rather extensive. The consensus was to delay consideration at this time.

SENATE BILL NO. 533

Senator Raggio called for further discussion on this bill as he was not fully informed. The Chairman postponed consideration to another work session.

SENATE BILL NO. 548 -- "Reorganizes system of labor and industrial insurance."

Extensive testimony was presented to the committee and there was much discussion concerning this bill. Among others, the participants were: John Flanigan, N.I.C. Advisory Board, Joe Nusbaum, Chairman, Nevada Industrial Commission, Jim Gibb, Richard Staub, self-insured employer groups, labor representatives, Labor Commissioner, Nevada Insurance Commission, Bud Meneley, Nevada Independent Insurance Agents.

Mr. Nusbaum said there were two major areas of policy concept problems to be addressed. Some employers feel that regulation of worker's compensation should be under the Insurance Commissioner rather than under the proposed Division of Industrial Insurance Regulation in the Department of Industrial Relations.

Senator Wilson inquired if the only policy issue was where the insurance function was to be regulated--through the Insurance Commissioner or a division as provided in the bill. Mr. Nusbaum replied that was a major policy issue. The position taken by N.I.C. and the Governor's Task Force which recommended a separate Department of Industrial Relations with a division working under that for worker's compensation was that this was a function in which the legislature is heavily involved, and that a specialized group is needed to regulate it. Other states do have a separate unit to regulate worker's compensation.

Senator Wilson said the record should indicate the areas of Senate Bill No. 548 which are not in controversy, in order to concentrate on the problems. Sections 1 through 79 were deemed not to be in controversy.

For the record, Senator Wilson requested Mr. Nusbaum to indicate who participated in his work sessions on April 28th and

SENATE COMMITTEE ON COMMERCE AND LABOR
April 29, 1981

today, as well as the names of all persons participating in the evening meeting. (See Exhibit V)

Senator Wilson inquired as to the dispute with Section 80. Discussion followed concerning three members of the board representing organized labor, three members representing policyholders in the system and three members representing the public which is the same composition as the advisory board. Some of the participants said that since Nevada is a "right to work" state, with some 60 to 70 percent of its work force unorganized, some representation on the board should represent this constituency. Further debate concerned members of the board representing "major" policyholders, or the larger employers. The question was dismissed by the committee as being merely academic.

After discussion, the provisions in Section 84 were acceptable to the extent they are enforceable and Constitutional.

Otherwise, Sections 81 through 90 were deemed noncontroversial.

Discussion was held concerning proposed amendments to Sections 91 through 345 of the bill. (See Exhibit W.)

Bob Gagnier, State of Nevada Employees Association, stated that line 33, page 23, Section 91, should be amended in subsection 11 to "hire personnel to accomplish the purposes and operations subject to the provisions of Chapter 284 of NRS" and strike subsection 12. The way he interprets this section is that the employees of this agency would be sort of classified. Their pay would have to be the same as classified employees, and they can't be removed except in the manner provided in Chapter 284. Therefore, it should be made clear that these employees are subject to Chapter 284 of NRS.

Mr. Nusbaum said one of the considerations was the efficiency of the insurance operation. A study by Kafoury-Armstrong indicated it should not be subject to the classified service except to the extent that the board desired to be; there should be more freedom in the personnel area. He quoted from a Public Employment Retirement System law, at page 21, line 11, that the system is entitled to the use of any services provided to state agencies and must use the services of the purchasing Division of the Department of General Administration. The system is not required to use any other services. Section 12 is also quoted from the PERS law. As he understands the PERS law and discussed with Mr. Bennett, they have the option of having people in classified service or not. They

SENATE COMMITTEE ON COMMERCE AND LABOR
APRIL 29, 1981

Mr. Nusbaum stated that he preferred that the majority of the board's personnel be in the classified service with the exception of certain specialized and technical positions, i.e., physicians and therapists.

Mr. Gagnier commented that perhaps an interim study on the classified/unclassified personnel system would provide a more satisfactory solution to this issue rather than attempting to alter the law at this time.

Mr. Norman Anthonisen, representing SUMMA Corporation, stated that he would like to have the word "monitor" substituted for the word "regulate" in Section 94 of the bill. Mr. Anthonisen said that all regulatory authority should be maintained within the division of insurance. Both Mr. Nusbaum and Mr. Staub (Mr. Staub is the legal counsel for the state insurance division) disagreed with this suggestion, as both felt that regulations directly pertaining to the new department of industrial relations should be formulated within that department.

Mr. Nusbaum continued to explain the proposed amendments for S.B. No. 548. Mr. Anthonisen commented again that his policy issue of having all regulatory authority within the state insurance division will continue to affect the remaining sections of the bill. The committee members discussed how to incorporate Mr. Anthonisen's proposals into the worksession on the amendments. Chairman Wilson suggested that Mr. Anthonisen restate his comments after the bill has been reprinted, for easier reference.

Mr. Staub said that Section 149, page 42, line 15 (new subsection e and 4) outlines a "sensitive" issue for the self-insureds. (See page 2 of Exhibit W.) Section 149 provides that when an employer is uninsured and one of the employer's employees is injured, the administrator shall intercede and handle the claim. (This references the administrator of the new department of industrial relations.) This section would also provide for an "uninsured employer claims fund" which all employers would be required to contribute into. Mr. Staub explained that originally, the state insurance division, opposed the portion of this section which provided that the administrator of the division of industrial insurance regulation become an insurer. Now, the section would allow, as in a subsequent injury fund, that an advance assessment be collected for subsequent injuries. If,

SENATE COMMITTEE ON COMMERCE AND LABOR
APRIL 29, 1981

any money remains in the fund, this surplus is credited against the next fiscal year's assessment of all employers. Chairman Wilson questioned if there should be a "cap" established on the amount of money which can be collected for this fund. Mr. Staub responded that it is extremely difficult to predict what injuries may or may not occur.

Mr. Tom Stuart of the Gibbons Company, representing several employers, said in regard to Section 149, that the assessment being discussed should be made against paid claims cost rather than on payroll or other factors. Mr. Stuart said this would be more equitable because the self-insured employers have better loss rates than NIC insured employers. Mr. Staub responded that this problem has not presently been addressed and would have to be established by regulation. However, after further discussion, Chairman Wilson said that he would like statutory guidance on how the assessment will be collected. Mr. Staub said he would consult with the division's actuary and the NIC's actuary and attempt to codify an acceptable amendment which would be in accord with the provisions governing the self-insured employers.

Mr. Harvey Whittemore, attorney-at-law, representing the Nevada Resort Association, commented that the subject of dividends is being addressed in Section 91 of S.B. No. 548. He suggested that any reference to dividends be deleted from this legislation entirely if the references are not consistent throughout the bill. Chairman Wilson suggested that S.B. No. 548 may be the bill which should address the dividend situation. However, the chairman said he would prefer that discussion of this inclusion await the reprint of S.B. No. 548 in order to prevent further confusion of the issues involved. The chairman said it is the intention of the committee to amend and re-refer S.B. No. 548 back to the committee in order to amend the first reprint.

Mr. Nusbaum and Mr. Staub continued to explain the amendments proposed for S.B. No. 548. Mr. Staub said that the handout outlining the amendments does not address Section 346 of S.B. No. 548 and both the insurance division and the NIC have concurred to delete on line 33 the words "ordinances, rules and policies", and the regulations of the Commissioner of Insurance, in effect on July 1, 1982, become the regulations of

SENATE COMMITTEE ON COMMERCE AND LABOR
APRIL 29, 1981

the department of industrial relations until such time as the department adopts new regulations.

The witnesses and the committee members also discussed and concurred that the members of the board in S.B. No. 548 should be appointed on or before October 1, 1981. This suggestion will be amended into the reprint. This amendment will also include the advisory board to the department of industrial relations.

Mr. Anthonison remarked that he felt strongly that the board of directors in S.B. No. 548 should have at least one or two members who are major policyholders. The committee concurred to discuss the make-up of the board when reviewing the reprint.

Senator Blakemore moved to Amend and Re-refer Senate Bill No. 548 back to the Senate Committee on Commerce and Labor.

Senator Don Ashworth seconded the motion.

The motion carried.

The meeting adjourned at 6:55 p.m.

Respectfully submitted,


Betty Steele, Committee Secretary

APPROVED:



Senator Thomas R. C. Wilson, Chairman

DATE: _____

SENATE AGENDA

COMMITTEE MEETINGS

Committee on Commerce and Labor, Room 213.

Day Wednesday, Date April 29, 1981, Time 1:30 p.m.

S.B. No. 553--Broadens provision for waiving examination for certification as landscape architect.

S.B. No. 554--Revises fees and licensing provisions for persons engaged in business of insurance.

S.B. No. 555--Raises ceiling for administrative fees assessed by life and health insurance guaranty association.

S.B. No. 557--Increases and prolongs required trust fund for alien insurers.

S.B. No. 558--Tightens criteria of eligibility to write "surplus lines" of insurance.

S.B. No. 587--Clarifies statutory provision which allows return of certain unused drugs to pharmacy.

A.B. No. 473--Creates office of advocate for customers of public utilities within attorney general's office.

A.B. No. 183--Requires insurers of providers of health care to report malpractice claims.

SENATE COMMITTEE ON COMMERCE AND LABOR

DATE: WEDNESDAY, APRIL 29, 1981

PLEASE PRINT PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME ORGANIZATION & ADDRESS TELEPHONE

Geo. L. Vargas American Assn 786-5000

Bob Gagnier SNEA

Bob Ostrowsky MGM-RIENO 789-2000

Glen Taylor Labor Commission, NJ 895-4850

John W. Dale ASSOC. GEN CONTRACTORS 329-6116

Wesley Carlson Washoe County 785-4147

W. M. ...

...

...

SENATE COMMITTEE ON COMMERCE AND LABOR

EXHIBIT B

DATE: WEDNESDAY, APRIL 29, 1981

PLEASE PRINT	PLEASE PRINT	PLEASE PRINT	PLEASE PRINT
NAME	ORGANIZATION & ADDRESS		TELEPHONE
Larry Hardy	NW. Assn. of Life Underwrters		323-2273
Joe Midmore	State Bd. of Pharmacy		
STEVEN BRADFORD	NV. ST. WELFARE DIVISION		885-4775
Dick Garrard	Farmers Ins Group		882-1890
BJ Smith	AAA		
Ray Lockhart	NIAA		323-7139
Vinyl Anderson	AAA		882-1890
GEORGE CHARANIS	NEV. ST. BOARD OF ARCH. ^{LANDSCAPE}		327-8403
GEORGE TACKETT	NEVADA BELL		789-8496
John Clat	PSC		4326
Ev E. Keph	AG-PSC		5037
Patsy Redmond	Acting Chairman, NV Insur. Div		
Georgia Massey	Nev Insurance Division		
Wayne Carlson	—		785-4147
Bob Weiss	Nev Life & Health Guar Assoc		
Mr. Graham	Nev Insurance Division		826-6417
Patricia Robinson			
Richard L. ...	Executive Director, Public ...		
Robert ...	Executive Director, Affordable ...		
James ...	Chief Deputy, ...		
Richard ...	Executive Director, ...		
John ...	Executive Director, ...		
John ...	Executive Director, ...		

STATE OF NEVADA
DEPARTMENT OF COMMERCE
INSURANCE DIVISION
201 SOUTH FALL STREET
CARSON CITY, NEVADA 89710
(702) 685-4270

James L. Wadhams
554
Patsy Redmond

EXHIBIT C

Patsy Redmond, Acting
COMMISSIONER OF INSURANCE

ROBERT LIST
GOVERNOR

JAMES L. WADHAMS
DIRECTOR

April 29, 1981

TO: Senator Wilson
Committee on Commerce and Labor

FROM: PATSY REDMOND, Acting
COMMISSIONER OF INSURANCE

RE: SENATE BILL NO. 554

* * * * *

Changes requested by the Insurance Division
Section 1, NRS 680B. are as follows:

1. Provides for renewals of licenses on a three year basis rather than annual
2. Provides for renewal of agents license
3. Does away with annual renewals of company appointments of agents
4. Provides for uniform renewal fees for all licensees
5. Provides for an initial application and license fee that is more appropriate to the administrative cost of processing
6. Does away with pre-licensing examination fees being processed through the general fund
7. Other items of a house keeping nature

SECTION 2, 683A.170 - Changes provide for the pre-licensing examination to be pursued directly with our outside testing service and passed before the division even sees the prospective applicant for licensing. This will cut down on our administrative cost and the unnecessary paper work for the division as well as provide more control for the agent where the examination time is concerned. The Real Estate Division is presently working under a similar system and other State divisions are as well. 683A.190, 683A.210, and 683A.250 should be deleted because they belong to the examination system as it is presently.

SECTION 6, 683A.270 - Changes renewals to three year basis and does away with annual renewals of company appointments. Sections 7 and 8 apply to changes in appointment renewals.

SECTION 9, NRS 683B. - Should be repealed. The division never had a licensee and the term is not commonly used.

SECTION 10, 11 and 12 - Change examination system and renewals system.

SECTION 13 - Change for renewal system.

SECTION 14 and 15 - Refers to examination system and renewal system.

SECTION 16 and 17 - Change for fee uniformity and renewal system.

SECTION 18 through 23 - Refers to fee uniformity, examination system, renewal system, and doing away with appointment renewal.

SECTION 24 is requesting that all sections of 683A pertaining to administrators' requirements be placed in separate chapter. The administrator is not a licensee.

STATE OF NEVADA
DEPARTMENT OF COMMERCE
INSURANCE DIVISION
201 SOUTH FALL STREET
CARSON CITY, NEVADA 89710

EXHIBIT D

ROBERT LIST
GOVERNOR

(702) 885-4270

Patsy Redmond, Acting
COMMISSIONER OF INSURANCE

JAMES L. WADHAMS
DIRECTOR

April 29, 1981

TO: COMMITTEE ON COMMERCE AND LABOR

FROM: PATSY REDMOND, Acting
COMMISSIONER OF INSURANCE

RE: SENATE BILL NO. 557

* * * * *

Amendment of SECTION 1., Subsection 2., to
read as follows:

2. No insurer is eligible for the acceptance of surplus lines risks under this chapter unless it has a surplus as to policyholders not less in amount than that required of a like domestic insurer formed under this code and transacting the same kind or kinds of insurance, and, if an alien insurer, unless it has and maintains in a bank or trust company which is a member of the United States Federal Reserve System a trust fund established under terms reasonably adequate for the protection of all of its policyholders in the United States of America in an amount of not less than \$1,000,000 \$1,500,000. Such a trust fund must not terminate for at least 5 years. The trust fund required under this subsection must have an expiration date which at no time is less than five years after any date of continuing eligibility of the alien insurer. In the case of a group of individual unincorporated insurers, such a trust fund must be not less than \$50,000,000. The commissioner may require larger trust funds than those set forth above if in his judgment the volume of business being transacted or proposed to be transacted warrants larger amounts.

PR:AAG:kk

1747

STATE OF NEVADA
DEPARTMENT OF COMMERCE
INSURANCE DIVISION
201 SOUTH FALL STREET
CARSON CITY, NEVADA 89710

(702) 885-4270

4/29-12/500-557
use as exhibit
3-1
EXHIBIT E

Patsy Redmond, Acting
COMMISSIONER OF INSURANCE

ROBERT LIST
GOVERNOR

JAMES L. WADHAMS
DIRECTOR

April 29, 1981

TO: COMMITTEE OF COMMERCE AND LABOR

FROM: PATSY REDMOND, Acting
COMMISSIONER OF INSURANCE

RE: SENATE BILL NO. 557

* * * * *

Senate Bill No. 557 was requested by the Insurance Division to conform with the amount of the trust fund required of alien insurers by the National Association of Insurance Commissioners (N.A.I.C.).

The N.A.I.C. has the facilities to completely review qualifications of alien insurers. The Insurance Division receives a quarterly list of those insurers that meet the N.A.I.C. requirements. Surplus lines brokers and the Insurance Division are dependent upon this list as a source for determining the eligibility of an alien insurer to accept risks in Nevada.

The N.A.I.C. increased the minimum trust fund amount from \$1,000,000 to \$1,500,000 two years ago. At the same time, they established a new requirement which would ensure the duration of the trust fund for at least five years from any time that an alien insurer continued to meet the qualifications. The purpose of a continuing status of the trust fund is to guarantee that the trust fund will remain intact for claims which might not be reported until long after a policy had expired.

The wording of Senate Bill No. 557 on lines 13 and 14 does not contain the real intent for establishing the minimum five year requirement for the trust fund. As the bill now reads, the trust fund would only be required for a minimum of five years after it was originally set up. The intent was to require duration for at least five years from any date that a qualified alien insurer issued a policy. Also, these trust funds are established with expiration, not termination, dates. We have prepared an amendment to Senate Bill No. 557 which contains the real intent for requiring a minimum of five years.

The bill also contains the addition of the word a on line 6, which should be deleted. The term surplus as to policyholders refers to a specific category of funds which are accounted for in the convention statements of insurers. There are other categories of surplus on those statements. If the word a, an indefinite article, were inserted, there could be confusion or misinterpretation between the specific category of surplus as to policyholders and other categories of surplus.

PR:AAG:kk



ROBERT LIST
GOVERNOR

JAMES L. WADHAMS
DIRECTOR

STATE OF NEVADA
DEPARTMENT OF COMMERCE
INSURANCE DIVISION
201 SOUTH FALL STREET
CARSON CITY, NEVADA 89710
(702) 685-4270

4/29 - 1981
Patsy Redmond

X-c-3

Patsy Redmond, Acting
COMMISSIONER OF INSURANCE

EXHIBIT F

April 29, 1981

TO: COMMITTEE ON COMMERCE AND LABOR
FROM: PATSY REDMOND, Acting
COMMISSIONER OF INSURANCE
RE: SENATE BILL No. 558

* * * * *

The Insurance Division has also proposed a change in Section 2 of NRS 685A.120.

A knowledge of insurance by a surplus lines broker should approach the highest level of professionalism. A general lines broker's license is not issued unless the applicant has had experience as an agent or can demonstrate competency. The existing law allows automatic licensing for surplus lines to a general lines agent without any review of experience or competency in the specialized area of surplus lines insurance or the surplus lines law.

We are submitting an amendment to Section 2, subsection 2(b). The amendment will allow the commissioner to consider courses or seminars which would be equivalent to a written examination.

PR:AAG:kk

STATE OF NEVADA
DEPARTMENT OF COMMERCE
INSURANCE DIVISION
201 SOUTH FALL STREET
CARSON CITY, NEVADA 89710
(702) 885-4270

Copy of Departmental 4/29/81 - see of [unclear]
Y-C

ROBERT LIST
GOVERNOR

Patsy Redmond, Acting
COMMISSIONER OF INSURANCE

JAMES L. WADHAMS
DIRECTOR

April 29, 1981

EXHIBIT G

TO: COMMITTEE ON COMMERCE AND LABOR
FROM: PATSY REDMOND, Acting
COMMISSIONER OF INSURANCE
RE: SENATE BILL No. 558

* * * * *

Amendment to SECTION 2., Subsection 2(b), to
read as follows:

2.(b) Passing a written examination, pre-
scribed by the commissioner, on the subject of surplus
lines Pass any examination, prescribed by the com-
missioner, on the subject of surplus lines.

PR:AAG:kk

STATE OF NEVADA
DEPARTMENT OF COMMERCE
INSURANCE DIVISION
201 SOUTH FALL STREET
CARSON CITY, NEVADA 89710
(702) 885-4270

*File in 10-10-4/89
ref B-558
attached
X-C-1*

ROBERT LIST
GOVERNOR

JAMES L. WADHAMS
DIRECTOR

Patsy Redmond, Acting
COMMISSIONER OF INSURANCE

EXHIBIT H

April 29, 1981

TO: COMMITTEE ON COMMERCE AND LABOR

FROM: PATSY REDMOND, Acting
COMMISSIONER OF INSURANCE

RE: SENATE BILL No. 558

* * * * *

Amendment to SECTION 1., Subsection 3., to
read as follows:

3. No insurer is eligible to write surplus lines insurance unless it has established a reputation for financial integrity and satisfactory practices in underwriting and handling claims. In addition, a foreign [insured] insurer must be authorized in the state of its domicile to write the kinds of insurance which it intends to write in Nevada.

PR:AAG:kk

see exhibit
4/19/82

PROPOSED BUDGET

OFFICE OF THE CONSUMER ADVOCATE

EXHIBIT I

	<u>2 Months</u> <u>1980-81</u>	<u>1981-82</u>	<u>1982-83</u>
Director (U)	\$ 6,600	\$ 40,000	\$ 40,000
Staff Attorney (U)	6,100	37,000	37,000
Utility Rate Specialist (U)	5,800	34,600	34,600
Accountant/C.P.A. (U)	5,800	34,600	34,600
Administrative Secretary (U)	3,300	20,000	20,000
Senior Legal Secretary	2,557	15,346	16,113
Total Salary	<u>\$30,157</u>	<u>\$181,546</u>	<u>\$182,313</u>
Retirement	\$ 2,412	\$ 14,524	\$ 14,585
Group Insurance		5,328	5,832
Personnel Assessment	271	127	134
Payroll Assessment	69	417	419
Retirement Group Insurance		218	219
Unemployment Compensation	126	762	766
Salary Adjustment Reserve		11,297	20,436
Total Salary/Payroll	<u>\$33,035</u>	<u>\$214,219</u>	<u>\$224,704</u>
Out-of-State Travel		\$ 1,000	\$ 1,000
In-State Travel	\$ 1,100	\$ 7,000	\$ 7,700
Operating:			
Office Supplies	\$ 250	\$ 1,500	\$ 1,650
Operating Supplies	250	1,500	1,650
Communications	600	3,700	4,070
Printing	500	3,000	3,300
Insurance		100	110
Other Contract Services	1,099	6,600	7,260
Equipment Repair		150	165
Maintenance B & G		100	110
Legal and Court Costs		15,000	16,500
Building Rent	2,700	16,200	17,820
Total	<u>\$ 5,399</u>	<u>\$ 47,850</u>	<u>\$ 52,635</u>
Equipment	\$ 5,000	\$ 5,000	\$ 1,000
Expert Witness Fees and Consultants:	<u>\$20,000</u>	<u>\$150,000</u>	<u>\$150,000</u>
	<u>\$64,534</u>	<u>\$425,069</u>	<u>\$437,039</u>

*Re 87-473 - see at
exhibit 6 minutes 9/18/81*

Coalition for Affordable Energy

P.O. Box 10034 • Reno, NV 89510 • (702) 786-1455, 826-7333

— EXHIBIT J

TESTIMONY BEFORE THE
ASSEMBLY COMMITTEE ON GOVT. AFFAIRS
SUBCOMMITTEE ON UTILITY CONSUMER ADVOCACY, 3/27/81

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE, FOR THE RECORD, MY NAME IS ANDREW L. BARBANO AND I AM REPRESENTING THE COALITION FOR AFFORDABLE ENERGY. I THANK YOU FOR THE OPPORTUNITY TO SPEAK BEFORE YOU THIS MORNING.

THE COALITION FEELS THERE IS MUCH MERIT TO THE NEW VERSION OF BDR 58-1730, BUT WE FEEL THAT IT NEEDS A BIT MORE WORK AND OFFER THE FOLLOWING AMENDMENTS TO THE BILL DRAFT.

FIRST, WE PROPOSE THAT SECTION 5, SUBSECTION 1-B, BE AMENDED TO READ AS FOLLOWS: "A PERSON KNOWLEDGEABLE IN RATEMAKING AND PRINCIPLES AND POLICIES OF RATE REGULATION." WE HAVE CONSULTED WITH DR. DAVID S. SCHWARTZ OF BETHESDA, MARYLAND, WHO SPOKE BEFORE YOU ON FEBRUARY 4 AND FEBRUARY 11, AND HE RECOMMENDED THIS AMENDMENT. WE ALSO CONSULTED WITH DR. RODNEY STEVENSON OF THE UNIVERSITY OF WISCONSIN, WHO COLLABORATED WITH DR. SCHWARTZ IN PREPARING THE MATERIAL SUBMITTED TO YOU LAST MONTH. THE REASON FOR THIS CHANGE IN LANGUAGE IS THAT THE CURRENT LANGUAGE IS TOO RESTRICTIVE. WHILE UTILITY RATE DESIGN IS CERTAINLY AN IMPORTANT AREA, THERE ARE AREAS OF UTILITY REGULATION EQUALLY AS IMPORTANT, AND MORE OF A GENERALIST IS NECESSARY IN A SMALL OFFICE. AREAS SUCH AS ALLOWANCE OF CONSTRUCTION WORK IN PROGRESS IN THE RATE BASE AND FUEL ADJUSTMENT CLAUSES ARE "COST-OF-SERVICE" RATHER THAN "RATE DESIGN" ISSUES, AND ARE OF PARAMOUNT IMPORTANCE TO NEVADA. SIERRA PACIFIC POWER'S RECENT CONTROVERSIAL EMERGENCY APPLICATION INVOLVES CONSTRUCTION WORK IN PROGRESS AS THE CENTRAL ISSUE. WE URGE ALLOWING FOR THIS NEEDED ADDITIONAL FLEXIBILITY IN THE JOB DESCRIPTION IN SECTION 5, SUBSECTION 1-B ON PAGE 2 OF THE BDR.

WITH RESPECT TO THE NEXT SUBSECTION, 1-C, WE PROPOSE THE FOLLOWING LANGUAGE BE SUBSTITUTED: "A SPECIALIST IN PUBLIC UTILITIES KNOWLEDGEABLE IN ACCOUNTING, OR FINANCE, OR ECONOMICS, OR RELATED PROFESSIONAL AREAS." WITH THIS AMENDMENT, WE AGAIN GO TO DR. SCHWARTZ AND DR. STEVENSON, WHO SUBMIT THAT A BROAD DESCRIPTION IS NECESSARY TO AVOID THE POTENTIAL SITUATION OF FINDING A VERY QUALIFIED PERSON WITH A LOT OF GENERAL UTILITY EXPERIENCE, WHO CANNOT QUALIFY FOR A JOB IN THE ADVOCATE'S OFFICE BECAUSE THE JOB DESCRIPTION IS TOO NARROWLY DRAWN. PROPER LATITUDE IS CRITICAL.

WE WOULD NEXT LIKE TO GO TO SECTION 10 ON PAGE 4. THIS SUBCOMMITTEE ON MARCH 13 VOTED UNANIMOUSLY TO INCLUDE THIS SECTION. SINCE ITS INCLUSION, WE HAVE DEVELOPED SOME STRONG ARGUMENTS AGAINST IT, AND THEY ARE OF GREAT IMPORTANCE TO CONSUMERS. THIS ENTIRE SECTION MUST BE DELETED, AS THE POTENTIAL FOR ABUSE AND PROFIT GOUGING WILL BE WIDE OPEN IF IT IS INCLUDED.

IT SEEMS THAT EVERY TIME A TELEPHONE LOBBYIST MAKES A SPEECH, HE EXTOLLS THE FACT THAT HIS COMPANY IS NOT A MONOPOLY ANYMORE. ALL THE UTILITIES YOU HEARD EARLIER THIS WEEK HAVE LONG BEEN USING THE HALLOWED DEFENSE OF FREE-ENTERPRISE TO FURTHER THEIR MONOPOLISTIC PROFIT CENTERS. THERE IS NO WORSE OFFENDER OF MONOPOLY POWER THAN TELEPHONE COMPANIES, AND THE ABUSES ARE LEGENDARY. THEY WOULD HAVE YOU BELIEVE THAT THEY SHOULD BE EXEMPT FROM THE POTENTIAL REVIEW OF A CONSUMER ADVOCATE'S OFFICE IN EQUIPMENT AREAS WHERE THEY HAVE COMPETITION.

FIRST, ASK YOURSELF, WHAT DOES A PHONE COMPANY DO THAT DOES NOT INVOLVE EQUIPMENT? SECOND, YOU HAVE HEARD DR. SCHWARTZ AND OTHERS TALK ABOUT THE TELEPHONE UTILITIES' DECLINING COST CURVE. ONE WOULD HOPE THAT THE DECLINING COST CURVE DUE TO EQUIPMENT EFFICIENCY WOULD BE OF BENEFIT TO CONSUMERS. IN THE SENSE THAT IT MEANS THAT GENERAL RATE INCREASES ARE FEWER AND FARTHER BETWEEN THAN THOSE OF OTHER UTILITIES, THAT IS TRUE. BUT HAVE YOU HEARD ABOUT THE NEW YORK CASE WHERE A TELEPHONE UTILITY PUT OUT EQUIPMENT THAT WAS SO ARTIFICIALLY UNDERPRICED THAT ALL COMPETITION DRIED UP? THEY SIMPLY ASSIGNED THE COSTS OF RESEARCH AND DEVELOPMENT TO OTHER AREAS---IN OTHER WORDS, THE CONSUMER GETS IT AGAIN---AND PUT OUT NEW EQUIPMENT AT A CUT-THROAT LOW PRICE. THEY HAVE SUCH A TREMENDOUS CASH FLOW AND SO MANY DEPARTMENTS AND EMPLOYEES THAT IT IS RELATIVELY EASY TO BURY COSTS. IT IS ONLY BY ALLOWING FOR POTENTIAL REVIEW THAT THESE INEQUITIES CAN BE UNCOVERED. AN OFFICE OF CONSUMER ADVOCACY WITH A SMALL STAFF WOULD NOT UNDULY SWAG EVERY EQUIPMENT TARIFF FILING FOR EVERY LITTLE NEW ITEM---BUT THE LATITUDE TO REVIEW A CERTAIN PROJECT IS CRITICAL.

DR. SCHWARTZ PUTS IT BEST, AND I WILL QUOTE: "JUST BECAUSE EQUIPMENT MAY BE SUBJECT TO COMPETITION, (AND ACCORDING TO THE BDR, THE PHONE COMPANY INVOLVED WILL SWEAR TO IT), DOES NOT MEAN THERE IS COMPETITION."

(PLEASE REMEMBER THAT AMONG HIS OTHER QUALIFICATIONS, HE IS A FORMER SENIOR ECONOMIST WITH THE FEDERAL COMMUNICATIONS COMMISSION).

DR. SCHWARTZ CONTINUES: "WESTERN ELECTRIC PROVIDES 99% OF PHONE EQUIPMENT. ALTHOUGH WESTERN ELECTRIC PRICES MAY BE SUBJECT TO COMPETITION FROM, SAY, MOTOROLA, THEY IN FACT MAY NOT BE IN COMPETITION AT ALL DUE TO THE AFFILIATION PROBLEM WITH PHONE UTILITIES. THE FEDERAL COMMUNICATIONS COMMISSION REDUCED AN ALLOWANCE IN THE RATE BASE OF A.T.&T. LONGLINES BECAUSE WESTERN ELECTRIC HAD EARNED AN EXCESSIVE RATE OF RETURN IN THEIR SALES TO A.T. & T. LONGLINES. EVERY OPERATING COMPANY PAYS A LICENSING FEE TO WESTERN ELECTRIC AND THE CONSUMER PAYS FOR THE RESEARCH AND DEVELOPMENT INVOLVED.

"THEY CAN USE CONSUMER-PAID R&D TO MARKET EQUIPMENT COMPETITIVELY FOR PREDATORY REASONS AND THEN CHARGE WHAT THE TRAFFIC WILL BEAR AFTER ALL COMPETITORS HAVE BEEN FORCED OUT OF THE MARKETPLACE. FOR YEARS, A.T. & T. EARNED A NEGATIVE RETURN ON LONG LINES SERVICE TO KEEP SUCH COMPETITION AS WESTERN UNION OUT OF THE LONG DISTANCE BUSINESS. THEY WERE ABLE TO DO SO BECAUSE THEY EARNED SUCH A HEAVY AMOUNT OF MONEY ON LOCAL EXCHANGES AND LONG DISTANCE. THERE IS A HISTORY OF TAKING MONEY FROM THE MONOPOLY SERVICES WHICH EARN MORE THAN A FAIR RATE OF RETURN, AND KEEPING THE COST OF COMPETITION-AFFECTED AREAS DOWN. BECAUSE WESTERN ELECTRIC SUPPLIES SO MUCH, SOMETIMES COMPETITORS DON'T EVEN APPEAR TO BID. IF YOU CANNOT EXAMINE THE BOOKS, YOU HAVE NO WAY OF DETERMINING LEGITIMATE COSTS."

UNDER THE LANGUAGE OF THE BDR, IF A TELEPHONE UTILITY SWEARS THAT AN ITEM IS SUBJECT TO COMPETITION, THEN THE CONSUMER ADVOCATE WOULD BE BARRED FROM REVIEW. AS MR. ORLAND OUTLAND TOLD YOU ON WEDNESDAY, IF SIMPLY SWEARING TO TELL THE TRUTH WERE THE ONLY TEST OF FACT IN OUR JUDICIAL SYSTEM, THEN OUR PRISONS WOULD BE EMPTY.

THE INITIATIVE PETITION INCLUDED TELEPHONE UTILITIES WITHOUT EXEMPTION. THE FULL ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS AND THE SENATE COMMITTEE ON COMMERCE AND LABOR VOTED TO FOLLOW THAT INITIATIVE SIGNED BY MORE THAN 38,000 REGISTERED VOTERS AS CLOSELY AS POSSIBLE AND TO STRENGTHEN IT WHERE NECESSARY. SECTION 10 IS A SUBSTANTIAL WEAKENING, AND SHOULD BE COMPLETELY DELETED. *SECTION NOT OPPOSED*

OUR FINAL RECOMMENDATION IS WITH RESPECT TO BUDGET. WE HAVE REVIEWED THE BUDGET SUBMITTED TO BILL BIBLE FROM MARLENE LOCKARD. THAT BUDGET IS MUCH MORE COMPLETE THAN THE PRELIMINARY BUDGETS WE SUBMITTED TO THIS COMMITTEE ON JANUARY 28. FOR INSTANCE, WE DID NOT INCLUDE FRINGE BENEFITS IN OUR PROJECTIONS. WE DO THINK SOME ADDITIONAL MONIES COULD BE ADDED IN TWO AREAS. FIRST, THE OUT-OF-STATE TRAVEL BUDGET IS SO LOW AS TO BE NON-EXISTANT. THERE MAY BE CASES WHERE A TRIP OUT OF STATE FOR ONE STAFFER CAN BE FAR LESS EXPENSIVE THAN BRINGING A CONSULTANT TO NEVADA ON A SUBSTANTIAL DAILY RATE. SECOND, WE THINK THE CONSULTANTS BUDGET COULD BE LARGER, GIVEN THE SIZE OF THE OFFICE'S STAFF. AS YOU WILL RECALL, OUR BUDGET HAD A \$150,000 CONSULTANT BUDGET IN IT, BUT IT ALSO HAD A STAFF OF SEVEN PEOPLE, AND THIS COMMITTEE IS GOING WITH SIX.

WE WOULD ALSO SUGGEST THAT THE TITLE OF THE CONSULTANTS BUDGET BE EXPANDED TO THE FOLLOWING: "EXPERT ^{WITNESSES} FEES & COSTS, AND CONSULTING OR OTHER PROFESSIONAL SERVICES." THIS IS SIMPLY REALISTIC, AS THERE WILL BE SOME *STAFF SUPPORTED* EXPENSES WITH INDIVIDUALS WHO MAY NEVER BE CALLED UPON TO BE EXPERT WITNESSES. *1775*

WITH RESPECT TO TOTAL BUDGET, WE AGREE THAT NO LESS THAN 3/4 MILL SHOULD BE APPROPRIATED THE FIRST YEAR TO GET THE OFFICE STARTED, AND NO LESS THAN 1/2 MILL IN THE SECOND YEAR. WE ALSO SUPPORT THE POLICY BEING ADOPTED OF ASSIGNING ANY SURPLUS TO THE CONTRACTUAL SERVICES AREA. WE ALSO SUPPORT ADOPTION OF A POLICY GUIDELINE IN THE OFFICIAL MINUTES OF THIS SUBCOMMITTEE THAT IT IS THE DESIRE OF THIS SUBCOMMITTEE AND OF THE GOVERNMENT AFFAIRS COMMITTEE AS A WHOLE TO CARRY ANY SURPLUS FORWARD TO MEET ANY FISCAL 82-83 SHORTFALL. THIS SIGNAL OF INTENT WILL SERVE TO GUIDE THE INTERIM FINANCE COMMITTEE IN ITS ACTIONS.

THANK YOU VERY MUCH ONCE AGAIN FOR THE PRIVILEGE OF BEING ALLOWED TO SPEAK. THIS CONCLUDES MY TESTIMONY.

MR. CHAIRMAN, FOR THE RECORD MY NAME IS GEORGE TACKETT, ADMINISTRATION MANAGER FOR NEVADA BELL. I AM HERE TO SPEAK IN SUPPORT OF AB473 IN GENERAL AND SECTION 10 IN PARTICULAR.

WE HAVE NO OBJECTION TO GIVING THE CONSUMER A STRONG VOICE IN RATE INCREASE MATTERS. OUR CONCERN IS THAT YOU RECOGNIZE THE UNIQUENESS OF TODAY'S TELEPHONE INDUSTRY. THE TELEPHONE BUSINESS CAN NO LONGER BE CONSIDERED THE DOMINANT MONOPOLY IT WAS 12 YEARS AGO. VARIOUS COURT AND FEDERAL COMMUNICATIONS COMMISSION DECISIONS HAVE PLACED US IN THE COMPETITIVE MARKET, BUT WE ARE STILL REGULATED BY THE PUBLIC SERVICE COMMISSION AND THE FCC. TODAY, WE ARE COMPETING WITH A MYRIAD OF VENDORS OF TELECOMMUNICATIONS EQUIPMENT THAT ARE NOT SUBJECTED TO THAT REGULATION OR TO REVIEW BY THE CONSUMER'S ADVOCATE. THIS IS THE RATIONALE FOR OUR SUPPORT OF SECTION 10. WHICH STATES ...

THE POWERS OF THE CONSUMER'S ADVOCATE DO NOT EXTEND TO MATTERS DIRECTLY RELATING TO THE CONSIDERATION OF TARIFFS REQUESTED BY A TELEPHONE UTILITY FOR PRODUCTS OR EQUIPMENT WHICH THE UTILITY CERTIFIES UNDER OATH ARE SUBJECT TO COMPETITION.

NOTHING CONTAINED IN SECTION 10 WILL DENY THE CONSUMER ADVOCATE FROM INTERVENING IN ANY FILING THAT WOULD INCREASE THE EXISTING CHARGES FOR ANY CURRENT PRODUCTS OR EQUIPMENT OFFERED BY TELEPHONE UTILITIES.

SECTION 10 APPLIES ONLY TO PRODUCTS AND EQUIPMENT WHICH THE UTILITY CERTIFIES UNDER OATH ARE SUBJECT TO COMPETITION. IN OTHER WORDS, ANY PRODUCTS OR EQUIPMENT COVERED BY THIS SECTION COULD BE OBTAINED FROM OTHER SOURCES THAN THE REQUESTING UTILITY. THE CONSUMER WOULD HAVE A FREE CHOICE FROM MORE THAN ONE SOURCE. THE COMPETITION OF THE MARKETPLACE ALLOWS THE CONSUMER TO SHOP FOR THE BEST BARGAIN TO SUIT THEIR INDIVIDUAL NEEDS.

TODAY CONSUMERS CAN PURCHASE THEIR TELEPHONE SETS OR OTHER TERMINAL EQUIPMENT FROM MORE THAN A HALF DOZEN MAJOR DISTRIBUTORS IN THIS AREA. NATIONALLY KNOWN FIRMS SUCH AS ROLM, NORTHERN TELECOM, COMPAQ, HONEYWELL, GENERAL ELECTRIC, AMERICAN TELECOMMUNICATIONS COMPANY, IBM, LENKURT, GENERAL DATACOMM, XEROX, AND MANY OTHERS ARE COMPETING FOR TERMINAL EQUIPMENT BUSINESS. THE TELECOMMUNICATIONS MARKET IS LARGE AND GROWING; NEW VENDORS ARE ENTERING ALMOST DAILY AND VERY FEW ARE LEAVING. THE COMPETITIVE SHARE OF THIS MARKET IS LARGE AND GROWING FASTER THAN THE UTILITY SERVED PORTION.

FINALLY, ONE IMPORTANT THING SHOULD BE REMEMBERED... SECTION 10 IN NO WAY CHANGES THE REQUIREMENT THAT THESE TARIFFS MUST STILL BE REVIEWED AND APPROVED BY THE NEVADA PUBLIC SERVICE COMMISSION BEFORE THEY MAY BE PLACED IN EFFECT. COMPETITION IS SUBJECT TO NO SUCH REVIEW OR APPROVAL. TO BE REQUIRED TO ARGUE THE MERITS OF THESE COMPETITIVE PRODUCTS WITH AN ADVERSARY WHEN COMPETITION HAS NO SUCH REQUIREMENT WOULD BE GROSSLY UNFAIR TO TELEPHONE UTILITIES.

THANK YOU FOR THE OPPORTUNITY TO EXPRESS MY VIEWS ON THIS LEGISLATION.

GEORGE TACKETT
4/29/81

NEVADA STATE MEDICAL ASSOCIATION

JAMES O. PITTS, M.D., Pres. 1981
ROBERT W. CLARK, M.D., Pres. 1980
RICHARD C. HENKUP, M.D., Immediate Past President
HARRIS W. HALLICOTT, M.D., Secretary
GORDON L. NITZ, M.D., Treasurer
LESLIE A. MOYER, M.D., AVA Director
ROBERT L. BROWN, M.D., AMA Alternate Director
RICHARD G. PUGH, CAE, Executive Director

3660 Baker Lane • Reno, Nevada 89509 • (702) 825-6788

April 29, 1981

— EXHIBIT L

TO: Senator Thomas P. Wilson, Chairman
and Members of the
Senate Commerce and Labor Committee

FROM: Richard G. Pugh, Executive Director
Nevada State Medical Association

SUBJ: Testimony - A.B. 183

Voluntary panels were established in the early 1960's by the medical and legal professions in the Reno area and later in Las Vegas to provide a mechanism to screen non-meritorious potential malpractice cases from the courts. They worked very well and were supported by both professions.

In 1975 these voluntary panels were made law -- legislators assuming that there would be benefit if no case of alleged malpractice on the part of a physician could go to court unless it first went through the screening panels. This worked well in the beginning.

In 1977 the screening panel law was expanded to include a nurse representative on the panel when a nurse was alleged to have been negligent, and in 1979, the law was expanded further to include a hospital administrator when a hospital was named in the allegation.

During all the time that the panels have been mandated in law, the cost of administration has been born by Nevada physicians. Cost projections are: Reno and Northern Nevada - approximately \$8,000 per year, Las Vegas area - approximately \$20,000 per year.

In 1979 a bill was introduced to permit panel administrators to levy a fee on respondents in panel hearings. The bill did not pass. It is also our understanding that there is little support (or available resources) to have these panels funded from state general revenues. Additionally, Nevada physicians are aware that it was not the intention of the legislature then as now to provide operational funds for panel administration.

We support the concepts of A.B. 183:

1. That insurers and uninsured health professionals be required to report malpractice settlements and awards to their respective examining boards.

(continued)

Senate Commerce & Labor Committee
Testimony - A.B. 183
Page Two

2. Section 15 authorizes the abolition of the act which establishes Nevada Medical-Legal Screening Panels. It is envisioned that the panels will continue to function quite well on a voluntary basis, funded quite well by those lawyers and physicians who choose to use it.

In support of abolition of the panels is the Nevada State Medical Association, the Nevada Bar Association and the Nevada Nurses' Association. The Nevada Hospital Association has no position on abolishing the panels. We all urge your support of A.B. 183.

RGP:kn

S.B. 533

PROPOSED AMENDMENTS TO S.B. 533

I. Add the following language as Sec. 2:

Sec. 2. The provisions of sections 2 to 5, inclusive, of this act does not increase the risk assumed by insurance companies or other entities subject to these provisions, or to supersede their obligation to comply with other insurance laws applicable to life, health, credit life or credit health insurance policies, nor should it impede flexibility and innovation in the development of policy forms or content or lead to the standarization of policy forms or content.

II. Add new Sec. 3 in the following language:

Sec. 3. "Policy" means any policy, contract, plan or agreement of life or health insurance including credit life and health insurance, delivered or issued for delivery in this state; any certificate, contract or policy issued by fraternal benefit societies and hospitals, medical or dental service corporations, health maintenance organizations and other similar organizations; any certificate issued pursuant to a group insurance policy delivered or issued for delivery in this state.

III. Change existing Sec. 2 commencing at line 3, page 1 to Sec. 4 and to read as follows:

Sec. 4. 1. The provisions of sections 2 to 7, inclusive, of this act apply to all policies delivered or issued for delivery in this State except:

(a) Any policy which is a security subject to federal jurisdiction;

(b) Any policy covering the lives of a group of 1,000 or more persons as of its date of issuance, other than

1 a group policy and credit life insurance or credit health
2 insurance and any certificate issued pursuant to a group policy
3 delivered or issued for delivery in the state;

4 (c) Any group annuity which serves to finance
5 pension, profit-sharing or deferred compensation plans;

6 (d) Any form used in connection with, as a conversion
7 from, as an addition to or in exchange for a policy delivered
8 or issued for delivery on a form approved or permitted to be issued
9 before July 1, 1983.

10 (e) The renewal of a policy delivered or issued
11 for delivery prior to the dates such forms must be approved
12 under the provisions of sections 2 to 5, inclusive, of this
13 act.

14 2. Any policy written in a language other than English
15 shall be deemed to comply with section 5 of this act if the
16 insurer certifies that it is translated from a policy written
17 in English which complies with that section.

18
19 IV. Amend line 21, page 1, by changing Sec. 3 to Sec. 5
20 and changing section 2 to section 4.

21
22 V. Change paragraph (b) of Subsection 4, lines 41 to 46,
23 page 2 to read as follows:

24 (b) Any language of the policy which is defined
25 in a particular manner so as to meet the requirements of
26 any federal or state law, regulation or interpretation of law
27 or regulation by a federal or state agency; any policy language
28 required by a collective bargaining agreement; any medical
29 terms; and any terms defined in the policy; if the insurer
30 so identifies this language and certifies in writing that it
31 is excepted by this paragraph.

32

1 VI. Amend line 49 page 2 by changing Sec. 4 to Sec. 6.

2

3 VII. Amend line 14 page 3 by changing Sec. 5 to Sec. 7 and
4 section 3 to section 5.

5

6 VIII. Amend lines 19 and 20, page 3 to read as follows:

7

8 Sec. 8. The commissioner shall not approve
9 any policy filed after July 1, 1983, unless it complies with
10 section 5 of this act.

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

EXHIBIT N

SENATE BILL NO. 553

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

S. B. 553

SENATE BILL NO. 553—COMMITTEE ON
COMMERCE AND LABOR

APRIL 16, 1981

Referred to Committee on Commerce and Labor

SUMMARY—Broadens provision for waiving examination for certification as landscape architect. (BDR 54-1578)

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

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

AN ACT relating to landscape architecture; broadening the provision which allows the board of landscape architecture to waive the examination for certification as a landscape architect; requiring the board to certify a person under certain circumstances; and providing other matters properly relating thereto.

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

- 1 SECTION 1. NRS 623A.190 is hereby amended to read as follows:
2 623A.190 1. The board shall give each applicant for a certificate
3 an examination, which may be written or oral, or both.
4 2. The examination [shall] *must* be given at such times and places
5 and under such supervision as the board may determine.
6 3. The board may examine in whatever theoretical or applied fields
7 it deems appropriate to determine professional skills and judgment.
8 4. The board shall by regulation establish what constitutes a pass-
9 ing grade.
10 5. The written examination may be waived by the board if the appli-
11 cant [presents] :
12 (a) *Presents* documentation that he has taken and passed, with a
13 grade that is a passing grade in this state, a written examination in
14 another state having equivalent scope and subject matter [.] ; or
15 (b) *Has been certified by the Council of Landscape Architectural*
16 *Registration Boards as having passed the senior practitioner examination*
17 *or through reciprocity procedures with foreign countries having require-*
18 *ments for licensing acceptable to the board.*
19 6. Written examination papers and transcripts of any oral examina-
20 tions [shall] *must* be destroyed after a certificate is issued.
21 SEC. 2. The board of landscape architecture shall certify as a land-
22 scape architect any person who was employed by a local government in

1 a position related to landscaping and applied for such a certification
2 before July 1, 1976.

EXHIBIT O

SENATE BILL NO. 554

S. B. 554

**SENATE BILL NO. 554—COMMITTEE ON
COMMERCE AND LABOR**

APRIL 16, 1981

Referred to Committee on Commerce and Labor

SUMMARY—Revises fees and licensing provisions for persons engaged in business of insurance. (BDR 57-1322)

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

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

AN ACT relating to insurance; amending provisions relating to fees and licensing of persons engaged in the business of insurance; and providing other matters properly relating thereto.

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

1	SECTION 1. NRS 680B.010 is hereby amended to read as follows:	
2	680B.010 The commissioner shall collect in advance and receipt for,	
3	and persons so served shall pay to the commissioner, fees, licenses and	
4	miscellaneous charges as follows:	
5	1. Insurer's certificate of authority:	
6	(a) Issuance, and each annual continuation:	
7	(1) For any one kind of insurance as defined in NRS	
8	681A.010 to 681A.080, inclusive.....	\$100
9	(2) For two or more kinds of insurance as so defined.....	200
10	(b) Reinstatement [(NRS 680A.180),] pursuant to NRS	
11	680A.180, 50 percent of the annual continuation fee other-	
12	wise required.	
13	(c) Registration of additional title [(NRS 680A.240)]	
14	pursuant to NRS 680A.240.....	25
15	Annual renewal.....	25
16	2. Charter documents (other than those filed with applica-	
17	tion for certificate of authority). Filing amendments to articles	
18	of incorporation, charter, bylaws, power of attorney (as to	
19	reciprocal insurers), and other constituent documents of the	
20	insurer, each document.....	\$10
21	3. Annual statement of insurer. For filing annual statement....	\$25
22	4. Service of process:	
23	(a) Filing of power of attorney.....	\$5
24	(b) Acceptance of service of process.....	5

1	5. Agents' licenses and appointments:	
2	[(a) Application for original resident agent's license and	
3	issuance of license, if issued.....	\$15
4	(b) Appointment of resident agent:	
5	(1) Each insurer.....	2
6	(2) Annual continuation of appointment, each insurer.....	2
7	(c) Temporary license.....	3
8	(d) Limited license (NRS 683A.260), each insurer, each	
9	year.....	2
10	(e) Nonresident agents:	
11	(1) Nonresident agent's license, other than as specified in	
12	paragraph (f), application and issuance, if issued.....	25
13	(2) Appointment of such agent, each insurer.....	25
14	(3) Annual continuation of appointment, each insurer.....	25
15	(f) Nonresident agent's license qualifying under subsection	
16	3 of NRS 683A.340; same as for resident agent license under	
17	paragraphs (a) and (b).	
18	6. Brokers:	
19	(a) Resident broker's license:	
20	(1) Application for original resident broker's license and	
21	issuance of license, if issued.....	\$25
22	(2) Annual continuation.....	25
23	(b) Nonresident broker's license:	
24	(1) Nonresident broker's license (other than as specified	
25	in paragraph (c) below), application for original license and	
26	issuance, if issued.....	75
27	(2) Annual continuation.....	75
28	(c) Nonresident broker's license, qualifying under subsection	
29	4 of NRS 683A.340; same as for resident broker's license	
30	under paragraph (a).	
31	(d) Surplus lines broker's license:	
32	(1) Surplus lines broker's license, application and	
33	issuance, if issued.....	10
34	(2) Annual continuation.....	10
35	7. Solicitors:	
36	(a) Application for original license and issuance of license,	
37	if issued.....	\$2
38	(b) Annual continuation.....	2
39	8. Managing general agents. Annual continuation, each	
40	insurer.....	\$5
41	9. Adjusters:	
42	(a) Adjuster's license:	
43	(1) Application for original adjuster's license and	
44	issuance of license, if issued.....	\$15
45	(2) Annual continuation of license.....	15
46	(b) Associate adjuster's license:	
47	(1) Associate adjuster's license (NRS 684A.030),	
48	application and issuance of license, if issued.....	5
49	(2) Annual continuation.....	5
50	10. Motor vehicle physical damage appraiser:	

1	(a) Application for original license and issuance of license,	
2	if issued.....	\$10
3	(b) Annual continuation of license.....	10
4	11. Life insurance analysts:	
5	(a) Application for original license and issuance of license,	
6	if issued.....	\$25
7	(b) Annual continuation of license.....	25
8	12. Examination for license:	
9	(a) Filing application for each examination, other than life	
10	insurance analyst, each kind of insurance.....	\$15
11	(b) Life insurance analysts, filing application, each	
12	examination.....	25
13	13. Additional title, property insurers (NRS 680A.240):	
14	(a) Original registration.....	\$25
15	(b) Annual continuation of registration.....	25
16	14. Insurance vending machines:	
17	(a) Filing application for license and issuance, if issued,	
18	each machine.....	\$20
19	(b) Annual continuation of license, each machine.....	20
20	15. Securities solicitation permit:	
21	(a) Application for permit.....	\$100
22	(b) Extension of permit.....	50
23	16. Securities salesman, domestic insurers:	
24	(a) Filing application for license and issuance, if issued.....	\$10
25	(b) Annual continuation of license.....	10
26	17. Rating organizations:	
27	(a) Filing application for license and issuance, if issued.....	\$100
28	(b) Annual continuation of license.....	100
29	18. Life and health insurance administrator:	
30	(a) Filing application for registration and certificate, if	
31	issued.....	\$25
32	(b) Annual continuation of certificate.....	25
33	19. Insurance laws, each copy, not less than cost.	
34	20. Certified copy of insurer certificate of authority or	
35	of any license issued under this code.....	\$2
36	21. Copies of other documents on file in the division: A	
37	reasonable charge as fixed by the commissioner; and for	
38	certifying and affixing official seal.....	\$1
39	22. Letter of clearance as to agent or broker.....	\$2
40	23. Certificate of license status, agent or broker.....	\$2]
41	(a) Resident agents and nonresident agents qualifying under	
42	subsection 3 of NRS 683A.340:	
43	(1) Application and license, if issued.....	\$25
44	(2) Appointment by each insurer.....	5
45	(3) Triennial renewal of each license.....	30
46	(4) Temporary license.....	5
47	(5) Limited license pursuant to NRS 683A.260, for each	
48	insurer, each year.....	2

1	(b) Other nonresident agents:	
2	(1) Application and license, if issued.....	\$50
3	(2) Appointment by each insurer.....	25
4	(3) Triennial renewal of each license.....	75
5	6. Brokers' licenses and renewals:	
6	(a) Resident brokers and nonresident brokers qualifying	
7	under subsection 4 of NRS 683A.340:	
8	(1) Application and license, if issued.....	\$50
9	(2) Triennial renewal of each license.....	30
10	(b) Other nonresident brokers:	
11	(1) Application and license, if issued.....	100
12	(2) Triennial renewal of each license.....	225
13	(c) Surplus lines brokers:	
14	(1) Application and license, if issued.....	15
15	(2) Triennial renewal of each license.....	30
16	7. Solicitors:	
17	(a) Application and license, if issued.....	\$15
18	(b) Triennial renewal of each license.....	30
19	(c) Initial appointment.....	5
20	8. Managing general agent:	
21	(a) Application and license, if issued.....	\$15
22	(b) Initial appointment, each insurer.....	5
23	(c) Triennial renewal of each license.....	30
24	9. Adjusters' licenses:	
25	(a) Independent and public adjusters:	
26	(1) Application and license, if issued.....	\$15
27	(2) Triennial renewal of each license.....	30
28	(b) Associate adjusters:	
29	(1) Application and license, if issued.....	15
30	(2) Initial appointment.....	5
31	(3) Triennial renewal of each license.....	30
32	10. Appraisers of physical damage to motor vehicles:	
33	(a) Application and license, if issued.....	\$15
34	(b) Triennial renewal of each license.....	30
35	11. Life insurance analysts:	
36	(a) Application and license, if issued.....	\$15
37	(b) Triennial renewal of each license.....	30
38	12. Additional title and property insurers pursuant to NRS	
39	680A.240:	
40	(a) Original registration.....	\$25
41	(b) Annual renewal.....	25
42	13. Insurance vending machines:	
43	(a) Application and license, if issued, for each machine.....	\$15
44	(b) Triennial renewal of each license.....	30
45	14. Permit for solicitation for securities:	
46	(a) Application for permit.....	\$100
47	(b) Extension of permit.....	50
48	15. Securities salesmen for domestic insurers:	
49	(a) Application and license, if issued.....	\$25
50	(b) Annual continuation of license.....	15

1	16. Rating organizations:	
2	(a) Application and license, if issued.....	\$100
3	(b) Annual renewal.....	100
4	17. Administrator of life and health insurance:	
5	(a) Application and certificate of registration, if issued.....	\$50
6	(b) Annual renewal.....	25
7	18. For copies of the insurance laws of Nevada, a fee	
8	which is not less than the cost of producing the copies.	
9	19. Certified copies of certificates of authority and licenses	
10	issued pursuant to the insurance code.....	\$10
11	20. For copies and amendments of documents on file in	
12	the division, a reasonable charge fixed by the commissioner,	
13	including charges for duplicating or amending the forms and	
14	for certifying the copies and affixing the official seal.	
15	21. Letter of clearance for an agent or broker.....	\$5
16	22. Certificate of status as a licensed agent or broker.....	\$5
17	23. Bail agents:	
18	(a) Application and license, if issued.....	\$15
19	(b) Initial appointment by each surety insurer.....	5
20	(c) Triennial renewal of each license.....	30
21	24. Property bondsmen:	
22	(a) Application and license, if issued.....	\$15
23	(b) Triennial renewal of each license.....	30
24	25. General bail agent:	
25	(a) Application and license, if issued.....	\$15
26	(b) Initial appointment by each insurer.....	5
27	(c) Triennial renewal of each license.....	30
28	26. Bail solicitor:	
29	(a) Application and license, if issued.....	\$15
30	(b) Triennial renewal of each license.....	30
31	27. Title insurance agent:	
32	(a) Application and license, if issued.....	\$15
33	(b) Triennial renewal of each license.....	30
34	28. Certificate of authority for a funeral service, for	
35	issuance and each annual renewal.....	\$25
36	29. Agent for prepaid funeral contracts:	
37	(a) Application and license, if issued.....	\$15
38	(b) Triennial renewal of each license.....	30
39	30. Agents for fraternal benefit societies:	
40	(a) Application and license, if issued.....	\$25
41	(b) Triennial renewal of each license.....	30

42 SEC. 2. NRS 683A.170 is hereby amended to read as follows:
 43 683A.170 1. [After completion and filing of] *Before accepting an*
 44 *application, [with the commissioner as required by NRS 683A.150,]*
 45 *the commissioner shall subject each [applicant] person who intends to*
 46 *apply for a license as a resident agent, resident broker or solicitor,*
 47 *unless exempted therefrom under NRS 683A.180, to a written examina-*
 48 *tion personally as to his competence to act as [such] an agent, broker*
 49 *or solicitor.*

1 2. If the applicant is a firm or corporation, the examination [shall]
2 *must* be taken by each [individual] *person* who is to be named in or
3 registered as to the license, as provided in NRS 683A.140.

4 3. The examination of [an applicant] *a person who intends to apply*
5 for an agent's or broker's license [shall] *must* cover all the kinds of
6 insurance to be transacted under the license, which [shall] *must* include
7 any one or more of the following kinds of insurance, without subdivision:

- 8 (a) Life insurance.
9 (b) Health insurance.
10 (c) Property insurance.
11 (d) Casualty insurance.
12 (e) Surety insurance.

13 4. As to life insurers authorized to issue variable annuities in this
14 state, the commissioner shall require [applicants] *persons who intend*
15 *to be appointed by [such] those* insurers as agents to solicit [such]
16 contracts in this state, in addition to the examination required as to life
17 insurance, to take and pass successfully a supplemental written examina-
18 tion covering variable annuities and securities.

19 5. Examination of [an applicant] *a person who intends to apply*
20 for a solicitor's license [shall] *must* cover all kinds of insurance, other
21 than life or health insurances, as to which the appointing agent or broker
22 is licensed.

23 6. Written application for the examination [shall] *must* be filed
24 with the commissioner by or on behalf of the applicant not less than 7
25 days [prior to] *before* the date fixed for the examination, as provided
26 in NRS 683A.210, and [shall] *must* be accompanied by the fee for
27 each kind of insurance to be included in [such] *the* application as
28 specified in NRS 680.010. [(fee schedule).] The examination fee shall
29 be deemed earned when paid and [shall not be] *is not* refundable. The
30 fee [shall be] *is* applicable to an examination given within 3 months
31 after the date of the application for examination, but not thereafter.

32 SEC. 3. NRS 683A.190 is hereby amended to read as follows:

33 683A.190 1. [After completion and filing of] *Before he accepts an*
34 application, [with the commissioner as required by NRS 683A.150,]
35 the commissioner shall subject each [applicant] *person who intends to*
36 *apply* for a license as nonresident agent or nonresident broker person-
37 ally to a written examination as to his competence to act as [such] *an*
38 agent or broker. Subsections 2 (firms and corporations), 3 (kinds of
39 insurance), 4 (variable annuities and securities) and 6 (examination
40 application and fee) of NRS 683A.170 [are also applicable to such]
41 *apply to nonresidents.*

42 2. The commissioner may [, in his discretion,] enter into a
43 reciprocal arrangement with the public officer having supervisions of the
44 business of insurance in another state or in a province of Canada to
45 accept, in lieu of the examination of the applicant as required in sub-
46 section 1, the certificate of [such] *the* officer to the effect that the
47 applicant is licensed as an insurance agent or broker, as the case may
48 be, in [such] *that* state or province and has complied with its qualifica-
49 tions and standards concerning:

- 50 (a) Experience or training;

1 (b) Reasonable familiarity with the broad principles of insurance
2 licensing and regulatory laws and with the terms and conditions of insur-
3 ance contracts of the kinds of insurance which the applicant proposes
4 to transact in this state; and

5 (c) A reasonably good general understanding of the obligations and
6 duties of [such] an insurance broker or agent.

7 SEC. 4. NRS 683A.210 is hereby amended to read as follows:

8 683A.210 1. The commissioner shall [cause] *make* examinations
9 of [resident applicants to be] *persons who intend to apply for licenses*
10 available not less frequently than monthly, at a place in this state reason-
11 ably accessible to applicants.

12 2. The commissioner shall make examinations [for a license] *of*
13 *persons who intend to apply for licenses* as a nonresident agent or non-
14 resident broker available to [applicants] *those persons* not less fre-
15 quently than every 6 months; but at any earlier time after receipt of an
16 application for such a license the commissioner may [in his discretion,]
17 forward the examination questions to the insurance supervisory officer
18 of the state or Canadian province of the applicant's residence for the
19 purpose of having [such] *the officer* administer the taking of the exami-
20 nation by the [applicant] *person* in accordance with the instructions of
21 the commissioner. In such event, the examination questions and answers,
22 when completed by the [applicant, shall] *person, must* be returned to
23 and graded by the commissioner.

24 3. The [applicant shall] *person who intends to apply for a license*
25 *must* pay an examination application fee for each kind of insurance
26 as to which he is to be examined.

27 4. [The] *Except as provided in subsection 5, the commissioner*
28 shall conduct and grade all examinations given by him or under his
29 instructions in a fair and impartial manner and without unfair discrimina-
30 tion between [individuals] *persons* examined.

31 5. *The commissioner may enter into contracts with testing services*
32 *to make those services available to persons who intend to apply for a*
33 *license. The commissioner may accept certificates of passing scores from*
34 *those services as substitutes for examinations which he conducts.*

35 6. The commissioner shall require a waiting period of 6 months
36 before reexamination of an applicant who has previously failed twice to
37 pass an examination covering the same kind or kinds of insurance; and
38 thereafter shall require a waiting period of 1 year if the same applicant
39 twice again fails to pass the examination covering the same kind or kinds
40 of insurance as before.

41 [6.] 7. An additional examination fee [shall] *must* be paid for each
42 repeat of an examination.

43 SEC. 5. NRS 683A.250 is hereby amended to read as follows:

44 683A.250 1. Except as provided in subsection 2, a life or health
45 insurance agent may concurrently be licensed as to as many life or health
46 insurers as duly file appointments of the licensee with the commissioner
47 and pay the appointment fee.

48 2. [Upon the filing of each appointment of the licensee or proposed
49 licensee by a life or health insurer the commissioner shall promptly give
50 written notice of the pending appointment to all other life or health

1 insurers, as the case may be, as to whom the licensee has been licensed
2 in this state within the 24 months next preceding, and shall allow such
3 other insurers a reasonable period as specified in the notice within which
4 to respond.] If the commissioner finds that the applicant or licensee has
5 a debit balance with any [such] other insurer which is not adequately
6 secured or otherwise provided for to the obligee insurer's satisfaction, and
7 that [such] the indebtedness is either acknowledged by the applicant or
8 licensee or the insurer has secured a judgment therefor, the commissioner
9 shall not [effectuate] put the new appointment into effect until after
10 [such] the debit balance has been adequately secured, or otherwise
11 [so] provided for.

12 SEC. 6. NRS 683A.270 is hereby amended to read as follows:

13 683A.270 1. Each broker's, solicitor's, nonresident broker's, surplus
14 lines broker's and managing general agent's license issued under this
15 code [shall continue] continues in force until it expires or is suspended,
16 revoked or otherwise terminated, but subject to payment to the com-
17 missioner at his office in Carson City, Nevada, [annually on or before
18 April 30] on or before the last day of the month containing the third
19 anniversary of the date on which the license became effective or was last
20 renewed, of the applicable continuation fee stated in NRS 680B.010 (fee
21 schedule) and a recovery fund fee of \$15, accompanied by a written
22 request for continuation. A request for continuation [shall] must be
23 made as follows:

24 (a) For brokers', nonresident brokers', surplus lines brokers' and
25 managing general agents' licenses, the request [shall] must be made and
26 signed by the licensee.

27 (b) For solicitors' licenses, the request [shall] must be made and
28 signed by the employer agent or broker.

29 2. Any license referred to in subsection 1 not continued on or before
30 [April 30] the last day specified for its renewal shall be deemed to have
31 expired at midnight on [April 30; but the] that day. The commissioner
32 may [effectuate] accept a request for continuation received by him
33 within 30 days thereafter if it is accompanied by [an annual] a continua-
34 tion fee of 150 percent of the fee otherwise required and the recovery
35 fund fee of \$15.

36 3. An agent's or nonresident agent's license [shall continue] con-
37 tinues in force while there is in effect, as to the licensee, as shown by
38 the commissioner's records, an appointment or appointments as agent
39 of authorized insurers covering collectively all the kinds of insurance
40 included in the agent's license. Upon termination of all the licensee's
41 agency appointments as to a particular kind of insurance and failure to
42 replace [such] an appointment within 60 days thereafter, the license
43 [shall thereupon expire and terminate] expires as to that kind of insur-
44 ance; and the licensee shall promptly deliver his license to the commis-
45 sioner for reissuance, without fee or charge, as to the kinds of insurance
46 covered by the licensee's remaining agency appointments. Upon termina-
47 tion of all the licensee's agency appointments under the license, it [shall
48 terminate.] expires.

49 4. If the commissioner has reason to believe that any licensee agent,
50 broker or solicitor has for any cause raised a reasonable question as to

1 the competence of the licensee or of any [individual] person designated
2 to exercise the license powers of a firm or corporate licensee, the com-
3 missioner may require, as a condition to continuation of the license, that
4 the licensee or [individual] person take and pass to the commissioner's
5 satisfaction a written examination as required under this chapter of [new
6 applicants] persons who intend to apply for a similar license.

7 5. The commissioner may by regulation require the successful com-
8 pletion of a reasonable number of appropriate courses of study as a
9 condition to continuation of any license to which this section applies.

10 6. The license of a managing general agent as to a particular insurer
11 or underwriter's department [shall] must be terminated by the com-
12 missioner upon written request by any of [such] those persons.

13 7. This section does not apply to temporary licenses issued under
14 NRS 683A.300.

15 SEC. 7. NRS 683A.280 is hereby amended to read as follows:

16 683A.280 1. Each insurer appointing an agent, resident or non-
17 resident, in this state shall file with the commissioner a written appoint-
18 ment specifying the kinds of insurance to be transacted by the agent
19 for the insurer, and pay the appointment fee, or license fee in the case
20 of limited licenses, as specified in NRS 680B.010 (fee schedule).

21 2. [Subject to annual continuation by the insurer as provided in
22 subsection 3, each] Each appointment [shall remain] remains in effect
23 until the agent's license is revoked or otherwise terminated, or there is
24 an earlier termination of the appointment.

25 [3. As soon as reasonably possible after commencement of each
26 calendar year the commissioner shall furnish to each authorized insurer
27 an alphabetical list of the names of all agents of the insurer in this state
28 then of record in the division. The insurer shall indicate on such list
29 those agents whose appointments or limited licenses are not to be con-
30 tinued in effect or whose appointments are to be modified as to the kinds
31 of insurance covered, and on or before April 30 of the same year return
32 the list to the commissioner together with payment of the annual con-
33 tinuation of appointment fee, or license fee in the case of limited licenses,
34 in amounts as specified in NRS 680B.010 (fee schedule) as to those
35 appointments or limited licenses not being terminated. Any appoint-
36 ment or license not so continued and not otherwise expressly terminated
37 shall be deemed to have expired at midnight on April 30.]

38 SEC. 8. NRS 683A.290 is hereby amended to read as follows:

39 683A.290 1. Subject to the agent's contract rights, if any, an
40 insurer may terminate an agency appointment, resident or nonresident,
41 at any time. The insurer shall promptly give written notice of termina-
42 tion and the effective date thereof to the commissioner, on forms fur-
43 nished by the commissioner, and to the agent if reasonably possible.
44 [The list of appointments not being continued referred to in NRS 683A.-
45 280 shall constitute such notice to the commissioner as to terminations
46 so listed.] The commissioner may require of the insurer reasonable
47 proof that the insurer has also given such a notice to the agent if reason-
48 ably possible.

49 2. Accompanying the notice of termination given the commissioner,
50 the insurer shall, upon written request of the commissioner, file with him

1 a statement of the cause, if any, for each termination. Any information
2 or document so disclosed or furnished to the commissioner shall be
3 deemed a qualifiedly privileged communication and [shall not be] *is not*
4 admissible as evidence in any action or proceeding unless so permitted by
5 the insurer in writing.

6 3. An agent or broker terminating the employment and license [as
7 such] of a solicitor shall give like notice of [such] termination and proof
8 to the commissioner, like information as to the reasons for [such] termi-
9 nation, with like status as a privileged communication unless [such] the
10 privilege is waived in writing by the agent or broker.

11 4. No agreement between the insurer and agent, or between employer
12 agent or broker and licensed solicitor, [shall affect] *affects* the com-
13 missioner's termination of the appointment or license if so requested by
14 the insurer, or by the employer agent or broker, as the case may be.

15 SEC. 9. NRS 683B.050 is hereby amended to read as follows:

16 683B.050 1. [After completion and filing of the] *Before accepting*
17 an application as required by NRS 683B.040, the commissioner shall
18 subject each [applicant] *person who intends to apply* for a license as life
19 insurance analyst, unless exempted therefrom under subsection 2, to a
20 written examination as to his competence to act as [such] an analyst.

21 2. No [such] examination [shall be] *is* required of [an applicant]
22 a person who:

23 (a) Is a member or associate of the American Academy of Actuaries;
24 or

25 (b) Holds the designation of "chartered life underwriter"; or

26 (c) Has been similarly licensed by this state within 1 year next preced-
27 ing his application for a license, unless the previous license was suspended
28 or revoked or continuation refused by the commissioner.

29 3. The examination [shall] *must* be of such scope and character as
30 to require, for successfully passing [the same,] *it*, a thorough knowledge
31 and high expertise, as to the laws of this state relative to life insurance
32 and annuities, as to life insurance and annuity principles and prac-
33 tices, and as to the principles, purposes, terms and conditions of life
34 insurance contracts and annuity contracts, both individual and group.

35 4. The examination [shall] *must* be conducted by the commissioner
36 or by a testing service under the applicable provisions of NRS 683A.210
37 (conduct of examinations).

38 5. The [applicant shall] *person must* file his written [application]
39 request for the examination with the commissioner not less than 30 days
40 [prior to] *before* the date fixed for the examination, accompanied by
41 the [examination application] fee specified in NRS 680B.010 (fee
42 schedule). The [examination application] fee shall be deemed earned
43 when paid, and [shall not be] *is not* subject to refund for any cause.

44 SEC. 10. NRS 684A.100 is hereby amended to read as follows:

45 684A.100 1. Each [applicant] *person who intends to apply* for a
46 license as an adjuster shall, [prior to issuance of] *before applying for*
47 the license, personally take and pass to the commissioner's satisfaction an
48 examination in writing testing the applicant's qualifications and com-
49 petence as an adjuster and his knowledge of pertinent provisions of this
50 code. This subsection [shall] *does* not apply to any person holding a

1 valid and effective Nevada license as an adjuster immediately [prior to]
2 before January 1, 1972.

3 2. The commissioner shall give examinations or provide for the
4 giving of examinations by testing services at such times and places within
5 the state as he deems reasonably necessary. [; but the commissioner
6 shall give any examination] An examination must be given at least every
7 6 months if an application for a license is then pending.

8 3. [The examination shall be taken by the applicant under the com-
9 missioner's supervision.

10 4.] If the applicant fails to pass the examination, the commissioner
11 shall require a waiting period of at least 1 month before permitting the
12 applicant to take a second examination; and if the applicant fails to pass
13 the second examination, the commissioner shall require a waiting period
14 of at least 6 months before and between any subsequent examinations
15 of the same applicant.

16 [5. The applicant shall] 4. The person must file a written [applica-
17 tion] request with the commissioner for the examination at least 7 days
18 before the examination date, accompanied by the [applicable examina-
19 tion application] fee specified in NRS 680B.010 (fee schedule). The
20 fee shall be deemed earned when paid, and [shall not be] is not refund-
21 able.

22 SEC. 11. NRS 684A.130 is hereby amended to read as follows:

23 684A.130 1. Each adjuster's license issued under this chapter [shall
24 continue] continues in force until expired, suspended, revoked or other-
25 wise terminated, but subject to payment to the commissioner at his office
26 in Carson City, Nevada, [annually on or before June 30] of the
27 [applicable continuation] renewal fee specified in NRS 680B.010 (fee
28 schedule), accompanied by the written request of the licensee for [such]
29 continuation. The fee must be paid on or before the last day of the month
30 containing the third anniversary of the date on which the license or its
31 most recent renewal became effective.

32 2. Any license not [so] continued shall be deemed to have expired
33 at midnight on [June 30; but the] the last day specified for its renewal.
34 The commissioner may [effectuate] accept a request for continuation
35 received by him within 30 days after [June 30] the expiration of the
36 license if it is accompanied by [an annual continuation] a fee of 150
37 percent of the fee otherwise required.

38 3. This section does not apply to temporary licenses issued under
39 NRS 684A.150.

40 SEC. 12. NRS 684B.080 is hereby amended to read as follows:

41 684B.080 1. Each motor vehicle physical damage appraiser's
42 license issued under this chapter [shall continue] continues in force until
43 expired, suspended, revoked or otherwise terminated, but subject to
44 payment to the commissioner at his office in Carson City, Nevada,
45 [annually on or before June 30] of the applicable continuation fee
46 specified in NRS 680B.010 (fee schedule), accompanied by the writ-
47 ten request of the licensee for [such] continuation. The fee must be
48 paid on or before the last day of the month containing the third anni-
49 versary of the date on which the license or its most recent renewal
50 became effective.

1 2. Any license not [so] continued shall be deemed to have expired
2 at midnight on [June 30; but the] *the last day specified for its renewal.*
3 The commissioner may [effectuate] accept a request for continuation
4 received by him within 30 days after [June 30] *the expiration of the*
5 *license if the request is accompanied by an annual continuation fee of*
6 *150 percent of the fee otherwise required.*

7 SEC. 13. NRS 689.205 is hereby amended to read as follows:
8 689.205 1. Each certificate of authority issued pursuant to this
9 chapter [shall expire at midnight on April 30 next following its date of
10 issuance.] *expires at midnight on the last day of the month containing*
11 *the third anniversary of the date on which the license or its most recent*
12 *renewal became effective.*

13 2. The administrator shall renew a certificate of authority upon
14 receiving a written request for renewal from the seller, accompanied by
15 a renewal fee of \$25, if he finds that the seller is, at that time, in com-
16 pliance with all applicable provisions of this chapter.

17 SEC. 14. NRS 689.235 is hereby amended to read as follows:
18 689.235 1. To qualify for an agent's license, the applicant [shall:]
19 *must:*

20 (a) Execute and file a written application with the administrator on
21 forms furnished by the administrator;

22 (b) Be of good business and personal reputation; and

23 (c) Pass a written examination prepared by the state board of funeral
24 directors and embalmers and administered by the commissioner [.] *or*
25 *by a testing service with which the commissioner has entered into a*
26 *contract.*

27 2. The application [shall:] *must:*

28 (a) Contain information concerning the applicant's identity, address
29 and personal background and business, professional or work history.

30 (b) Contain such other pertinent information as the administrator may
31 require.

32 (c) Be accompanied by a filing and license fee of \$10, which is not
33 refundable.

34 SEC. 15. NRS 689.255 is hereby amended to read as follows:
35 689.255 1. Each agent's license issued pursuant to this chapter
36 [shall expire at midnight on April 30 next following its date of issuance.]
37 *expires at midnight on the last day of the month containing the third*
38 *anniversary of the date on which the license or its most recent renewal*
39 *became effective.*

40 2. An agent's license may be renewed, unless it has been suspended
41 or revoked, at the request of the holder of a valid certificate of authority,
42 upon filing a written request for renewal accompanied by [a \$5] *the*
43 *required renewal fee, which is nonrefundable.*

44 3. An agent's license is valid only while the agent is employed by a
45 holder of a valid certificate of authority.

46 SEC. 16. NRS 695A.290 is hereby amended to read as follows:
47 695A.290 1. [Societies which are authorized on January 1, 1972, to
48 transact business in this state may continue such business until May 1,
49 1972. The authority of such societies and all societies licensed after
50 January 1, 1972, may thereafter be renewed annually, but in all cases

1 shall terminate on the 1st day of the succeeding May; but a license so
2 issued shall continue in full force and effect until the new license is issued
3 or specifically refused.

4 2.] For each [such license] certificate or renewal the society [shall]
5 must pay to the commissioner a fee of \$10.

6 2. Each certificate issued to a society pursuant to this chapter expires
7 at midnight on the last day of the month containing the third anniversary
8 of the date on which the certificate or its most recent renewal became
9 effective.

10 3. A certificate may be renewed at the request of the holder of a valid
11 certificate of compliance upon the filing of a written request and the
12 required renewal fee.

13 [3. A duly] 4. A certified copy or duplicate of [such license shall
14 be] a certificate is prima facie evidence that the [licensee] society is a
15 fraternal benefit society within the meaning of this chapter.

16 SEC. 17. NRS 695A.360 is hereby amended to read as follows:

17 695A.360 1. The commissioner may issue a license to any person
18 who has paid [an annual license fee of \$5] the license fee or renewal
19 fee specified in NRS 680B.010 and who has complied with the require-
20 ments of this chapter authorizing the licensee to act as an insurance
21 agent on behalf of any society named in the license, which society is
22 authorized to do business in this state.

23 2. Before any insurance agent's license [shall be] is issued there
24 [shall] must be on file in the office of the commissioner the following
25 documents:

26 (a) A written application by the prospective licensee in such form or
27 forms and supplements thereto, and containing such information, as the
28 commissioner may prescribe.

29 (b) A certificate by the society which is to be named in the license,
30 stating that the society has satisfied itself that the named applicant is
31 trustworthy and competent to act as an insurance agent and that the
32 society will appoint the applicant to act as its agent if the license applied
33 for is issued by the commissioner. Certificates [shall] must be executed
34 and acknowledged by an officer or managing agent of the society.

35 3. Except as provided in subsection 4, [an applicant] a person who
36 intends to apply for an insurance agent's license [shall] must take the
37 same examination as is required for health and life insurance agents
38 pursuant to NRS 683A.170.

39 4. No written or other examination [shall be] is required of:

40 (a) A person who held a license as an insurance agent on July 1,
41 1977, for renewals of his license; and

42 (b) An insurance agent of a society who, in any calendar year,
43 solicits and procures insurance contracts on behalf of any society which
44 total less than \$250,000 insurance in force, or writes contracts on not
45 more than 25 persons at no more than \$10,000 per contract.

46 5. An insurance agent who is exempt from examination under para-
47 graph (b) of subsection 4 and who exceeds a limit set in that paragraph
48 shall [make application] apply to the commissioner within 90 days for
49 examination, and the society shall terminate the appointment of the

1 insurance agent within 90 days and until a new insurance agent's license
2 has been issued after examination.

3 6. *Each license issued pursuant to this section expires at midnight*
4 *on the last day of the month containing the third anniversary of the date*
5 *on which the license or its most recent renewal became effective.*

6 SEC. 18. NRS 695A.370 is hereby amended to read as follows:

7 695A.370 1. The commissioner may refuse to issue or renew any
8 insurance agent's license if in his judgment the proposed licensee is not
9 trustworthy and competent to act as an agent, has given cause for
10 revocation or suspension of the license, or has failed to comply with any
11 prerequisite for the issuance or renewal, as the case may be, of a license.

12 2. Every license issued pursuant to NRS 695A.330 to 695A.390,
13 inclusive, and every renewal thereof, [shall expire on April 30 of the
14 calendar year following the calendar year in which it was issued.]
15 *expires at midnight on the last day of the month containing the third*
16 *anniversary of the date on which the license or its most recent renewal*
17 *became effective.*

18 3. If the application for a renewal license has been filed with the
19 commissioner on or before [April 30 of the year in which the existing
20 license is to expire.] *the day on which it is to expire*, the applicant named
21 in the existing license may continue to act as insurance agent under the
22 existing license, unless the license is revoked or suspended, until the
23 issuance by the commissioner of the renewal license or until the expira-
24 tion of 5 days after he has refused to renew the license and has served
25 written notice of refusal on the applicant. If the applicant, within 30 days
26 after notice is given, notifies the commissioner in writing of his request
27 for a hearing on the refusal, the commissioner shall, within a reasonable
28 time after receipt of notice, grant a hearing, and he may, in his dis-
29 cretion, reinstate the license.

30 4. Any renewal license of an insurance agent may be issued upon
31 the application of the society named in the existing license. [Such appli-
32 cation shall] *The application must* be in the form [or forms] prescribed
33 by the commissioner and [shall] contain such information as he may
34 require. The application [shall] *must* contain a certificate executed by
35 the president, or by a vice president, a secretary, an assistant secretary,
36 or corresponding officer by whatever name known, or by an employee
37 expressly designated and authorized to execute the certificate of a domes-
38 tic or foreign society or by the United States manager of an alien society,
39 stating that the addresses therein given of the agents of the society for
40 whom renewal licenses are requested therein have been verified in each
41 instance immediately preceding the preparation of the application. [Not-
42 withstanding the filing of such application, the] *The commissioner may*,
43 after reasonable notice to any society, require that any or all agents of
44 that society to be named as licensees in renewal licenses execute and file
45 separate applications for the renewal of licenses and he may also require
46 that each application be accompanied by the certificate specified in para-
47 graph (b) of subsection 2 of NRS 695A.360.

48 SEC. 19. NRS 697.180 is hereby amended to read as follows:

49 697.180 1. Written application for a bail agent's, general agent's,
50 property bondsman's or bail solicitor's license [shall] *must* be filed with

1 the commissioner by the applicant, accompanied by the appropriate fees
2 specified in [NRS 697.140.] *NRS 680B.010*. The application form
3 [shall] *must* be accompanied by the applicant's fingerprints, and [shall]
4 *must* require full answers to questions reasonably necessary to determine
5 the applicant's:

6 (a) Identity and residence.

7 (b) Business record or occupations for not less than the 2 years next
8 preceding, with the name and address of each employer, if any.

9 (c) Experience or instruction in the bail bond business and relative
10 to the laws of this state governing bail.

11 2. The commissioner may reasonably require other facts to deter-
12 mine the applicant's qualifications for the license applied for.

13 3. If for a bail agent's license, the application [shall] *must* be
14 accompanied by a written appointment by an authorized insurer as agent
15 for bail bonds, subject to issuance of the license.

16 4. If for a general agent's license, the application [shall] *must* be
17 accompanied by a written appointment by an authorized insurer as gen-
18 eral agent, subject to issuance of the license.

19 5. If for a bail solicitor's license, the application [shall] *must* be
20 accompanied by a written requisition and certification by a licensed
21 bail agent that the applicant is his bona fide employee and that he will
22 exercise reasonable supervision over the conduct of the applicant and
23 be responsible for the applicant's conduct in the bail bond business.

24 6. If the applicant for a general agent's license is a firm or cor-
25 poration, the application [shall] *must* also show the names of all mem-
26 bers, officers and directors, and [shall] designate each [individual]
27 *person* who is to exercise the license powers. [; and each such individual
28 shall] *Each person so designated must* furnish information [as to] *about*
29 himself as though for an individual license.

30 7. The application [shall] *must* be verified by the applicant, and
31 no applicant for a license under this chapter [shall] *may* knowingly
32 misrepresent or withhold any fact or information called for in the appli-
33 cation form or in connection therewith.

34 SEC. 20. NRS 697.200 is hereby amended to read as follows:

35 697.200 1. After completion and filing of the application with the
36 commissioner as required in NRS 697.180, the commissioner shall
37 subject each applicant for a license as a bail bondsman or bail solicitor
38 to a written examination personally as to his competence to act as
39 [such] a bail bondsman or bail solicitor.

40 2. The scope of the examination [shall] *must* be as broad as the
41 bail bond business.

42 3. Written application [shall] *must* be filed with the commissioner
43 by or on behalf of the applicant not less than 7 days [prior to] *before*
44 the date fixed for the examination, as provided in NRS 683A.210 (con-
45 duct of examinations) and [shall] *must* be accompanied by the [exami-
46 nation] fee as specified in [NRS 697.140 (fee schedule).] *NRS*
47 *680B.010*. The fee shall be deemed earned when paid and [shall not be]
48 *is not* refundable. The fee [shall be] *is* applicable to an examination
49 given within 3 months after the date of the application for examination
50 but not thereafter.

1 SEC. 21. NRS 697.230 is hereby amended to read as follows:

2 697.230 1. Each general agent's bail bondsman's and bail solicitor's
3 license issued under this chapter [shall continue] *continues* in force
4 until it expires or is suspended, revoked or otherwise terminated, but
5 subject to payment to the commissioner at his office in Carson City,
6 Nevada, [annually on or before April 30] *on or before the last day of*
7 *the month containing the third anniversary of the date on which the*
8 *license became effective or was last renewed falls*, of the applicable con-
9 tinuation fee [stated in NRS 697.140 (fee schedule),] accompanied by
10 a written request for [such] continuation. A request for continuation
11 [shall] *must* be made as follows:

12 (a) For general agent's and property bondsman's licenses, the request
13 [shall] *must* be made and signed by the licensee.

14 (b) For bail solicitors' licenses, the request [shall] *must* be made
15 and signed by the [employer] bail bondsman [.] *who employs the*
16 *solicitor.*

17 2. Any license referred to in subsection 1 and not [so] continued
18 on or before [April 30] *the last day specified for its renewal* shall be
19 deemed to have expired at 12 p.m. on [April 30; but the] *that day.* The
20 commissioner may [effectuate] *accept* a request for continuation
21 received by him within 30 days thereafter, if accompanied by [an
22 annual] *a* continuation fee of 150 percent of the fee otherwise required.

23 3. A bail agent's license [shall continue] *continues* in force while
24 there is in effect, as to the licensee, as shown by the commissioner's
25 records, an appointment or appointments as bail agent of authorized
26 insurers. Upon termination of the licensee's [bail agent's] appointment
27 *of the bail agent* and failure to replace [such] *the* appointment within
28 60 days thereafter, the license [shall thereon expire and terminate;]
29 *expires* and the licensee shall promptly deliver his license to the com-
30 *missioner.*

31 4. The license of a general agent as to a particular insurer [shall]
32 *must* be terminated by the commissioner upon written request by [any
33 of such persons.] *the insurer.*

34 5. Any property bondsman who discontinues writing bail bonds dur-
35 ing the period for which he is licensed shall notify the clerk of the district
36 court and the sheriff with whom he has registered and return his license
37 to the commissioner for cancellation within 30 days [from such] *after*
38 *the discontinuance.*

39 6. This section does not apply to temporary licenses issued under
40 NRS 683A.300.

41 SEC. 22. NRS 697.240 is hereby amended to read as follows:

42 697.240 1. Each insurer appointing a bail agent shall file with the
43 commissioner a written appointment and pay the appointment fee as
44 specified in [NRS 697.140 (fee schedule).] *NRS 680B.010.*

45 2. [Subject to annual continuation by the insurer as provided in
46 subsection 3, each] *Each* appointment remains in effect until the bail
47 agent's license is revoked or otherwise terminated, or there is an earlier
48 termination of the appointment.

49 3. [As soon as reasonably possible after commencement of each
50 calendar year, the commissioner shall furnish to each authorized insurer

1 an alphabetical list of the names of all bail agents of the insurer in this
2 state then of record in the division. The insurer shall indicate on such
3 list those bail agents whose appointments are not to be continued in
4 effect, and on or before April 30 of the same year return the list to the
5 commissioner, together with the payment of the annual continuation of
6 appointment fee in amounts as specified in NRS 697.140 (fee schedule)
7 as to those appointments not being terminated. Any appointment not
8 so continued and not otherwise expressly terminated shall be deemed
9 to have expired on April 30.

10 4.] No insurer may appoint a bail agent whose contingent liability
11 exceeds an amount equal to 10 times his reserve account unless the
12 appointment is first approved by the commissioner.

13 SEC. 23. NRS 697.250 is hereby amended to read as follows:

14 697.250 1. An insurer may terminate an appointment at any time.
15 The insurer shall promptly give written notice of termination and the
16 effective date thereof to the commissioner, on forms furnished by the
17 commissioner, and to the bail agent if reasonably possible. [The list of
18 appointments not being continued referred to in NRS 697.240 shall
19 constitute such notice to the commissioner as to termination so listed.]
20 The commissioner may require of the insurer reasonable proof that the
21 insurer has also given such a notice to the agent is reasonably possible.

22 2. Accompanying the notice of termination given the commissioner,
23 the insurer shall file with him a statement of the cause, if any, for each
24 termination. Any information or documents so disclosed to the com-
25 missioners shall be deemed as absolutely privileged communication and
26 [shall not be] are not admissible as evidence in any action or proceed-
27 ings unless [so] permitted by the insurer in writing.

28 3. A bail bondsman terminating the appointment and license as
29 such of a bail solicitor shall give like notice of [such] termination, with
30 like status as a privileged communication unless [such] the privilege is
31 waived in writing by the bail agent.

32 4. No agreement between the insurer and the bail agent, or between
33 employer bail bondsman and licensed bail solicitor, [shall affect]
34 affects the commissioner's termination of the appointment or license if
35 [so] requested by the insurer, or by the employer bail agent, as the
36 case may be.

37 SEC. 24. NRS 697.140 is hereby repealed.

EXHIBIT P

SENATE BILL NO. 555

S. B. 555

**SENATE BILL NO. 555—COMMITTEE ON
COMMERCE AND LABOR**

APRIL 16, 1981

Referred to Committee on Commerce and Labor

SUMMARY—Raises ceiling for administrative fees assessed by life and health insurance guaranty association. (BDR 57-1358)

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

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

AN ACT relating to life and health insurance; raising the ceiling for administrative fees assessed upon insurers by the Nevada Life and Health Insurance Guaranty Association; and providing other matters properly relating thereto.

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

- 1 SECTION 1. NRS 686C.240 is hereby amended to read as follows:
2 686C.240 1. Class A assessments against member insurers must be:
3 (a) Determined each year by the board;
4 (b) Not more than ~~[\$25]~~ \$50 per year for each member insurer; and
5 (c) Uniform among member insurers.
6 2. The amount of any Class B or C assessment must be divided
7 among the accounts in the proportion that the premiums received by the
8 impaired insurer on the policies covered by each account bears to the
9 premiums received by ~~[such]~~ *the* insurer on all covered policies.
10 3. Class B assessments for each account must be made separately for
11 each state in which the impaired domestic insurer was authorized to trans-
12 act insurance at any time, in the proportion that the premiums received
13 on business in that state by the impaired insurer on policies covered by
14 the accounts bears to the premiums received in all those states by the
15 impaired insurer. The assessments against member insurers must be in
16 the proportion that the premiums received on business in each state by
17 each assessed member insurer on policies covered by each account bears
18 to the premiums received on business in each state by all assessed mem-
19 ber insurers.
20 4. Class C assessments against member insurers for each account
21 must be in the proportion that the premiums received on business in this
22 state by each assessed member insurer on policies covered by each
23 account bears to premiums received on business in this state by all
24 assessed member insurers.

1 5. Assessments for money to meet the requirements of the association
2 with respect to an impaired insurer must not be made until necessary to
3 carry out the purposes of this chapter. Classification of assessments under
4 subsection 2 of NRS 686C.230 and computation of assessments under
5 this section must be made with a reasonable degree of accuracy, recog-
6 nizing that exact determinations may not always be possible.

ALB 10 (1987)

Related to Committee on Commerce and Labor

SUMMARY—Relates to the...
FISCAL NOTE—...
Effect on the State or on Industrial Insurance...

Enactment—Must be... if it relates to the...
AN ACT relating to the...
Association and... other matters relating thereto.

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

Section 1. NRS 686C.230 is hereby amended to read as follows:
686C.230. 1. Class A assessments against member insurers shall be:
(a) Determined each year by the board;
(b) Normal rates [?] \$20 per year for each member insurer and
(c) Uniform across member insurers.
2. The amount of any Class B or C assessment may be divided
among the association...
3. Class B assessments for each...
4. Class C assessments...
5. Class D assessments...

EXHIBIT Q

SENATE BILL NO. 557

(REPRINTED WITH ADOPTED AMENDMENTS)

SECOND REPRINT

S. B. 557

SENATE BILL NO. 557—COMMITTEE ON
COMMERCE AND LABOR

APRIL 16, 1981

Referred to Committee on Commerce and Labor

SUMMARY—Increases and prolongs required trust fund
for alien insurers. (BDR 57-1360)

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

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

AN ACT relating to alien insurers; increasing and prolonging the required trust fund; and providing other matters properly relating thereto.

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

- 1 SECTION 1. NRS 685A.070 is hereby amended to read as follows:
2 685A.070 1. A broker shall not knowingly place surplus lines insur-
3 ance with an insurer which is unsound financially or ineligible under this
4 section.
5 2. No insurer is eligible for the acceptance of surplus lines risks
6 under this chapter unless it has [a] surplus as to policyholders not less
7 in amount than that required of a like domestic insurer formed under
8 this code and transacting the same kind or kinds of insurance, and, if
9 an alien insured, unless it has and maintains in a bank or trust company
10 which is a member of the United States Federal Reserve System a trust
11 fund established under terms reasonably adequate for the protection of
12 all of its policyholders in the United States of America in an amount of
13 not less than ~~[\$1,000,000.]~~ \$1,500,000. *Such a trust fund must not*
14 *have an expiration date which is at any time less than 5 years in the*
15 *future, on a continuing basis.* In the case of a group of individual unin-
16 corporated insurers, such a trust fund must be not less than \$50,000,000.
17 The commissioner may require larger trust funds than those set forth
18 above if in his judgment the volume of business being transacted or pro-
19 posed to be transacted warrants larger amounts.
20 3. No insurer is eligible to write surplus lines of insurance unless it
21 has established a reputation for financial integrity and satisfactory prac-
22 tices in underwriting and handling claims. In addition, a foreign insurer
23 must be authorized in the state of its domicile to write the kinds of insur-
24 ance which it intends to write in Nevada.

1 4. The Commissioner may from time to time compile or approve a
2 list of all surplus lines insurers deemed by him to be eligible currently,
3 and may mail a copy of the list to each broker at his office last of record
4 with the commissioner. This subsection does not require the commissioner
5 to determine the actual financial condition or claims practices of any
6 unauthorized insurer; and the status of eligibility, if granted by the com-
7 missioner, indicates only that the insurer appears to be sound financially
8 and to have satisfactory claims practices, and that the commissioner has
9 no credible evidence to the contrary. While any such list is in effect, the
10 broker shall restrict to the insurers so listed all surplus lines business
11 placed by him.

12 SEC. 2. Section 1 of this act shall become effective at 12:01 a.m. on
13 July 1, 1981.

EXHIBIT R

SENATE BILL NO. 558

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

S. B. 558

SENATE BILL NO. 558—COMMITTEE ON
COMMERCE AND LABOR

APRIL 16, 1981

Referred to Committee on Commerce and Labor

SUMMARY—Tightens criteria of eligibility to write "surplus lines" of insurance. (BDR 57-1359)

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

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

AN ACT relating to insurance; tightening the criteria of eligibility to write "surplus lines" of insurance; and providing other matters properly relating thereto.

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

- 1 SECTION 1. NRS 685A.070 is hereby amended to read as follows:
2 685A.070 1. A broker shall not knowingly place surplus lines insur-
3 ance with an insurer which is unsound financially or ineligible under this
4 section.
5 2. No insurer is eligible for the acceptance of surplus lines risks under
6 this chapter unless it has a surplus as to policyholders not less in amount
7 than that required of a like domestic insurer formed under this code and
8 transacting the same kind or kinds of insurance, and, if an alien insurer,
9 unless it has and maintains in a bank or trust company which is a mem-
10 ber of the United States Federal Reserve System a trust fund established
11 under terms reasonably adequate for the protection of all of its policy-
12 holders in the United States of America in an amount of not less than
13 \$1,000,000. In the case of a group of individual unincorporated insurers,
14 such a trust fund must be not less than \$50,000,000. The commissioner
15 may require larger trust funds than those set forth above if in his judg-
16 ment the volume of business being transacted or proposed to be trans-
17 acted warrants larger amounts.
18 3. *No insurer is eligible to write surplus lines of insurance unless it*
19 *has established a reputation for financial integrity and satisfactory prac-*
20 *tices in underwriting and handling claims. In addition, a foreign insurer*
21 *must be authorized in the state of its domicile to write the kinds of*
22 *insurance which it intends to write in Nevada.*
23 4. The commissioner may from time to time compile or approve a

1 list of all surplus lines insurers deemed by him to be eligible currently,
2 and may mail a copy of the list to each broker at his office last of record
3 with the commissioner. This subsection does not require the commis-
4 sioner to determine the actual financial condition or claims practices of
5 any unauthorized insurer; and the status of eligibility, if granted by the
6 commissioner, indicates only that the insurer appears to be sound
7 financially and to have satisfactory claims practices, and that the com-
8 missioner has no credible evidence to the contrary. While any such list
9 is in effect, the broker shall restrict to the insurers so listed all surplus
10 lines business placed by him.

11 SEC. 2. NRS 685A.120 is hereby amended to read as follows:

12 685A.120 1. No person [shall] in this state [be,] may act as, [or]
13 hold himself out as, or be a surplus lines broker [,] with respect to sub-
14 jects of insurance resident, located or to be performed in this state or
15 elsewhere [,] unless [then] he is licensed as such [by a license issued]
16 by the commissioner pursuant to this chapter.

17 2. Any person [while] who is licensed by this state as a resident
18 broker for general lines [agent or as a general lines broker,] and who is
19 deemed by the commissioner to be competent and trustworthy with
20 respect to the handling of surplus lines [,] may be licensed as a surplus
21 lines broker upon: [application,]

22 (a) Application and payment of the license fee and a recovery fund fee
23 of \$15 [.] ; and

24 (b) Passing any examination prescribed by the commissioner on the
25 subject of surplus lines.

26 3. Application for the license [shall] must be made to the commis-
27 sioner on forms designated and furnished by him.

28 [4. The license fee shall be as specified in NRS 680B.010 (fee
29 schedule).

30 5. The license and licensee shall be subject to the applicable provi-
31 sions of chapter 683A of NRS as specified in NRS 685A.220 (other pro-
32 visions applicable).]

EXHIBIT S

SENATE BILL NO. 587

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

S. B. 587

SENATE BILL NO. 587—SENATOR FORD

APRIL 22, 1981

Referred to Committee on Commerce and Labor

SUMMARY—Clarifies statutory provision which allows return of certain unused drugs to pharmacy. (BDR 54-1747)

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



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

AN ACT relating to pharmacy; clarifying a statutory provision which allows the return of certain used drugs to a pharmacy; and providing other matters properly relating thereto.

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

- 1 SECTION 1. NRS 639.267 is hereby amended to read as follows:
2 639.267 1. As used in this section, "unit dose" means that quantity
3 of a drug which is packaged as a single dose.
4 2. A pharmacist who provides a regimen of drugs in unit doses to a
5 patient in a skilled nursing facility or intermediate care facility as
6 defined in chapter 449 of NRS may credit the person or agency which
7 paid for the drug for any unused doses. The pharmacist may return
8 the drugs to the issuing pharmacy, which may reissue the drugs to fill
9 other prescriptions.
10 3. [Drugs which are packaged in ampules or vials which each
11 contain a single dose, other than Schedule II drugs specified in or
12 pursuant to chapter 453 of NRS and drugs which] *Except Schedule II*
13 *drugs specified in or pursuant to chapter 453 of NRS, unit doses*
14 *packaged in ampules or vials which do not require refrigeration, may*
15 *be returned to the pharmacy which dispensed them. The board [may,]*
16 *shall, by regulation, authorize the return of any other type or brand of*
17 *drug which is packaged in unit doses if the Food and Drug Administra-*
18 *tion has approved the packaging for that purpose.*

EXHIBIT T

ASSEMBLY BILL NO. 473

(REPRINTED WITH ADOPTED AMENDMENTS)

SECOND REPRINT

A. B. 473

ASSEMBLY BILL NO. 473—ASSEMBLYMEN WESTALL, DINI, MELLO, SCHOFIELD, MAY, PRENGAMAN, REDELSPERGER, JEFFREY, POLISH, DuBOIS, CRADDOCK, NICHOLAS, VERGIELS, THOMPSON, PRICE, FOLEY, HORN, KOVACS, BARENGO, BREMNER, HAYES, HICKEY, BERGEVIN, SADER, STEWART, ROBINSON, MARVEL, BANNER, BENNETT, BEYER, CHANEY, COULTER, GLOVER AND HAM

APRIL 8, 1981

Referred to Committee on Government Affairs

SUMMARY—Creates office of advocate for customers of public utilities within attorney general's office. (BDR 58-1683)

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

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

AN ACT relating to public utilities; creating the office of advocate for customers of public utilities within the office of the attorney general; defining his powers and duties; imposing an annual assessment upon public utilities for the support of his office; creating the fund for the consumer's advocate and transferring money to that fund; creating a legislative committee to review the performance of his office; providing for independent counsel for the public service commission; and providing other matters properly relating thereto.

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

- 1 SECTION 1. Chapter 228 of NRS is hereby amended by adding
- 2 thereto the provisions set forth as sections 2 to 12, inclusive, of this act.
- 3 SEC. 2. 1. "Consumer's advocate" means the advocate for customers
- 4 of public utilities.
- 5 2. "Cooperative utility" means a cooperative association or nonprofit
- 6 corporation or association which supplies utility services for the use of its
- 7 own members only.
- 8 3. "Public interest" means the interests or rights of the State of
- 9 Nevada and of the citizens of the state, or a broad class of those citizens,
- 10 which arise from the constitutions, court decisions and statutes of this
- 11 state and of the United States and from the common law. As used in sec-
- 12 tions 2 to 12, inclusive, of this act, the term refers to those interests and
- 13 rights as they relate to the regulation of public utilities.
- 14 SEC. 3. The office of advocate for customers of public utilities is

1 hereby created within the office of the attorney general. The advocate for
2 customers of public utilities may be known as the consumer's advocate.

3 SEC. 4. 1. The attorney general shall appoint the consumer's advo-
4 cate for a term of 4 years. The consumer's advocate is in the unclassified
5 service of the state. The person appointed:

6 (a) Must be knowledgeable in the various areas of the regulation of
7 public utilities;

8 (b) Must be independent of and have no pecuniary interest in any
9 utility or industry regulated by the public service commission;

10 (c) Shall devote all of his time to the business of his office and shall
11 not pursue any other business or vocation or hold any other office of
12 profit; and

13 (d) Must not be a member of any political convention or a member
14 of any committee of any political party.

15 2. The attorney general may remove the consumer's advocate from
16 office for inefficiency, neglect of duty or malfeasance in office.

17 SEC. 5. The consumer's advocate may:

18 1. Employ the staff necessary to carry out his duties and the func-
19 tions of his office, in accordance with the personnel practices and pro-
20 cedures established within the attorney general's office. The staff shall
21 include:

22 (a) A person licensed to practice law in this state, who shall serve as
23 staff counsel;

24 (b) A person knowledgeable in ratemaking and principles and policies
25 of rate regulation;

26 (c) A specialist in public utilities knowledgeable in accounting or
27 finance or economics or one or more related disciplines; and

28 (d) An administrative assistant,
29 who must be in the unclassified service of the state. The consumer's
30 advocate has sole discretion to employ and remove the members of his
31 staff who are in the unclassified service.

32 2. Purchase necessary equipment.

33 3. Lease or make other suitable arrangements for office space, but
34 any lease which extends beyond the term of 1 year must be reviewed and
35 approved by a majority of the members of the state board of examiners.

36 4. Apply for an order or subpoena for the appearance of witnesses or
37 the production of books, papers and documents in any proceeding in
38 which he is a party or intervener, in the same manner as any other party
39 or intervener, and make arrangements for and pay the fees or costs of
40 any witnesses and consultants necessary to the proceeding. If any person
41 ordered by the public service commission to appear before it as a witness
42 pursuant to this subsection fails to obey the order, the commission shall
43 apply for a subpoena commanding the attendance of the witness.

44 5. Perform such other functions and make such other arrangements
45 as may be necessary to carry out his duties and the functions of his office.

46 SEC. 6. 1. The fund for the consumer's advocate is hereby created
47 as a special revenue fund. All money collected for the use of the consum-
48 er's advocate must be deposited in the state treasury for credit to the
49 fund.

1 2. Money in the fund may be used only to defray the costs of main-
2 taining the office of the consumer's advocate and for carrying out the pro-
3 visions of sections 2 to 12, inclusive, of this act.

4 3. All claims against the fund must be paid as other claims against
5 the state are paid.

6 SEC. 7. All gifts or grants of money which the consumer's advocate is
7 authorized to accept must be deposited with the state treasurer for credit
8 to the fund for the consumer's advocate.

9 SEC. 8. The consumer's advocate may, with respect to all public
10 utilities except railroads, common and contract motor carriers and coop-
11 erative utilities, and except as provided in section 10 of this act:

12 1. Conduct or contract for studies, surveys, research or expert testi-
13 mony relating to matters affecting the public interest or the interests of
14 utility customers.

15 2. Examine any books, accounts, minutes, records or other papers or
16 property of any public utility subject to the regulatory authority of the
17 public service commission in the same manner and to the same extent as
18 authorized by law for members of the public service commission and its
19 staff.

20 3. Petition for, request, initiate, appear or intervene in any proceeding
21 concerning rates, charges, tariffs, modifications of service or any related
22 matter before the public service commission or any court, regulatory body,
23 board, commission or agency having jurisdiction over any matter which
24 the consumer's advocate may bring before or has brought before the pub-
25 lic service commission or in which the public interest or the interests of
26 any particular class of utility customers are involved. The consumer's
27 advocate may represent the public interest or the interests of any particu-
28 lar class of utility customers in any such proceeding, and he is a real
29 party in interest in the proceeding.

30 SEC. 9. All public utilities, except railroads, common and contract
31 motor carriers and cooperative utilities, and except as provided in sec-
32 tion 10 of this act, shall provide the consumer's advocate with copies
33 of any proposed changes in rates or service, correspondence, legal papers
34 and other documents which are served on or delivered or mailed to the
35 public service commission.

36 SEC. 10. The powers of the consumer's advocate do not extend to
37 matters directly relating to the consideration of tariffs requested by a tele-
38 phone utility for products or equipment which the utility certifies under
39 oath are subject to competition.

40 SEC. 11. 1. The consumer's advocate has sole discretion to represent
41 or refrain from representing the public interest and any class of utility
42 customers in any proceeding.

43 2. In exercising his discretion, the consumer's advocate shall consider
44 the importance and extent of the public interest or the customers' interests
45 involved and whether those interests would be adequately represented
46 without his participation.

47 3. If the consumer's advocate determines that there would be a con-
48 flict between the public interest and any particular class of utility custom-
49 ers or any inconsistent interests among the classes of utility customers
50 involved in a particular matter, he may choose to represent one of the

1 interests, to represent no interest, or to represent one interest through
2 his office and another or others through outside counsel engaged on a
3 case basis.

4 SEC. 12. 1. There is hereby created an interim committee of the
5 legislature to review the performance of the office of the consumer's
6 advocate.

7 2. The committee consists of:

8 (a) Two members of the senate from the majority political party,
9 designated by the majority leader of the senate;

10 (b) One member of the senate from the minority political party, desig-
11 nated by the minority leader of the senate;

12 (c) Two members of the assembly from the majority political party,
13 designated by the speaker of the assembly; and

14 (d) One member of the assembly from the minority political party,
15 designated by the minority leader of the assembly.

16 3. The members from the assembly shall select a chairman from
17 among their number to serve for the period ending with the convening of
18 the 62d session of the legislature. The members from the senate shall
19 select a chairman from among their number to serve during the next
20 legislative interim, and the chairmanship shall continue to alternate
21 between the houses of the legislature according to this pattern.

22 4. The committee exists only when the legislature is not in regular
23 or special session. The committee shall meet at the call of the chairman
24 to review and evaluate the effectiveness and functioning of the office of
25 the consumer's advocate. It may make recommendations to the con-
26 sumer's advocate, the attorney general, the legislative commission, the
27 interim finance committee and the legislature.

28 5. The director of the legislative counsel bureau shall provide a sec-
29 retary for the committee. Each member of the committee is entitled to
30 receive out of the legislative fund a salary for each day or portion of a
31 day of attendance at a meeting of the committee, in an amount equal to
32 the salary established for members of the legislative commission, and the
33 per diem allowance and travel expenses provided by law.

34 SEC. 13. NRS 703.147 is hereby amended to read as follows:

35 703.147 1. The public service commission regulatory fund is hereby
36 created as a special revenue fund. All money collected by the commission
37 pursuant to law must be deposited in the state treasury for credit to the
38 fund. Money collected for the use of the consumer's advocate must be
39 transferred pursuant to the provisions of subsection 8 of NRS 704.035.

40 2. Money in the fund which belongs to the commission may be used
41 only to defray the costs of:

42 (a) Maintaining staff and equipment to regulate adequately public util-
43 ities and other persons subject to the jurisdiction of the commission.

44 (b) Participating in all rate cases involving those persons.

45 (c) Audits, inspections, investigations, publication of notices, reports
46 and retaining consultants connected with that regulation and participa-
47 tion.

48 (d) The salaries, travel expenses and subsistence allowances of the
49 members of the commission.

1 3. All claims against the fund must be paid as other claims against
2 the state are paid.

3 4. The commission must furnish upon request a statement showing
4 the balance remaining in the fund as of the close of the preceding fiscal
5 year.

6 SEC. 14. NRS 703.210 is hereby amended to read as follows:

7 703.210 1. The [attorney general] *commission may employ, or*
8 *retain on a contract basis, legal counsel who shall:*

9 (a) Except as provided in subsection 2, be counsel and attorney for
10 the commission in all actions, proceedings and hearings.

11 (b) Prosecute in the name of the [State] *public service commission*
12 *of Nevada all civil actions for the enforcement of chapters 704, 704A,*
13 *705, 706, 708, 711 and 712 of NRS and for the recovery of any penalty*
14 *or forfeiture provided for therein.*

15 (c) [If the district attorney fails or refuses to do so, prosecute all vio-
16 lations of the laws of this state by public utilities and motor carriers under
17 the jurisdiction of the commission and their officers, agents and employ-
18 ees.

19 (d)] Generally aid the commission in the performance of its duties
20 and the enforcement of chapters 704, 704A, 705, 706, 708, 711 and 712
21 of NRS.

22 2. Each district attorney shall:

23 (a) Prosecute any violation of chapters 704, 704A, 705, 706, 708,
24 711 or 712 of NRS for which a criminal penalty is provided and which
25 occurs in his county.

26 (b) Aid in any investigation, prosecution, hearing or trial held under
27 the provisions of chapters 704, 704A, 705, 706, 708, 711 or 712 of NRS
28 and, at the request of the [attorney general or the] commission [.] *or its*
29 *legal counsel, act as counsel and attorney for the commission.*

30 3. *The attorney general shall, if the district attorney fails or refuses*
31 *to do so, prosecute all violations of the laws of this state by public utilities*
32 *and motor carriers under the jurisdiction of the commission and their*
33 *officers, agents and employees.*

34 4. *The attorney general is not precluded from appearing in or moving*
35 *to intervene in any action and representing the interest of the State of*
36 *Nevada in any action in which the commission is a party and is repre-*
37 *sented by independent counsel.*

38 SEC. 15. NRS 704.033 is hereby amended to read as follows:

39 704.033 1. The commission shall levy and collect an annual assess-
40 ment from all public utilities subject to the jurisdiction of the commission.

41 2. [The] *Except as otherwise provided in subsection 3, the annual*
42 *assessment [shall] must be [not more than 4 mills] :*

43 (a) *For the use of the commission, not more than 3.50 mills; and*

44 (b) *For the use of the consumers' advocate, 0.75 mills,*
45 *on each dollar of gross operating revenue derived from the intrastate*
46 *operations of such utilities in the State of Nevada, except that the mini-*
47 *imum assessment in any 1 year [shall] must be \$10. The total annual*
48 *assessment must be not more than 4.25 mills.*

49 3. *For railroads the total annual assessment must be the amount*

1 levied for the use of the commission pursuant to paragraph (a) of sub-
2 section 2. The levy for the use of the consumer's advocate must not be
3 assessed against railroads.

4 4. The gross operating revenue of [such] the utilities [shall] must
5 be determined for the preceding calendar year. In the case of:

6 (a) Telephone utilities, such revenue shall be deemed to be local serv-
7 ice revenues plus intrastate toll revenues.

8 (b) Railroads [and airlines,] , such revenues shall be deemed to be
9 revenue received only from freight and passenger intrastate movements.

10 (c) All public utilities, such revenue [shall] does not include the pro-
11 ceeds of any commodity, energy or service furnished to another public
12 utility for resale.

13 SEC. 16. NRS 704.035 is hereby amended to read as follows:

14 704.035 1. On or before June 1 of each year, the commission shall
15 mail revenue report forms to all public utilities under its jurisdiction, to
16 the address of [such] those utilities on file with the commission. [Such]
17 The revenue report form [shall serve] serves as notice of the commis-
18 sion's intent to assess the utilities, but failure to notify any [such] utility
19 [shall] does not invalidate the assessment with respect thereto.

20 2. Each public utility subject to the provisions of NRS 704.033 shall
21 complete the revenue report referred to in subsection 1, compute the
22 assessment and return the completed revenue report to the commission
23 accompanied by payment of the assessment and any penalty due, pursu-
24 ant to the provisions of subsection 5.

25 3. The assessment [shall be] is due and payable on July 1 of each
26 year, but may, at the option of the public utility, be paid quarterly on
27 July 1, October 1, January 1 and April 1.

28 4. The assessment computed by the utility is subject to review and
29 audit by the commission, and the amount of the assessment may be
30 adjusted by the commission as a result of [such] the audit and review.

31 5. Any public utility failing to pay the assessment provided for in
32 NRS 704.033 on or before August 1, or if paying quarterly, on or
33 before August 1, October 1, January 1 or April 1, shall pay, in addition
34 to such assessment a penalty of 1 percent of the total unpaid balance for
35 each month or portion thereof that [said] the assessment is delinquent,
36 or \$10, whichever is greater, but no penalty [shall] may exceed \$1,000
37 for each delinquent payment.

38 6. When a public utility sells, transfers or conveys substantially all
39 of its assets or certificate of public convenience and necessity, the com-
40 mission shall determine, levy and collect the accrued assessment for the
41 current year not later than 30 days after [such] the sale, transfer or
42 conveyance, unless the transferee has assumed liability for [such] the
43 assessment. For purposes of this subsection the jurisdiction of the com-
44 mission over the selling, transferring or conveying public utility [shall
45 continue] continues until it has paid [such] the assessment.

46 7. The commission may bring an appropriate action in its own name
47 for the collection of any assessment and penalty which is not paid as
48 provided in this section.

1 8. *The commission shall, on a quarterly basis, transfer to the fund*
2 *for the consumer's advocate that portion of the assessments collected*
3 *which belongs to the consumer's advocate.*

4 SEC. 17. NRS 704.675 is hereby amended to read as follows:

5 704.675 Every cooperative association or nonprofit corporation or
6 association and every other supplier of services described in this chapter
7 supplying those services for the use of its own members only is hereby
8 declared to be affected with a public interest, to be a public utility, and
9 to be subject to the jurisdiction, control and regulation of the commission
10 for the purposes of NRS 703.191, [704.033, 704.035,] 704.330, 704.-
11 350 to 704.430, inclusive, but not to any other jurisdiction, control and
12 regulation of the commission or to the provisions of any section not spe-
13 cifically mentioned in this section.

14 SEC. 18. NRS 705.360 is hereby amended to read as follows:

15 705.360 1. Every company, corporation lessee, manager or receiver,
16 owning or operating a railroad in this state, shall equip, maintain, use and
17 display at night upon each locomotive being operated in road service in
18 this state an electric or other headlight of at least 1,500-candlepower,
19 measured without the aid of a reflector. Any electric headlight which will
20 pick up and distinguish a man dressed in dark clothes upon a dark, clear
21 night at a distance of 1,000 feet is deemed the equivalent of a 1,500-
22 candlepower headlight measured without the aid of a reflector.

23 2. This section does not apply to:

24 (a) Locomotive engines regularly used in switching cars or trains.

25 (b) Railroads not maintaining regular night train schedules.

26 (c) Locomotives going to or returning from repair shops when ordered
27 in for repairs.

28 3. Any railroad company, or the receiver or lessee thereof, which
29 violates the provisions of this section is liable to the [State] *public serv-*
30 *ice commission* of Nevada for a penalty of not more than \$1,000 for
31 each [offense.] *violation.*

32 SEC. 19. NRS 705.370 is hereby amended to read as follows:

33 705.370 1. Each railroad company or corporation or its receiver,
34 owning or operating any railroad within this state, shall equip and main-
35 tain in each of its passenger trains, cabooses, locomotives, motors or
36 diesel engines used in the propelling of trains or switching of cars an
37 emergency first aid kit whose contents must be those prescribed by the
38 public service commission of Nevada. Each passenger train and each
39 caboose must be equipped with at least one stretcher. All of the contents
40 of the emergency first aid kits, except the stretchers, must be stored on
41 each passenger train, caboose, locomotive, motor or diesel engine, in a
42 clean, sanitary and sterile container and in an accessible place at all
43 times, which places, including the storage places of stretchers, must be
44 plainly designated.

45 2. The employee of any railroad company or corporation or its
46 receiver, having charge of any passenger train, caboose, locomotive,
47 motor or diesel engine, shall as soon as possible report in writing to the
48 office or officer designated by the company, corporation or receiver for
49 the purpose, whenever any of the emergency first aid kit has been used
50 or has been found missing. The emergency first aid kit must only be used

1 to render first medical or surgical aid to injured passengers, employees or
2 other injured persons requiring first aid.

3 3. Any railroad company or corporation or its receiver, which
4 refuses, neglects or fails to comply with the provisions of this section is
5 liable for a penalty to the [State] *public service commission* of Nevada
6 of \$25 for each failure to equip a passenger train, caboose, locomotive or
7 motor or diesel engine with the emergency first aid kit specified in sub-
8 section 1.

9 4. Any person who removes, carries away from its proper place or
10 uses any emergency first aid kit provided in this section, except for the
11 purpose of administering first aid in the event of injury to any passen-
12 ger, employee or other person is guilty of a misdemeanor and may be
13 punished by a fine of not more than \$500.

14 SEC. 20. NRS 705.420 is hereby amended to read as follows:

15 705.420 Any railroad company or receiver of any railroad company,
16 and any person, firm, company or corporation engaged in the business
17 of common carrier doing business in the State of Nevada, which violates
18 any of the provisions of NRS 705.390 to 705.410, inclusive, is liable to
19 the [State] *public service commission* of Nevada for a penalty of \$500
20 for each [offense.] violation.

21 SEC. 21. The attorney general shall appoint the first consumer's
22 advocate pursuant to section 4 of this act for a term ending December
23 31, 1984.

24 SEC. 22. 1. There is hereby transferred from the public service
25 commission regulatory fund existing pursuant to the provisions of NRS
26 703.147 to the fund for the consumer's advocate created by section 6
27 of this act the sum of \$200,000.

28 2. On or before March 31, 1983, the consumer's advocate shall
29 repay from the fund for the consumer's advocate to the public service
30 commission regulatory fund the amount transferred pursuant to subsec-
31 tion 1.

32 SEC. 23. The office of the consumer's advocate is hereby authorized
33 to expend from the fund for the consumer's advocate the sum of \$64,534
34 during the period commencing on the effective date of this act and ending
35 on June 30, 1981.

36 SEC. 24. This act shall become effective upon passage and approval.

EXHIBIT U

ASSEMBLY BILL NO. 183

(REPRINTED WITH ADOPTED AMENDMENTS)

SECOND REPRINT

A. B. 183

ASSEMBLY BILL NO. 183—ASSEMBLYMEN ROBINSON,
BREMNER AND CRADDOCK

FEBRUARY 18, 1981

Referred to Committee on Commerce

SUMMARY—Requires insurers of providers of health care to report malpractice claims. (BDR 57-684)

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

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

AN ACT relating to liability insurance; requiring insurers of providers of health care to report malpractice claims; allowing boards which license providers of health care to consider repeated claims of malpractice in determining whether the licensee is subject to disciplinary action; abolishing medical-legal screening panels; and providing other matters properly relating thereto.

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

- 1 SECTION 1. Chapter 690B of NRS is hereby amended by adding
2 thereto a new section which shall read as follows:
3 1. *Each insurer which issues a policy of insurance covering the liabil-*
4 *ity of a practitioner licensed pursuant to chapters 630 to 640, inclusive,*
5 *of NRS for a breach of his professional duty toward a patient shall report*
6 *to the board which licensed the practitioner within 30 days each settle-*
7 *ment or award made or judgment rendered by reason of a claim, if the*
8 *settlement, award or judgment is for more than \$5,000, giving the name*
9 *and address of the claimant and the practitioner and the circumstances*
10 *of the case.*
11 2. *A practitioner licensed pursuant to chapters 630 to 640, inclu-*
12 *sive, of NRS who does not have insurance covering liability for a*
13 *breach of his professional duty toward a patient shall report to the*
14 *board which issued his license within 30 days of each settlement or*
15 *award made or judgment rendered by reason of a claim, if the settle-*
16 *ment, award or judgment is for more than \$5,000, giving his name and*
17 *address, the name and address of the claimant and the circumstances of*
18 *the case.*
19 3. *These reports are public record and must be made available for*
20 *public inspection within a reasonable time after they are received by*
21 *the licensing board.*

1 SEC. 2. NRS 49.245 is hereby amended to read as follows:

2 49.245 There is no privilege under NRS 49.225 or 49.235:

3 1. For communications relevant to an issue in proceedings to hos-
4 pitalize the patient for mental illness, if the doctor in the course of
5 diagnosis or treatment has determined that the patient is in need of hos-
6 pitalization.

7 2. As to communications made in the course of a court-ordered
8 examination of the condition of a patient with respect to the particular
9 purpose of the examination unless the court orders otherwise.

10 3. As to communications relevant to an issue of the condition of the
11 patient in any proceeding in which the condition is an element of a claim
12 or defense.

13 4. In a prosecution or mandamus proceeding under chapter 441 of
14 NRS.

15 5. As to any information communicated to a physician in an effort
16 unlawfully to procure a dangerous drug or controlled substance, or
17 unlawfully to procure the administration of any such drug or substance.

18 6. [In a hearing before a screening panel under chapter 41A of
19 NRS.

20 7.] As to any communication placed in health care records which are
21 furnished in accordance with the provisions of NRS 629.061.

22 SEC. 3. NRS 630.301 is hereby amended to read as follows:

23 630.301 The grounds for initiating disciplinary action under this
24 chapter are:

25 1. Unprofessional conduct.

26 2. Conviction of:

27 (a) A violation of any federal or state law regulating the possession,
28 distribution or use of any controlled substance as defined in chapter
29 453 of NRS or dangerous drug as defined in chapter 454 of NRS;

30 (b) A felony; or

31 (c) Any offense involving moral turpitude.

32 3. Suspension or revocation of the license to practice medicine by
33 any other jurisdiction.

34 4. Gross or repeated malpractice [.] , which may be evidenced by
35 claims of malpractice settled against a practitioner.

36 5. Professional incompetence.

37 Sbc. 3.5. NRS 630.364 is hereby amended to read as follows:

38 630.364 The board of medical examiners, a medical review panel of
39 a hospital, [a medical-legal screening panel,] a medical society, or any
40 person who or other organization which initiates or assists in any lawful
41 investigation or proceeding concerning the discipline of a physician for
42 gross malpractice, repeated malpractice, professional incompetence or
43 unprofessional conduct is immune from any civil action for [such] that
44 initiation or assistance or any consequential damages, if the person or
45 organization acted without malicious intent.

46 SEC. 4. NRS 631.050 is hereby amended to read as follows:

47 631.050 1. As used in this chapter, "dishonorable or unprofessional
48 conduct" [is declared to include:] includes:

49 (a) Conviction of a felony or misdemeanor involving moral turpitude,
50 or conviction of any criminal violation of this chapter; [or]

1 (b) Employing, directly or indirectly, any student or any suspended or
2 unlicensed dentist to perform operations of any kind in treating or
3 correction of the teeth or jaws, except as provided in this chapter; [or]

4 (c) The publication or circulation, directly or indirectly, of any fraud-
5 ulent, false or misleading statement as to the skill or method of practice
6 of any dentists; [or]

7 (d) The use of advertising in which reference is made to any anes-
8 thetic, drug, formula, material, medicine, method or system used or to
9 be used; [or] the advertising of the performance of any dental operation
10 without causing pain; [or] the advertising of any free dental service or
11 examination as an inducement to secure dental patronage; [or] the
12 advertising of price, cost, charge, fee or terms of credit for the services
13 performed or to be performed, or for material used or to be used, by
14 any person engaged as principal or agent in the practice of dentistry;
15 [or] the advertising of a guarantee for any dental services; or the
16 advertising of artificial teeth or dentures with or without the use of
17 any representation of a tooth, teeth, bridgework or denture, or of any
18 portion of the human head, or the exhibition or use of specimens of
19 dental work, large display signs, glaring light signs, electric or neon, or
20 any signs, posters or other media calling attention of the public to any
21 person engaged in the practice of dentistry. Any person taking up or
22 retiring from the practice of dentistry, changing his place of business or
23 business telephone, or who intends to absent himself from, or return
24 to, his place of business may advertise [such] that fact in a newspaper
25 for not more than 3 successive publications, which advertisement [shall]
26 may not exceed 2 column inches; [or]

27 (e) The claiming or inferring of professional superiority over neigh-
28 boring practitioners; [or]

29 (f) The giving of a public demonstration of [skill or] methods of
30 [practicing upon or along the streets or highways or] practice any place
31 other than the office where the licensee is known to be regularly engaged
32 in his practice; [or]

33 (g) Fraud or misrepresentation in connection with the securing of a
34 license; [or]

35 (h) Willfull or repeated violations of the rules of the board of
36 health; [or]

37 (i) Division of fees or agreeing to split or divide the fees received for
38 services with any person for bringing or referring a patient, without the
39 knowledge of the patient or his legal representative, but this [shall]
40 may not be construed to forbid licensed dentists from practicing in a
41 partnership and sharing professional fees, to forbid a licensed dentist
42 from employing another licensed dentist or dental hygienist, or to forbid
43 a licensed dentist from rendering services as a member of a nonprofit
44 professional service corporation; [or]

45 (j) Employing, procuring, inducing, aiding or abetting a person not
46 licensed or registered as a dentist to engage in the practice of dentistry;
47 but the patient practiced upon [shall] may not be deemed an accom-
48 plice, employer, procurer, inducer, aider, or abettor within the mean-
49 ing of this chapter; [or]

50 (k) Professional connection or association with, or lending his name

1 to, anyone who is engaged in the illegal practice of dentistry; profes-
2 sional connection or association with any person, firm or corporation
3 holding himself, themselves, or itself out in any manner contrary to
4 this chapter; [or]

5 (l) Use of the name "clinic," "institute," or other title or designation
6 that may suggest a public or semipublic activity; [or]

7 (m) Failure to pay license fees; [or]

8 (n) Chronic or persistent inebriety, or addiction to a controlled sub-
9 stance as defined in chapter 453 of NRS, to such an extent as to render
10 him unsafe or unreliable as a practitioner, or such gross immorality as
11 tends to bring reproach upon the dental profession; [or]

12 (o) Willful negligence in the practice of dentistry or dental hygiene;
13 [or]

14 (p) Practice by a dental hygienist in any place not authorized by this
15 chapter; [or]

16 (q) Practicing while his license is suspended or without a renewal
17 certificate; [or]

18 (r) Practicing under a false or assumed name [.] ; or

19 (s) *Repeated malpractice, which may be evidenced by claims of mal-*
20 *practice settled against the practitioner.*

21 2. The enumeration of the acts in subsection 1 [shall] *must* not be
22 construed as a complete definition of dishonorable or unprofessional
23 conduct, or as authorizing or permitting the performance of other and
24 similar acts, or as limiting or restricting the board from holding that
25 other or similar acts constitute unprofessional or dishonorable conduct.

26 SEC. 5. NRS 632.220 is hereby amended to read as follows:

27 632.220 The board [shall have] *has the* power to deny, revoke or
28 suspend any license to practice nursing as a professional nurse applied
29 for or issued under this chapter or otherwise to discipline a licensee
30 upon proof that he:

31 1. Is guilty of fraud or deceit in procuring or attempting to procure
32 a license to practice nursing as a professional nurse.

33 2. Is guilty of a felony or any offense involving moral turpitude, in
34 which case the record of conviction [shall be] *is* conclusive evidence
35 thereof.

36 3. Is unfit or incompetent by reason of gross negligence in carrying
37 out usual nursing functions.

38 4. Is habitually intemperate or is addicted to the use of any con-
39 trolled substance as defined in chapter 453 of NRS.

40 5. Is mentally incompetent.

41 6. Is guilty of unprofessional conduct, which includes but is not
42 limited to the following:

43 (a) Conviction of practicing medicine without a license in violation of
44 chapter 630 of NRS, in which case the record of conviction [shall be]
45 *is* conclusive evidence thereof.

46 (b) Procuring, or aiding, abetting, attempting, agreeing, or offering to
47 procure or assist at, a criminal abortion.

48 (c) Impersonating any applicant or acting as proxy for an applicant in
49 any examination required under this chapter for the issuance of a license.

50 (d) Impersonating another licensed practitioner.

1 (e) Permitting or allowing another person to use his certificate for
2 the purpose of nursing the sick or afflicted.

3 (f) *Repeated malpractice, which may be evidenced by claims of mal-*
4 *practice settled against a practitioner.*

5 7. Has willfully or repeatedly violated the provisions of this chapter.

6 8. Is guilty of aiding or abetting anyone in a violation of this
7 chapter.

8 SEC. 5.5. NRS 632.320 is hereby amended to read as follows:

9 632.320 The board [shall have powers to] may deny, revoke or
10 suspend any license to practice nursing as a practical nurse applied for or
11 issued under this chapter, or otherwise to discipline a licensee upon proof
12 that he:

13 1. Is guilty of fraud or deceit in procuring or attempting to procure a
14 license to practice nursing as a practical nurse.

15 2. Is guilty of a felony or any offense involving moral turpitude, in
16 which case the record of conviction [shall be] is conclusive evidence
17 thereof.

18 3. Is unfit or incompetent by reason of gross negligence in carrying
19 out usual nursing functions.

20 4. Is habitually intemperate or is addicted to the use of any controlled
21 substance as defined in chapter 453 of NRS.

22 5. Is mentally incompetent.

23 6. Is guilty of unprofessional conduct, which includes but is not lim-
24 ited to the following:

25 (a) Conviction of practicing medicine without a license in violation of
26 chapter 630 of NRS, in which case the record of conviction [shall be] is
27 conclusive evidence thereof.

28 (b) Procuring, or aiding, abetting, attempting, agreeing, or offering to
29 procure or assist at, a criminal abortion.

30 (c) Impersonating any applicant or acting as proxy for an applicant in
31 any examination required under this chapter for the issuance of a license.

32 (d) Impersonating another licensed practitioner.

33 (e) Permitting or allowing another person to use his certificate for the
34 purpose of nursing the sick or afflicted.

35 (f) *Repeated malpractice, which may be evidenced by claims of mal-*
36 *practice settled against him.*

37 7. Has willfully or repeatedly violated the provisions of this chapter.

38 8. Is guilty of aiding or abetting anyone in a violation of this chapter.

39 SEC. 6. NRS 634.010 is hereby amended to read as follows:

40 634.010 As used in this chapter:

41 1. "Board" means the Nevada state board of chiropractic examiners.

42 2. "Chiropractic" is defined to be the science, art and practice of
43 palpating and adjusting the articulations of the human body by hand,
44 the use of physiotherapy, hygienic, nutritive and sanitary measures and
45 all methods of diagnosis.

46 3. "Unprofessional conduct" means:

47 (a) Obtaining a certificate upon fraudulent credentials or gross mis-
48 representation.

49 (b) Procuring, or aiding or abetting in procuring, criminal abortion.

1 (c) Obtaining a fee on assurance that a manifestly incurable disease
2 can be permanently cured.

3 (d) Advertising chiropractic business in which grossly improbable
4 statements are made, advertising in any manner that will tend to deceive,
5 defraud or mislead the public or preparing, causing to be prepared,
6 using or participating in the use of any form of public communication
7 that contains professionally self-laudatory statements calculated to
8 attract lay patients. As used in this paragraph, public communication
9 includes, but it not limited to, communications by means of television,
10 radio, newspapers, books and periodicals, motion picture, handbills or
11 other printed matter. Nothing contained in this paragraph prohibits the
12 direct mailing of informational documents to former or current patients.

13 (e) Willful disobedience of the law, or of the regulations of the state
14 board of health, or of the regulations of the Nevada state board of
15 chiropractic examiners.

16 (f) Conviction of any offense involving moral turpitude, or the con-
17 viction of a felony. The record of the conviction is conclusive evidence of
18 unprofessional conduct.

19 (g) Administering, dispensing or prescribing any controlled substance
20 as defined in chapter 453 of NRS.

21 (h) Conviction or violation of any federal or state law regulating the
22 possession, distribution or use of any controlled substance as defined in
23 chapter 453 of NRS. The record of conviction is conclusive evidence of
24 unprofessional conduct.

25 (i) Habitual intemperance or excessive use of alcohol or alcoholic
26 beverages or any controlled substance as defined in chapter 453 of NRS.

27 (j) Conduct unbecoming a person licensed to practice chiropractic or
28 detrimental to the best interests of the public.

29 (k) Violating, or attempting to violate, directly or indirectly, or assist-
30 ing in or abetting the violation of, or conspiring to violate, any provision
31 of this chapter.

32 (l) Employing, directly or indirectly, any suspended or unlicensed
33 practitioner in the practice of any system or mode of treating the sick or
34 afflicted, or the aiding or abetting of any unlicensed person to practice
35 chiropractic under this chapter.

36 (m) *Repeated malpractice, which may be evidenced by claims of mal-*
37 *practice settled against a practitioner.*

38 SEC. 7. NRS 633.511 is hereby amended to read as follows:

39 633.511 The grounds for initiating disciplinary action under this
40 chapter are:

41 1. Unprofessional conduct.

42 2. Conviction of:

43 (a) A violation of any federal or state law regulating the possession,
44 distribution or use of any controlled substance as defined in chapter
45 453 of NRS or dangerous drug as defined in chapter 454 of NRS;

46 (b) A felony; or

47 (c) Any offense involving moral turpitude.

48 3. Suspension or revocation of the license to practice osteopathic
49 medicine by any other jurisdiction.

1 4. Gross or repeated malpractice [.] , which may be evidenced by
2 *claims of malpractice settled against a practitioner.*

3 5. Professional incompetence.

4 SEC. 8. NRS 634A.170 is hereby amended to read as follows:

5 634A.170 The board may either refuse to issue or may suspend or
6 revoke any license for any one or any combination of the following
7 causes:

8 1. Conviction of a felony, conviction of any offense involving moral
9 turpitude or conviction of a violation of any state or federal law regulat-
10 ing the possession, distribution or use of any controlled substance as
11 defined in chapter 453 of NRS, as shown by a certified copy of record
12 of the court;

13 2. The obtaining of or any attempt to obtain a license or practice
14 in the profession for money or any other thing of value, by fraudulent
15 misrepresentations;

16 3. Gross [malpractice;] or repeated malpractice, which may be
17 *evidenced by claims of malpractice settled against a practitioner;*

18 4. Advertising by means of knowingly false or deceptive statement;

19 5. Advertising, practicing or attempting to practice under a name
20 other than one's own;

21 6. Habitual drunkenness or habitual addiction to the use of a con-
22 trolled substance as defined in chapter 453 of NRS;

23 7. Using any false, fraudulent or forged statement or document, or
24 engaging in any fraudulent, deceitful, dishonest or immoral practice in
25 connection with the licensing requirements of this chapter;

26 8. Sustaining a physical or mental disability which renders further
27 practice dangerous;

28 9. Engaging in any dishonorable, unethical or unprofessional con-
29 duct which may deceive, defraud or harm the public, or which is unbecom-
30 ing a person licensed to practice under this chapter;

31 10. Using any false or fraudulent statement in connection with the
32 practice of traditional Oriental medicine or any branch thereof;

33 11. Violating or attempting to violate, or assisting or abetting the
34 violation of, or conspiring to violate any provision of this chapter;

35 12. Being adjudicated incompetent or insane;

36 13. Advertising in an unethical or unprofessional manner;

37 14. Obtaining a fee or financial benefit for any person by the use of
38 fraudulent diagnosis, therapy or treatment;

39 15. Willful disclosure of a privileged communication;

40 16. Failure of a licensee to designate his school of practice in the
41 professional use of his name by the term traditional Oriental doctor,
42 doctor of acupuncture, doctor of herbal medicine or acupuncture assist-
43 ant, as the case may be;

44 17. Willful violation of the law relating to the health, safety or wel-
45 fare of the public or of the rules and regulations promulgated by the state
46 board of health;

47 18. Administering, dispensing or prescribing any controlled sub-
48 stance as defined in chapter 453 of NRS, except for the prevention, alle-
49 viation or cure of disease or for relief from suffering; and

1 19. Performing, assisting or advising in the injection of any liquid
2 silicone substance into the human body.

3 SEC. 9. NRS 635.130 is hereby amended to read as follows:

4 635.130 The board may revoke any certificate it has issued for any
5 of the following causes:

6 1. The willful betrayal of a professional secret.

7 2. The making of a false statement in any affidavit required of the
8 applicant for application, examination and registration under this chap-
9 ter.

10 3. Lending the use of the holder's name to an unregistered person.

11 4. If the holder is a podiatrist, his permitting an unlicensed person
12 in his employ to practice as a podiatry hygienist.

13 5. Habitual indulgence in the use of any controlled substance as
14 defined in chapter 453 of NRS which impairs the intellect and judgment
15 to such an extent as in the opinion of the board will incapacitate the
16 holder in the performance of his professional duties.

17 6. Conviction of a crime involving moral turpitude.

18 7. Conduct which in the opinion of the board disqualifies him to
19 practice with safety to the public.

20 8. *Repeated malpractice, which may be evidenced by claims of mal-*
21 *practice settled against the practitioner.*

22 SEC. 10. NRS 636.300 is hereby amended to read as follows:

23 636.300 Any of the following acts by a licensee constitutes unethi-
24 cal or unprofessional conduct:

25 1. Association as an optometrist with any person, firm or corpora-
26 tion violating this chapter.

27 2. Accepting employment, directly or indirectly, from a person [or
28 persons] not licensed to practice optometry in this state for the purpose
29 of assisting him [or them] in such practice or enabling him [or them]
30 to engage therein.

31 3. Making a house-to-house canvass, either in person or by another
32 [or other persons,] person, for the purpose of advertising, selling or
33 soliciting the sale of eyeglasses, frames, lenses, mountings, or optometric
34 examinations or services.

35 4. Division of fees with another optometrist except for services
36 based on division of service or responsibility.

37 5. Division of fees or any understanding or arrangement with any
38 person not an optometrist.

39 6. Employing any person to solicit house-to-house for the sale of
40 eyeglasses, frames, lenses, mountings, or optometric examinations or
41 services.

42 7. Circulating or publishing, directly or indirectly, any false, fraudu-
43 lent or misleading statement as to his method of practice or skill, or the
44 method of practice or skill of any other licensee.

45 8. Advertising in any manner that will tend to deceive, defraud or
46 mislead the public.

47 9. Advertising, directly or indirectly, free optometric examinations
48 or services.

49 10. Advertising, directly or indirectly, any rates or definite amount
50 or terms for optometric materials or services.

1 11. Practicing in or on premises where any materials other than
2 those necessary to render optometric examinations or services are
3 dispensed to the public, or where a commercial or mercantile business
4 is being conducted not exclusively devoted to optometry or other health
5 care professions and materials or merchandise are displayed having no
6 relation to the practice of optometry or other health care professions.

7 12. Use for the purpose of treatment of any agent which the licensee
8 is authorized by the board to use only for the purpose of diagnosis.

9 13. *Repeated malpractice, which may be evidenced by claims of mal-*
10 *practice settled against a practitioner.*

11 SEC. 11. NRS 637.150 is hereby amended to read as follows:

12 637.150 The board may refuse to grant a license to practice as a
13 dispensing optician or may suspend or revoke a license to practice as a
14 dispensing optician upon proof to the satisfaction of the board that the
15 applicant or holder of a license:

16 1. Has been adjudicated insane;

17 2. Habitually uses any controlled substance as defined in chapter 453
18 of NRS or intoxicants;

19 3. Has been convicted of crime involving moral turpitude;

20 4. Has advertised fraudulently;

21 5. Has presented to the board any diploma, license or certificate that
22 has been signed or issued unlawfully or under fraudulent representations,
23 or obtains or has obtained a license to practice in the state through fraud
24 of any kind;

25 6. Has been convicted of a violation of any federal or state law relat-
26 ing to a controlled substance as defined in chapter 453 of NRS;

27 7. Has violated any regulation of the board;

28 8. Has violated any provision of this chapter; [or]

29 9. Is incompetent [.] ; or

30 10. *Has repeatedly been negligent, as may be evidenced by claims of*
31 *malpractice settled against a practitioner.*

32 SEC. 12. NRS 637B.250 is hereby amended to read as follows:

33 637B.250 The grounds for initiating disciplinary action under this
34 chapter are:

35 1. Unprofessional conduct.

36 2. Conviction of:

37 (a) A violation of any federal or state law regarding the possession,
38 distribution or use of any controlled substance as defined in chapter 453
39 of NRS or dangerous drug as defined in chapter 454 of NRS;

40 (b) A felony; or

41 (c) Any offense involving moral turpitude.

42 3. Suspension or revocation of a license to practice audiology or
43 speech pathology by any other jurisdiction.

44 4. Gross or repeated malpractice [.] , which may be evidenced by
45 claims of malpractice settled against a practitioner.

46 5. Professional incompetence.

47 SEC. 13. NRS 639.210 is hereby amended to read as follows:

48 639.210 The board may suspend or revoke:

49 1. Any certificate or current renewal thereof, any license or current

1 renewal thereof, any permit or current renewal thereof, and deny the
2 application of any person for a certificate, license or permit, who:

3 (a) Is not of good moral character;

4 (b) Is guilty of habitual intemperance;

5 (c) Becomes or is intoxicated or under the influence of liquor, any
6 depressant drug or a controlled substance as defined in chapter 453 of
7 NRS, unless taken pursuant to a physician's prescription, while on duty
8 in any establishment licensed by the board;

9 (d) Is guilty of unprofessional conduct or conduct contrary to the
10 public interest;

11 (e) Is addicted to the use of any controlled substance as defined in
12 chapter 453 of NRS;

13 (f) Has been convicted of a violation of any law related to controlled
14 substances as defined in chapter 453 of NRS, of the Federal Govern-
15 ment or of this or any other state;

16 (g) Has been convicted of a felony or other crime involving moral
17 turpitude, dishonesty or corruption;

18 (h) Has willfully made to the board or its authorized representative
19 any false written statement which is material to the administration or
20 enforcement of any of the provisions of this chapter;

21 (i) Has obtained any certificate, certification, license or permit by
22 the filing of an application, or any record, affidavit or other information
23 in support thereof, which is false or fraudulent;

24 (j) Has violated any provision of the Federal Food, Drug, and Cos-
25 metic Act or any other federal law or regulation relating to prescription
26 drugs;

27 (k) Has violated, attempted to violate, assisted or abetted in the
28 violation of or conspired to violate any of the provisions or terms of
29 this chapter or any law or regulation relating to the practice of pharm-
30 acy, including laws and regulations governing controlled substances and
31 dangerous drugs, or has permitted, allowed, condoned or failed to report
32 a violation of any of the provisions of this section committed by a
33 registered pharmacist in his employ;

34 (l) Has failed to renew his certificate, license or permit by failing
35 to pay the renewal fee therefor;

36 (m) Has had his certificate, license or permit suspended or revoked
37 in another state on grounds which would cause suspension or revocation
38 of a certificate, license or permit in this state; [or]

39 (n) Has, as a responsible managing pharmacist, violated any pro-
40 visions of law or regulation concerning recordkeeping or inventory
41 requirements in a store over which he presides as responsible managing
42 pharmacist or has allowed a violation of any provision of this chapter
43 or other state or federal laws or regulations relating to the practice of
44 pharmacy, including statutes governing controlled substances and
45 dangerous drugs, by personnel of the pharmacy under his supervision
46 as responsible managing pharmacist [.] ; or

47 (o) Has repeatedly been negligent, as may be evidenced by claims of
48 malpractice settled against him.

49 2. Any permit or current renewal thereof for the issuance of a
50 manufacturer's or wholesaler's permit, or for the issuance of a current

1 renewal of a permit to supply or operate vending machines or devices
2 for distribution of any prophylactic issued to any person, or to deny
3 the application of any person who has applied for a permit who:

4 (a) Has willfully made to the board or its authorized representative
5 any false written statement which is material to the administration or
6 enforcement of any of the provisions of this chapter;

7 (b) Has obtained any permit by the filing of an application, or any
8 record, affidavit or other information in support thereof, which is false
9 or fraudulent;

10 (c) Has violated, attempted to violate, assisted or abetted in the
11 violation of or conspired to violate any of the provisions or terms of
12 this chapter applicable to such permit; or

13 (d) Has failed to renew his permit by failing to pay the renewal fee
14 therefor.

15 SEC. 14. NRS 640.160 is hereby amended to read as follows:

16 640.160 The board, after due notice and hearing, may refuse to
17 register any applicant, and may refuse to renew the registration of any
18 registered person, and may suspend or revoke the registration of
19 any registered person:

20 1. Who is habitually drunk or who is addicted to the use of a con-
21 trolled substance as defined in chapter 453 of NRS.

22 2. Who has been convicted of violating any state or federal law
23 relating to controlled substances as defined in chapter 453 of NRS.

24 3. Who is, in the judgment of the board, guilty of immoral or
25 unprofessional conduct.

26 4. Who has been convicted of any crime involving moral turpitude.

27 5. Who is guilty, in the judgment of the board, of gross negligence
28 in his practice as a physical therapist [.] which may be evidenced by
29 *claims of malpractice settled against a practitioner.*

30 6. Who has obtained or attempted to obtain registration by fraud
31 or material misrepresentation.

32 7. Who has been declared insane by a court of competent jurisdic-
33 tion and has not thereafter been lawfully declared sane.

34 8. Who has treated or undertaken to treat ailments of human beings
35 otherwise than by physical therapy and as authorized in this chapter, or
36 who has undertaken to practice independently of the prescription, direc-
37 tion or supervision of a person licensed to practice medicine and surgery
38 without limitation, unless such person is licensed in the State of Nevada
39 to practice such treatment otherwise than by virtue of this chapter.

40 SEC. 15. NRS 41A.010 to 41A.095, inclusive, are hereby repealed.

41 SEC. 16. The statute of limitations on any claim of malpractice
42 which was pending before a medical-legal screening panel on the effec-
43 tive date of this act and was tolled under former NRS 41A.080 con-
44 tinues to be tolled for a period of 6 months after the effective date of
45 this act.

S.B. 543: RE-ORGANIZATION OF NEVADA'S WORKERS' COMPENSATION SYSTEM

Senator Wilson at a hearing on S.B. 548 held April 27, 1981, requested all parties interested in amending S.B. 548 to get together on the following days with the NIC to make such amendments.

The following meetings were held among the following participants:

Tuesday, April 28th:

10:00 to 12:30 at NIC

Richard Staub, Attorney for Commissioner of Insurance
Bob Gibb, General Counsel, Nevada Industrial Commission
Joe Nusbaum, Chairman, Nevada Industrial Commission
Bob Haley, Coordinator, Nevada Industrial Commission

1:00 to 4:45 at office of Richard Staub, Attorney for Commissioner of Insurance.

Richard Staub, Attorney for Commissioner of Insurance
Bob Gibb, General Counsel, Nevada Industrial Commission
Norman Antonison - Summa
Wayne Carlson - Washoe County
Bill Champion - MGM Grand Hotel
Tom Stuart - Gibbons Co.
Paul ~~Stuart~~ - Sahara Tahoe

Wednesday, April 29th:

9:00 to 12:45 at NIC, Chairman's office.

Joe Nusbaum, Chairman
Bob Gibb, General Counsel
Stan Colton, Treasurer
Patsy Redmond, Insurance Commissioner
Rich Staub, Attorney for Insurance Commissioner
Blackie Evans, AFL-CIO
Glenn Taylor, Assist. Labor Commissioner
John Madole, Assoc. General Contractors,
~~1-1-85~~, Kafoury and Armstrong
Mr. Antonison, Summa
Wayne Carlson, Washoe County
Tom Stuart, Gibbons Company
Bud Meneley, Insurance Agents
Bill Champion, MGM Grand Hotel, Las Vegas
Bob Ostrovski, MGM, Reno
Bob Haley, Coordinator, NIC

1. Amend Section 91, page 23, line 27 by deleting "make" and inserting "provide".
2. Amend Section 92, page 23, line 49 after "workers' compensation" insert insurance.
3. Amend Section 92, page 24, by deleting lines 1 and 2.
4. Amend Section 93, page 24, line 4 after "The money and assets" by deleting "belonging to" and inserting held in trust by.
5. Amend Section 93, page 24, line 7 by deleting the words "belonging to" and inserting the word in.
6. Amend Section 93, page 24, line 8 by deleting the words "belonging to" and inserting the word in.
7. Amend section 95, page 25, subsection 5, lines 7 - 10 by deleting present language and inserting language as follows:

Two or more fines of \$500 levied by the administrator in one year for violations enumerated in subsection 1 must be considered by the commissioner as evidence for possible revocation of a certificate of self-insurance.
8. Amend Section 95, page 25, line 11 by adding a new subsection with designation subsection 6 following subsection 5, to read as follows:

6. The Commissioner of Insurance must withdraw the certification of a self-insured employer if after a hearing requested by the administrator, it has been sufficiently shown that the self-insured employer has violated this section.
9. Amend Section 98, page 25, lines 35 - 37 after "fund." on line 5 by deleting "The" and by deleting lines 36 and 37 in their entirety.
10. Amend Section 98, page 25, line 40 after "date." and insert "Any insurer who wishes to appeal the rate filed must do so in the manner set forth in NRS 679B.310."
11. Amend Section 99, page 26, lines 8 - 10 after "fund." on line 8, by deleting "The state" and by deleting lines 9 and 10 in their entirety.
12. Amend Section 99, page 26, by deleting lines 11 - 13.
13. Amend Section 99, page 26, line 20 after "date." by adding "Any insurer who wishes to appeal the rates filed may do so in the manner set forth in NRS 679B.310."
14. Amend Section 117, page 31, lines 48 and 49 after "by" on line 48 by deleting "the" and by deleting "administrator" on line 49 and inserting "any of them".
15. Amend Section 132, page 36, lines 32, 33 and 35. One line 32 after "if" and inserting ":". On line 33 insert "(a) the". On line 35 delete the "." after commissioner and inserting ";".

16. Amend Section 132, page 36, line 49 by inserting a new subsection entitled "b" reading as follows:

(b) The self-insured employer fails to provide evidence of excess insurance or reinsurance, pursuant to NRS 616.291, within 45 days after he has been ordered to do so by the commissioner.

17. Amend Section 132, page 36, line 49 and page 37 lines 1 - 10 by putting those lines back into NRS 616.294 with the subsections numbers (c) (d) and (2) remaining as they are in the present statute. (These were deleted by mistake.)

18. Amend Section 138, page 39, line 9 after "blank" and inserting "form".

19. Amend Section 149, page 42, line 13 by adding a new subsection 3 and 4 to read as follows:

3.a. The administrator shall assign the claims of employees of uninsured employers to the system for delivery of benefits and settlement.

3.b. The administrator will reimburse the system for benefit expenses paid and for claims adjustment expense.

4.a. There is hereby established in the state treasury the uninsured employers claim fund which may be used only for the purpose of making payments in accordance with the provisions of this chapter. The administrator of the division of industrial insurance regulation shall administer this fund.

b. All assessments, penalties, bonds, securities and all other properties received, collected or acquired by the administrator for the uninsured employer claims fund must be delivered to the custody of the state treasurer.

c. All money and securities in the fund must be held in trust by the state treasurer as custodian thereof to be used solely for workers' compensation.

d. The state treasurer may disburse money from the fund only upon written order of the state controller.

e. The state treasurer shall invest money of the fund in the same manner and in the same securities in which he is authorized to invest state general funds which are in his custody. Income realized from the investment of the assets of the fund must be credited to the fund.

f. The director must adopt regulations for the establishment and administration of assessment rates, payments and penalties. Assessment rates must reflect the relative hazard of the employments covered by the insurers.

g. The commissioner of insurance shall assign an actuary to review the establishment of assessment rates. The rates must be filed with the commissioner of insurance 30 days before their effective date.

h. Any insurer who wishes to appeal the rate filed must do so in the manner set forth in NRS 679B.310.

20. Amend Section 150, page 43, by deleting lines 16 - 18.

21. Amend Section 157, page 46, line 24, after NRS 616.420 and inserting "(1)".

22. Amend Section 157, page 46, line 32 by deleting all language after "requirements." continuing through the line 39, and inserting:

(2). If the administrator orders a change of physicians or any other accident benefits, the cost for the change shall be borne by the system or the self-insured employer.

(3). In the case of an employer insured by the system, the cause of action of the injured employee against the employer or hospital association must be assigned to the system.

23. Sec. 159, P. 47, line 16, by inserting:
"the compensation payable shall be fairly allocated between the insurers involved and the subsequent injury fund in accordance with regulations adopted by the administrator."
Sec. 159, P. 47, line 20, by deleting lines 20-23.
Sec. 159, P. 47, line 27, by inserting:
"the compensation payable shall be fairly allocated between the insurers involved and the subsequent injury fund in accordance with regulations adopted by the administrator."
Sec. 159, P. 47, line 30, by deleting lines 30-33.
24. Amend Sec. 175, P. 53, line 47, after "5" and inserting "fiscal."
25. Amend Sec. 197, P. 64, line 3, by deleting lines 3-6, and inserting:
"The insurer shall select a physician from a panel of physicians designated by the administrator, to determine the percentage of disability in accordance with the current American Medical Association Publication, "Guides to the Evaluation of Permanent Impairment."
26. Amend Sec. 197, P. 65, line 19, after "section" and inserting:
"for accidents incurred prior to July 1, 1973."
27. Amend Sec. 198, P. 67, by deleting lines 20-25.
28. Amend Sec. 290, P. 91, by deleting lines 44 and 45.
29. Amend Sec. 311, P. 101, line 35, after "safety"; by deleting "and" and inserting a new (h) and (i) stating as follows:
(h) The self-insured employers insolvency reserve fund; and
(i) The uninsured employers' claim fund.
30. Amend Sec. 311, P. 101, line 36 by deleting (h) and inserting (j).
31. Amend Sec. 342, P. 113, line 13, after "compensation" and inserting created by NRS 616.438.
32. Sec. 342, P. 113, line 15, insert after "act":
"Any amounts of money transferred in excess of the cost and expenses required by the department to administer the workmen's compensation program provided by this act shall be credited against the assessments of the insurers for the next succeeding year."
Sec. 343, P. 113, line 18: insert after "act":
"Any amounts of money transferred in excess of the cost and expenses required by the department to administer the workmen's compensation program provided by this act shall be credited against the assessments of the insurers for the next succeeding year."

Sec. 345, P. 133, line 28, insert after "act":

"Any amounts of money transferred in excess of the cost and expenses required by the department to administer the workmen's compensation program provided by this act shall be credited against the assessments of the insurers for the next succeeding year."

Sec. 343, P. 113, line 18, by deleting "The state", and deleting lines 19-21 in their entirety.

Sec. 345, P. 113, line 28, by deleting all language after "The state" and deleting lines 29-32.