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

SIXTY-FIRST SESSION
NEVADA STATE LEGISLATURE
May 22, 1981

The Senate Committee on Commerce and Labor was called to order by Chairman Thomas R. C. Wilson, at 2:12 p.m., Friday, May 22, 1981, in Room 213 of the Legislative Building, Carson City, Nevada.

COMMITTEE MEMBERS PRESENT:

Senator Thomas R. C. Wilson, Chairman
Senator Richard E. Blakemore, Vice Chairman
Senator Don W. Ashworth
Senator Melvin D. Close, Jr.
Senator William H. Hernstadt
Senator Clifford E. McCorkle
Senator William J. Raggio

STAFF MEMBERS PRESENT

Betty Steele, Committee Secretary

GUEST LEGISLATORS

Assemblyman Robert E. Price
Assemblyman Robert E. Robinson

ASSEMBLY BILL 70

Assemblyman Robert E. Price was the first witness to appear in regard to A.B. 70 (Exhibit A - first reprint) which imposes duties on insurers in relation to rates and coverage for motor vehicle insurance. Mr. Price discussed the activities of the Legislative Commission's Subcommittee to Study Motor Vehicle Insurance Rates and Rating Practices (A.C.R. 29) and its subsequent report to the 61st session of the Nevada legislature. He noted that insurance company underwriting criteria or rules often affect the insurance rates an individual must pay. Further, he cited various business occupations that are considered "suspect" by insurance companies in regard to higher than average automobile accident frequency. Mr. Price noted that the S.C.R. 29

ASSEMBLY BILL 70 (continued)

subcommittee felt that because the State of Nevada requires all motor vehicles to be insured, insurance companies should provide coverage to all drivers, even "high risk" drivers. He indicated that the subcommittee believed that the insurance companies should be allowed, however, to set the rates for these "high risk" drivers.

Mr. Price suggested that line 3, page 2, should be amended to read: "file a list of the criteria or underwriting rules". Mr. Price felt that insurance companies should make their underwriting criteria or rules known to the insurance commissioner, department of commerce, and should be required to advise the insurance commissioner if a change occurs in the underwriting criteria or rules. He indicated it would be burdensome for insurance companies to include the underwriting criteria with each filing if no changes had taken place. Mr. Price provided the committee with excerpts from the S.C.R. 29 subcommittee's report. This information appears as Exhibit B.

Mr. Richard R. Garrod, Farmers Insurance Group, Saratoga, California, told the committee that to provide a complete copy of all the underwriting rules with each rate filing, whether or not there had been an actual change, would involve a large volume of paper. He suggested the committee amend A.B. 70 on page 2, line 4, by deleting the word "and" and lines 5 and 6. Mr. Price suggested the word "and" should be deleted from line 4 and that a "." should be placed after the word "criteria" on line 5. The balance of lines 5 and 6 would be deleted.

The committee discussed subsection 2 of section 1 of A.B. 70. Mr. James L. Wadhams, director, department of commerce, told the subcommittee that the language on lines 21 and 22 of page 1 does not conform to the language adopted by the committee in S.B. 691. In response to a question by Chairman Wilson, Mr. Price stated that he agreed that lines 21 and 22 on page 1 of A.B. 70 should be deleted from the bill.

Senator Hernstadt moved to "Amend and Do Pass".
The amendments include: page 2, line 5 - add the word "criteria" and conform the language to S.B. 691.

Senator Blakemore seconded and motion carried unanimously.

ASSEMBLY BILL 71

The Chairman called for testimony on A.B. 71 which limits disclosure of information by insurers, agents and organizations which support the business of insurance (Exhibit C).

Assemblyman Robert E. Price told the committee that it was the intent of the Legislative Commission's Subcommittee to Study Motor Vehicle Insurance Rates and Rating Practices (A.C.R. 29) to adopt the National Association of Insurance Commissioners (NAIC) Model Act on Privacy. He noted bill drafting problems and asked that the committee defer action on this bill until language has been properly drafted.

Mr. George Vargas, lobbyist, and Mr. James L. Wadhams, director, department of commerce, agreed that A.B. 71 should reflect the language of the NAIC Model Act.

Senator Hernstadt moved to "Amend A.B. 71 to conform to the NAIC Model Act and Rerefer to Committee."

Seconded by Senator Ashworth.

Motion carried unanimously.

Mr. Vargas provided the committee with a list of comments he received from New York regarding some of the major obstacles encountered when the bill drafter changes the definition of an individual or an insured person. (See Exhibit D.)

Chairman Wilson directed Mr. Price to deliver A.B. 71 to the bill drafter, with the adopted amendments, and instruct him to prepare the bill. Chairman Wilson asked Mr. Price to return to the committee with the bill drafter if any objections to this request were noted. Chairman Wilson further directed that the amendments as adopted should be rereferred to the committee.

ASSEMBLY BILL 538

Assemblyman Robert E. Robinson appeared before the committee to testify on A.B. 538 (Exhibit E - first reprint) which requires state board of architecture to accept national certification as evidence of registration and certification. Mr. Robinson stated that this bill was requested because of dissension between the architectural associations within the state. He indicated that both factions were currently negotiating and asked that the committee defer action on this bill until a later time.

ASSEMBLY BILL 538 (continued)

Mr. Harvey Whittemore, lobbyist, stated that he is a proponent of A.B. 538. Mr. Whittemore also requested that the committee defer action on this bill until a later time. Later during the hearing, Mr. Whittemore advised the committee that discussions with the state board of architecture had been held, and more would be scheduled. He, therefore, requested that the committee indefinitely postpone A.B. 538.

Senator Ashworth moved to "Indefinitely Postpone"
A.B. 538.

Seconded by Senator Hernstadt.

Motion carried with all members voting in favor except for Senator Blakemore who voted "Nay".

ASSEMBLY BILL 656

Assemblyman Robert E. Robinson stated that the assembly commerce committee did not receive a great deal of testimony regarding A.B. 656 (Exhibit F) which requires employers and other organizations to offer optional dental service plan which does not restrict choice of provider of dental services.

Ms. Patsy Redmond, acting insurance commissioner, department of commerce, stated that her division did not testify when A.B. 656 was heard in the assembly. She stated chapter 689A deals with individual health insurance not group health insurance. Employers do not provide individual health coverage to employees. According to Ms. Redmond, the insurance division never had the regulatory authority to tell the employer direct what he must provide as benefits to his employees. Third, such a provision for a small group would not be realistic. "It would take a good size employee group to be able to provide a two option system," she said. (See Exhibit F.1.)

Ms. Georgia Massey, insurance division, department of commerce, stated that under Nevada law, the insurance division regulates the insurance business, not employers. Ms. Massey discussed 689A.380 subsection 3 which states, in part:

* * * No policy of health insurance may provide that the insured does not have the option of selecting any licensee provided for in this subsection to perform any medical or surgical services covered by a policy of insurance if the services is within the scope of his license.

ASSEMBLY BILL 656 (continued)

Ms. Massey noted that dental falls under medical services.

Ms. Redmond stated that the state has no control over the Employees Retirement Income Security Act (ERISA) program. It was noted that this is a federal program.

Mr. Dwight Meraheny, Nevada State Dental Association, stated his concern with union and other self-funded health insurance plans. According to Mr. Meraheny, some testimony has been furnished in the past that indicated that ERISA was a supervising agency for nonprofit health and welfare plans.

Ms. Redmond, in response to comments by Mr. Meraheny regarding union health insurance plans, stated that self-funded plans such as those available through Nevada casinos should also be considered.

The committee elected to withhold action on this bill during this hearing.

ASSEMBLY BILL 666

According to Assemblyman Robert E. Robinson, A.B. 666 ((Exhibit G) which changes registration from annual to biennial and makes various other administrative changes in law governing architects, attempts to reduce the amount of paperwork that the board performs. The fees will remain the same, however, and will be paid biennially. Further, he noted there are some additional increases to help cover operation of the board and some language to clarify persons putting themselves forth to the public as architects.

Ms. Gloria Armendariz and Mr. Robert Fielden of the Nevada state board of architecture discussed A.B. 666. Mr. Fielden stated this is a housekeeping bill which the state board of architecture supports. He noted the changes in this bill were developed by the legislative counsel bureau's legislative counsel and addresses changing the certification and registration of certification to a biennial basis rather than an annual basis.

Senator Ashworth discussed with Mr. Fielden cash flow problems experienced by other boards who have gone from an annual collection to a biennial collection system. Ms. Armendariz stated that funds that will be used during the second portion of the biennium would be put into time certificates. Further, Mr. Fielden stated that the fees collected make his organization self-sufficient.

ASSEMBLY BILL 666 (continued)

In response to a question by Senator Blakemore, Mr. Fielden advised that one of the problems being experienced is that individuals are advertising and holding themselves out to the public as architects. There is no way that the state board of architects can constrain this activity without the added language of the bill, he said.

Senator Hernstadt moved "Do Pass".

Seconded by Senator Blakemore and carried unanimously.

ASSEMBLY BILL 406

Chairman Wilson called for testimony on A.B. 406 (Exhibit H) which amends provisions of industrial insurance law relating to rates, dividends and failure of coverage.

Mr. Joe E. Nusbaum, chairman, Nevada industrial commission (NIC), provided the subcommittee with a copy of his comments on this bill (Exhibit I). According to Mr. Nusbaum, all dividends declared by the NIC in recent years have been experience dividends. The NIC has adopted Regulation 37 which defines experience dividends, sets forth the procedure for determining if a dividend will be declared and establishes the procedures for computing experience dividends. He stated that employers and employer groups have supported experience dividends as the appropriate way to distribute surplus. Continuing, Mr. Nusbaum, indicated that the fact that there is no statutory authority for dividends or experience dividends has been a problem. The NIC has consistently taken the position that the declaration of dividends and the basis for computing dividends is an inherent authority of an insurance operation. On this basis, he reaffirmed his belief that all dividends that have been distributed and Regulation 37 are legal. The NIC, consistent with insurance practice believes that the rebate of premium is not a dividend but is a refund of premiums as the result of a retroactive adjustment of premium rates. If a premium rate is improperly computed or improperly assigned to an employer, he is entitled to a rebate of the excess premium paid regardless of his loss experience, he said.

Mr. Nusbaum stated that A.B. 406 is unanimously supported by the members of the Nevada industrial commission and is based on the recommendations of the advisory board of review.

There was considerable discussion between Senator Raggio and Mr. Nusbaum regarding contingency provisions. Mr. Nusbaum stated that his office has considered the history of what has occurred previously in Nevada. Changing conditions (i.e. adoption of self-insurance and a number of employers leaving the system) and economic conditions can have an impact on fund requirements, he said.

In response to a question by Senator Wilson, Mr. Nusbaum stated that he had been unable to agree with Mr. Harvey Whittemore, lobbyist, on proposed general guidelines.

Mr. Harvey Whittemore, lobbyist, stated that "we are totally opposed to A.B. 406 as it is presently written." Language in A.B. 406 takes away substantive rights that employers currently have, he said. According to Mr. Whittemore, "what we are concerned about is having the right to appeal the decision with respect to what are now known as rebates of premium contribution and what the commission would like it to know as 'experience dividends'".

According to Mr. Whittemore, Nevada has distinguished between dividends and rebates since 1913. Rebates are those returns of funds to the employers based upon individual experience. Dividends under Nevada law are returns of funds to groups of employers based upon groups of employers' experience, he said.

In response to a question by Senator Hernstadt, Mr. Whittemore stated that "if the committee is going to adopt language allowing the commission to declare experience dividends then the experience dividend language that is incorporated on page 1 of A.B. 406 is sufficient to identify and define what an experience dividend does but, by the effect of the language on page 2, line 24, it would mean that we have no right to appeal to the commissioner of insurance regarding that decision but instead would go immediately to the district court."

After lengthy discussion, Mr. Whittemore reviewed a set of policy questions which were submitted to the committee as Exhibit J. These questions address the following matters and set forth the positions, according to Mr. Whittemore, taken by the NIC and employers:

1. Whether the commission should return surplus funds to eligible contributing employers in all insurance.

2. Whether there should be an appeal process to determine the reasonableness of the commission's decision regarding the contingency reserve level.
3. Whether the employer who leaves the NIC should share in distributions of surplus.
4. How many dividend factors the NIC should use in distributing experience dividends.
5. Whether there should be a process by which employers may protest individual case reserves.

Chairman Wilson indicated that the committee will hold another hearing on A.B. 406 and on the policy questions presented by Mr. Whittemore.

Mr. James L. Wadhams, director, department of commerce, asked the committee to consider the issue of the relationship between A.B. 406 and S.B. 548. He noted that the intent of S.B. 548 was to isolate the insurance function of NIC and treat it as an insurance company being regulated as to rate and financial condition by the office of the insurance commissioner. Mr. Wadhams referenced a letter he prepared on April 28, 1981, to Governor Robert List (Exhibit K) clarifying his department's position. He quoted as follows:

* * * This would include rate regulation and financial condition analysis. It should be noted that these responsibilities encompass certain others necessary to their execution. Review of reserves, classifications, dividends, and underwriting standards are examples of those derivative responsibilities. * * *

Therefore, Mr. Wadhams said, S.B. 548 imputes the responsibility of the insurance commissioner for rate regulation and A.B. 406 seems to be somewhat contrary to additional regulation.

Ms. Carole Vilaro, CPE South, told the committee that A.B. 406 does not (1) specify the mechanism by which the surplus reserves are returned, and (2) it does not allow protest rights. Ms. Vilaro stated she does not support A.B. 406.

The committee elected to withhold action on this bill during this hearing.

SENATE BILL 686

Chairman Wilson opened discussion to consider assembly amendments to S.B. 686 (Exhibit L) which raises limits on loans by savings and loan associations and revises procedure for appeal from decisions of commissioner of savings associations.

The first witness was Mr. Norman T. Okada, acting commissioner of savings associations, department of commerce. He indicated that S.B. 686 is an agency request. Sections 1 and 2 are administrative changes that the legislative counsel has placed in the bill in order to clean up language used in the appeal process. He indicated that he has no objection to these changes.

Continuing, Mr. Okada stated that section 3 of S.B. 686 addresses the branching aspects of the savings and loan associations. He stated that in the branch approval process, the 6-month time period has not been adequate for the various associations to get their branches operational. Many have requested extension, he said, therefore, his department has made this change in order to facilitate the process.

Section 4, lines 14 through 41, allows the savings and loan associations of Nevada parity with the federal charters on expanded lending policies in the area of real estate mortgages. There was discussion with committee members regarding the complexities of Nevada continuing to maintain parity as the federal charters change.

Mr. Okada stated that the commissioner of savings associations may call a hearing for any disputes. If the decision arrived at by the commissioner or his designee is not acceptable to the parties in the action, they may appeal to the director or to the board of finance. These processes take time and money and he suggested that this area be eliminated and the appeal process go directly to the courts.

SENATE BILL 695

The Chairman called for testimony on S.B. 695 (Exhibit M) which makes various amendments to provisions of law governing mortgage companies.

Mr. Norman T. Okada, acting commissioner of savings associations, told the committee that S.B. 695 is an industry request bill. He stated he has reviewed the bill and concurs with it.

SENATE 695 (continued)

Section 1 addresses control of funds that are accepted by the mortgage company or broker. Mr. Okada indicted that his department has witnessed some very poorly controlled funds. His examiners have been unable to reconcile trust funds. Principals in some companies have elected not to take corrective measures when advised of these discrepancies. Mr. Okada stated that he believes it necessary to exercise some form of control.

Section 2 of the bill discusses the licensing process. Section 3 addresses the financial reporting for the licensee initially and on an ongoing basis. Basically it sets a bench mark for the amount of business being conducted in relationship to other companion businesses, Mr. Okada advised. If the company's primary business is other than mortgage brokerage activity, then his department is not requiring such stringent reporting requirements, he said.

Section 4 adds the periodic examinations that the commissioner's office can conduct, and it also adds periodic inspection audits. This would address situations where indications exist that problems are occurring within a company. This clarifies the law, he said.

Section 5 allows charging the licensee for those additional reports and examinations. Section 6 addresses problems with the licensees not paying their fees and not applying for renewals in a timely manner. Mr. Okada indicated he was currently working with the industry on amendments.

Mr. Renny Ashleman, Thrift Companies Association, asked that the committee allow the amendments to be incorporated with the bill during hearings in the assembly.

There was discussion between the committee, Mr. Okada and Mr. Ashleman regarding:

Page 1, lines 15 and 16 which reads: "(b) If the loan or the transfer thereof fails, to the person who made the payment." Mr. Ashleman suggested that the wording might be changed to "is not consummated".

Page 2, lines 2 through 4 which reads: "released, upon the deduction and payment of any fees or service charge due the mortgage company, to the owner of or the person having the beneficial interest in the loan." The committee suggested that the wording might be changed to "owner of the note".

SENATE BILL 695 (continued)

Senator Ashworth noted that if a mortgage company goes into bankruptcy and there has been a division of funds, there are some serious problems. Mr. Ashleman and Mr. Okada agreed and said that this has occurred.

Senator Ashworth discussed page 1, lines 12 through 14 which read: "* * * Upon completion of the loan, or upon completion of the transfer of the ownership or beneficial interest therein, to the debtor or his designee or to the mortgage company, as the case may be; or * * *.

Mr. Ashleman noted that transfers of ownership of beneficial interest exist when there are not completions of the beneficial ownership. Senator Ashworth noted that the problems of completing the loan, releasing the money and not having a trustee record seems to be allowed in this bill. Mr. Okada noted this concern and stated that perhaps something be added upon the completion of the loan, including recording of the interests or release, as the case may be.

Mr. Ashleman noted problems that should be addressed and mentioned difficulties he had experienced in the bill drafting process.

Chairman Wilson asked that Mr. Ashleman present the committee with his written amendments on the following day.

Senator Hernstadt moved "Amend and Do Pass".

Seconded and carried.

Later in the meeting, Senator Raggio asked that the record reflect he did not participate in the vote on this bill.

SENATE BILL 699

The Chairman opened discussion on S.B. 699 (Exhibit N) which revises provisions of certain federally assisted programs administered by the department of human resources.

Ms. Patsy Redmond, acting insurance commissioner, insurance division, department of commerce, advised the committee that S.B. 669 was formerly S.B. 554. (Amendments submitted by Ms. Redmond appear as Exhibit O.)

Senator Blakemore moved "Do Pass".

Senator Hernstadt seconded and carried unanimously.

SENATE BILL 391

Senator Wilson called for testimony on S.B. 391 which amends law relating to pharmacists and pharmacies (Exhibit P).

Harvey Whittemore, lobbyist, stated that the original amendments that the committee adopted were to section 17 and then in the original meeting Senator Close made a motion to have a telephoning requirement. Information was later submitted regarding the status of this particular question with regard to the other states and the committee adopted an amendment to require basically that it is the responsibility of the registered pharmacists and to make telephoning contacts

The committee discussed Section 16, subsection 2 in detail.

Senator Hernstadt moved to "Reconsider the action by which we require full telephone communication at all times for prescriptions from out-of-state and change it to say that if the validity of relation between the patient and the prescriber are in any way in question, then the pharmacist is obligated to speak to the prescriber by telephone."

Seconded by Senator McCorkle and carried unanimously.

Chairman Wilson noted that the committee is deleting the brackets on line 29 and line 34, page 6. Also, on page 6, the italicized language is also being deleted in line 34 down through 40.

Exhibit Q contains a letter under date of March 25, 1982, from F. R. Breen, Breen, Young, Whitehead & Belding, Attorneys at Law, Reno, with suggested amendments for S.B. 391.

Exhibit R is a copy of testimony received during the committee's March 30, 1981, meeting on S.B. 391.

SENATE BILL 240

Committee discussion was held on S.B. 240 (Exhibit S) which makes administrative changes relating to chiropractic.

Senator Blakemore moved "Amend and Do Pass".
His motion incorporated amendments as follows:
"10 hours" on line 37.
"person" instead of "applicant" on line 9.
Add "and" to line 12.

SENATE BILL 240 (continued)

Strike the portion of the bill referring to the date on which the examinations shall be administered. The board should select the time and place of the examinations.

Seconded by Senator McCorkle and carried unanimously.

SENATE BILL 686

Chairman Wilson asked for discussion on S.B. 686 which raises limits on loans by savings and loan associations and revises procedure for appeal from decisions of commissioner of savings association.

Senator Ashworth asked that the record reflect that he did not participate in the discussion and that he would not be voting on this bill.

Senator Blakemore moved "Do Pass".

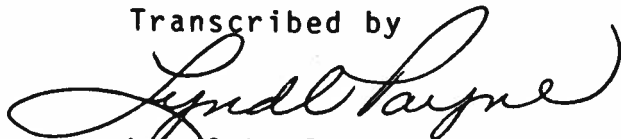
Seconded by Senator Hernstadt and carried with Senator Ashworth abstaining from the vote.

Exhibit U is a copy of the committee's agenda for May 22, 1981.

Exhibit V is the May 22, 1981, attendance roster form.

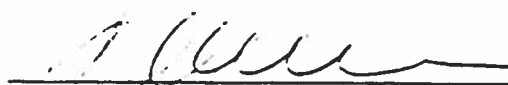
There being no further business, the meeting was adjourned.

Transcribed by



Lyndl L. Payne
Research Secretary
April 6, 1982

APPROVED:



Senator Thomas R. C. Wilson, Chairman

*There was no Exhibit T

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

A. B. 70

ASSEMBLY BILL NO. 70—ASSEMBLYMEN PRICE,
BARENGO, WESTALL AND POLISH

JANUARY 29, 1981

Referred to Committee on Transportation

SUMMARY—Imposes duties on insurers in relation to rates and coverage
for motor vehicle insurance. (BDR 57-10)

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 motor vehicle insurance; providing for duties of insurers
relating to rates and coverage; 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 687B.145 is hereby amended to read as follows:
2 687B.145 1. Any policy of insurance or endorsement providing cov-
3 erage under the provisions of NRS 690B.020 or other policy of casualty
4 insurance may provide that if the insured has coverage available to him
5 under more than one policy or provision of coverage, any recovery or
6 benefits may equal but not exceed the higher of the applicable limits of
7 the respective coverages, and the recovery or benefits must be prorated
8 between the applicable coverages in the proportion that their respective
9 limits bear to the aggregate of their limits. Any provision which limits
10 benefits pursuant to this section must be in clear language and be promi-
11 nently displayed in the policy, binder or endorsement. Any limiting provi-
12 sion is void if the named insured has purchased separate coverage on the
13 same risk and has paid a premium calculated for full reimbursement
14 under that coverage.
15 2. Insurance companies doing business in this state must offer unin-
16 sured motorist coverage equal to the limits of bodily injury coverage sold
17 to the individual policyholder. Uninsured motorist coverage must include
18 a provision which enables the insured to recover any amount of damages
19 for bodily injury from his insurer to which he is legally entitled but which
20 exceeds the limits of the bodily injury coverage carried by the owner or
21 operator of the other vehicle [.] , up to the limits of the uninsured motor-
22 ist coverage carried by the insured.

1 **SEC. 2.** Chapter 690B of NRS is hereby amended by adding thereto
2 a new section which shall read as follows:

3 1. *Each insurer shall file a list of the criteria which it uses in under-*
4 *writing risks for coverage under policies of motor vehicle insurance, and*
5 *an explanation of those criteria, with each schedule of rates for motor*
6 *vehicle insurance which it files with the commissioner.*

7 2. *The commissioner may adopt regulations prescribing the form in*
8 *which the information required by this section must be filed.*

9 **SEC. 3.** The criteria for underwriting risks for coverage under policies
10 of motor vehicle insurance, and explanations of those criteria, which apply
11 to schedules of rates in effect on the date of passage and approval of this
12 act must be filed with the commissioner on or before July 1, 1981.

13 **SEC. 4.** 1. Sections 2 and 3 of this act shall become effective upon
14 passage and approval.

15 2. Section 1 of this act shall become effective on July 1, 1981.

UNDERWRITING CRITERIA

5/22 - Bob Price
use for manual

Except for a very few persons who qualify as self-insurers, Nevada drivers are compelled to carry automobile insurance. Drivers must show proof of insurance to register or reregister their vehicles. Moreover, failure to maintain mandatory insurance can result in fines and revocation of the driver's license and vehicle registration.

The interim subcommittee believed that because motor vehicle insurance is mandatory in Nevada, the standards which Nevada automobile insurance writers use in deciding whether to accept and retain risks must be fair, equitable and nondiscriminatory.

The subcommittee received testimony indicating that such is not the current situation in Nevada. Motor vehicle insurance applicants, the interim subcommittee was told, are turned down for insurance because of all kinds of arbitrary and discriminatory reasons not related to their accident histories, driving ability or traffic violation records. Factors which insurers consider in underwriting include place of residence, occupation, character, marital status, previous insurance status, underwriter's subjective judgment and others. Concerning occupation, one insurer's underwriting manual says:

Occupation is an extremely important underwriting consideration for private passenger automobile insurance. We cannot statistically support our views on occupation * * * nevertheless, observation, judgment and experience have shown that as a group, persons engaged in certain occupations have a higher than average automobile accident frequency.

That manual lists numerous suspect occupations, including:

- employees in cabarets, cocktail lounges, dancehalls, nightclubs, and taverns;
- employees at establishments offering music, vending and slot machines;
- racetrack and sports promotion employees;
- migratory farmworkers;
- professional athletes, entertainers, and musicians;
- beauticians and manicurists;
- bellhops;
- busboys and other kitchen helpers;
- liquor store employees;
- oilfield employees engaged in drilling operations;
- painters and paperhangers;
- parking lot and garage attendants;
- delivery boys;
- taxicab drivers;
- waiters, waitresses and cooks;
- military personnel.

EXHIBIT B

It is clear the implication that this list of suspect occupations has for Nevada residents, so many of whom work in the gaming and entertainment industries.

As noted earlier, certain companies also require underwriters to consider an applicant's character. Again, one company's manual provides an example of companies' use of this factor and how it can affect Nevada drivers. Not acceptable for any form of insurance are "professional gamblers" and those frequenting "gambling establishments, taverns, saloons, or nightclubs." Companies tell their underwriters to reject persons who are not dependable, at odds with their family, living beyond their means, and who do not "conform to normal patterns of social behavior." Of course, any company underwriter's analysis of an applicant's "character" is also based on that underwriter's own personal standards and prejudices.

Drivers who for some reason are not accepted in the standard market (those companies which accept "good risks") are forced into the so-called residual market which consists of the assigned risk plan and nonstandard companies. A certain percentage of drivers (in past years estimated at as high as 30-40 percent in Nevada) remain uninsured.

Certain states' legislatures, such as Hawaii, Florida and Michigan, have shown concern about automobile insurers' underwriting practices and have enacted legislation limiting the criteria insurers can use to turn down customers.

(REPRINTED WITH ADOPTED AMENDMENTS)

SECOND REPRINT

A. B. 71

ASSEMBLY BILL NO. 71—ASSEMBLYMEN PRICE,
BARENGO, WESTALL, POLISH AND BREMNER

JANUARY 29, 1981

Referred to Committee on Transportation

SUMMARY—Limits disclosure of information by insurers, agents and organizations which support the business of insurance. (BDR 57-11)

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 the business of insurance; providing limitations on the disclosure of personal information about certain persons; prescribing procedures for obtaining information and for correcting, amending and deleting personal information; providing penalties; 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 680A of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 26, inclusive, of this act.
3 SEC. 2. *As used in sections 2 to 26, inclusive, of this act, unless the*
4 *context otherwise requires, the words and terms defined in sections 3 to*
5 *11, inclusive, of this act have the meanings ascribed to them in those sec-*
6 *tions.*
7 SEC. 3. "Adverse underwriting decision" means:
8 1. *A declination of coverage under a policy of insurance;*
9 2. *A termination of coverage under a policy of insurance;*
10 3. *A failure on the part of an agent to apply for coverage with a spe-*
11 *cific insurer which the agent represents and which has been requested by*
12 *the protected person;*
13 4. *Action by an agent to obtain insurance through an assigned risk*
14 *plan or any other mechanism for obtaining insurance for substandard or*
15 *marginal risks;*
16 5. *With respect to life, health or disability insurance, an offer to*
17 *insure at higher than standard rates; or*
18 6. *With respect to property or casualty insurance, the charging of a*
19 *higher rate of premium based on information which differs from that*
20 *which the protected person furnished.*
21 SEC. 4. "Affiliate" means a person who directly, or indirectly through

1 one or more intermediaries, controls, is controlled by or is under common
2 control with another.

3 SEC. 5. "Agent" means a person who is required to be licensed pur-
4 suant to chapter 683A of NRS, including a broker.

5 SEC. 6. "Investigation" means the gathering of information and the
6 report which contains the information about the character, general reputa-
7 tion, personal characteristics and habits of a natural person, obtained by
8 means of interviews with neighbors, friends, associates and acquaintances
9 of the subject of the investigation, and with others who may have knowl-
10 edge of him.

11 SEC. 7. "Medical information" means personal information which
12 relates to physical or mental condition, medical history or medical treat-
13 ment, and which is obtained from a provider of health care, or the subject
14 of the information or his spouse, parent or legal guardian.

15 SEC. 8. "Personal information" means any information gathered in
16 connection with an insurance transaction, by which the subject of the
17 information may be identified, from which a judgment can be made about
18 character, habits, avocations, finances, occupation, general reputation,
19 credit, health or other personal characteristics. The term includes medical
20 information but not privileged information.

21 SEC. 9. "Privileged information" means any information, by which
22 the subject of the information may be identified, which is related to and
23 collected in connection with or in reasonable anticipation of a claim or
24 a civil or criminal proceeding involving the subject of the information.

25 SEC. 10. "Protected person" means a natural person who:

26 1. In the case of property or casualty insurance is a past, present or
27 proposed named insured or holder of a certificate;

28 2. In the case of life, health or disability insurance is a past, present
29 or proposed principal insured or holder of a certificate;

30 3. Is a past, present or proposed policyholder;

31 4. Is an applicant or has applied for insurance in the past; or

32 5. Derived, derives or will derive coverage under a policy of insur-
33 ance or certificate to which sections 2 to 26, inclusive, of this act apply.

34 SEC. 11. "Supporting organization" means any person, other than an
35 agent, provider of health care, agency of government or insurer who reg-
36 ularly engages in the practice of assembly or evaluating information
37 about natural persons for the primary purpose of providing the informa-
38 tion or evaluation to an insurer or agent to assist the insurer or agent in
39 conducting the business of insurance, including:

40 1. Conducting investigations and providing the information obtained
41 to insurers and agents; and

42 2. Collecting personal information from insurers, agents and other
43 supporting organizations for the purpose of detecting or preventing fraud
44 or the misrepresentation or failure to disclose material facts in connection
45 with the underwriting of insurance or the administration of claims.

46 SEC. 11.3. 1. Sections 2 to 26, inclusive, of this act apply to insur-
47 ers, agents and supporting organizations which:

48 (a) In the case of life, health or disability insurance:

49 (1) Collect, receive or maintain information in connection with

1 insurance transactions with protected persons who are residents of this
2 state; or

3 (2) Engage in insurance transactions with protected persons who are
4 residents of this state.

5 (b) In the case of property or casualty insurance:

6 (1) Collect, receive or maintain information in connection with
7 insurance transactions involving policies, contracts or certificates of insur-
8 ance delivered, issued for delivery or renewed in this state; or

9 (2) Engage in insurance transactions involving policies, contracts or
10 certificates of insurance delivered, issued for delivery or renewed in this
11 state.

12 2. The rights granted by sections 2 to 26, inclusive, of this act extend
13 to natural persons who are residents of this state and:

14 (a) Are subjects of information collected, received or maintained in
15 connection with insurance transactions; or

16 (b) Seek to engage in insurance transactions relating to life, health or
17 disability insurance, or transactions relating to policies of property or
18 casualty insurance delivered, to be delivered or renewed in this state.

19 A person is a resident of this state if his last known-mailing address, as
20 shown in the records of the insurer, agent or supporting institution, is
21 located in this state.

22 3. The provisions of sections 2 to 26, inclusive, of this act do not
23 apply to:

24 (a) Insurance relating to a business or profession;

25 (b) Information collected from public records in the custody of a gov-
26 ernmental agency; or

27 (c) Supporting organizations which are regulated pursuant to the Fair
28 Credit Reporting Act, 15 U.S.C. § 1861(c), in matters which are regu-
29 lated pursuant to that act.

30 SEC. 11.5. When he is acting to administer and enforce the provisions
31 of sections 2 to 26, inclusive, of this act, the commissioner may examine
32 the records of a supporting organization in Nevada or elsewhere in the
33 same manner as he is empowered to examine the records of insurers by
34 this code.

35 SEC. 12. 1. Each insurer or agent shall provide a notice of its prac-
36 tices with regard to personal information to each protected person in con-
37 nection with each:

38 (a) Application for insurance;

39 (b) Renewal of a policy;

40 (c) Reinstatement of a policy; and

41 (d) Request for a change in benefits under a policy.

42 2. The notice must be in writing and must state:

43 (a) Whether personal information may be collected from persons other
44 than the protected person.

45 (b) The types of personal information which may be collected and the
46 types of sources and techniques of investigation which may be used to
47 collect the information.

48 (c) The classes or types of persons who may receive personal informa-
49 tion without prior authorization obtained pursuant to section 18 of this
50 act.

1 (d) *The types of personal information which may be disclosed without*
2 *prior authorization.*

3 (e) *Which items of information, if any, are being collected solely for*
4 *marketing, research or other purposes not directly related to the transac-*
5 *tion.*

6 (f) *That the protected person has a right of access to and correction and*
7 *amendment of the personal information.*

8 (g) *That information received from a supporting organization may be*
9 *retained by the organization and disclosed to persons other than the*
10 *insurer.*

11 (h) *That upon a request a protected person may obtain:*

12 (1) *A description of procedures by which he can obtain access to and*
13 *correction of personal information; and*

14 (2) *A description of the circumstances under which personal infor-*
15 *mation may be disclosed without prior authorization obtained pursuant to*
16 *section 19 of this act.*

17 3. *In lieu of the notice prescribed by subsection 1, an insurer or agent*
18 *may provide an abbreviated notice informing the protected person that:*

19 (a) *Personal information may be collected from persons other than a*
20 *protected person;*

21 (b) *Any information collected by the insurer or agent may in certain*
22 *circumstances be disclosed to third persons without authorization from*
23 *the subject or protected person;*

24 (c) *The protected person has a right to inspect the information and cor-*
25 *rect any errors which he maintains are included; and*

26 (d) *The insurer or agent is required to furnish a full notice required by*
27 *subsection 1 if it is requested by the protected person.*

28 4. *The notice required by this section may be provided by an insurer*
29 *or agent who is authorized to act on behalf of another insurer or agent,*
30 *and if it is so provided, the requirement of the insurer or agent on whose*
31 *behalf the notice is given shall be deemed to have given the notice.*

32 SEC. 13. 1. *A notice required by section 12 of this act must be*
33 *given not later than the time specified for that type of notice in subsec-*
34 *tions 2 to 5, inclusive, of this section.*

35 2. *If the notice relates to an application for insurance, it must be*
36 *given no later than:*

37 (a) *The delivery of the policy or certificate, if personal information has*
38 *been and is to be collected only from the protected person and from pub-*
39 *lic records maintained by governmental agencies.*

40 (b) *At the time the collection of personal information is begun, if the*
41 *information is intended to be collected from any person other than the*
42 *protected person and public records maintained by governmental agen-*
43 *cies.*

44 3. *If the notice relates to renewal of a policy, it must be given no*
45 *later than the date of the renewal. No notice is required if:*

46 (a) *Notice which meets the requirements of section 12 of this act has*
47 *been given within 24 months before the date of the renewal; and*

48 (b) *Personal information has been and is to be collected only from the*
49 *protected person and from public records maintained by governmental*
50 *agencies.*

1 4. If the notice relates to reinstatement of a policy or a change in
2 benefits under a policy, it must be given no later than the time at which
3 the request for the reinstatement or change is received by the insurer. No
4 notice is required if personal information has been and is to be collected
5 only from the protected person and from public records maintained by
6 governmental agencies.

7 5. If the notice relates to a policy of property or casualty insurance,
8 it must be given within 3 business days after the coverage is bound,
9 whether the notice relates to an application, renewal, reinstatement or
10 change in benefits.

11 SEC. 14. Each protected person who requests information relating to
12 his right to access to and correction of personal information must be
13 informed of:

14 1. The procedures by which he may:

15 (a) Gain access to recorded personal information collected about him
16 by an insurer, agent or supporting organization; and

17 (b) Correct, amend, delete or dispute recorded personal information.

18 2. The circumstances under which personal information may be
19 disclosed without prior authorization obtained pursuant to section 19
20 of this act.

21 SEC. 15. 1. An insurer, agent or supporting organization may not
22 conduct an investigation or request that an investigation be conducted
23 by any other person in connection with an application for insurance,
24 renewal of a policy, reinstatement of a policy or a change in the benefits
25 under a policy unless the insurer, agent or organization informs the
26 protected person who is to be the subject of the investigation:

27 (a) That he may request to be interviewed in connection with the
28 investigation; and

29 (b) That if no interview is conducted and he makes a proper request,
30 he is entitled to receive a copy of the report of the investigation.

31 2. If an investigation is to be conducted by an insurer or agent,
32 the insurer or agent shall make reasonable attempts to conduct an inter-
33 view if it is requested by the subject of the investigation.

34 3. An insurer or agent who has requested that a supporting organiza-
35 tion conduct an investigation shall inform the organization of any request
36 for an interview which it has received from the subject of the investiga-
37 tion. The supporting organization shall make reasonable attempts to
38 conduct an interview upon receiving notice of a request from the insurer
39 or agent.

40 SEC. 16. 1. Except as provided in subsection 2, an insurer, agent
41 or supporting organization shall not use or authorize the use of inter-
42 views whereby a person, in an attempt to obtain information about any
43 other person:

44 (a) Pretends to be someone he is not;

45 (b) Pretends to represent a person he does not actually represent;

46 (c) Misrepresents the true purpose of the interview; or

47 (d) Refuses to identify himself if requested to do so.

48 2. An insurer, agent or supporting organization may undertake an
49 interview of a type prohibited by subsection 1 if:

1 (a) *The interview is undertaken for the purpose of obtaining informa-*
2 *tion relating to the investigation of a claim, and there is a reasonable*
3 *basis which is founded upon specific information which is available for*
4 *inspection by the commissioner, for suspecting that the claim involves*
5 *fraud, or misrepresentation or concealment of a material fact; and*

6 (b) *The person from whom the information is sought to be obtained*
7 *does not have a privileged relationship with the person to whom the*
8 *information relates.*

9 SEC. 17. *No insurer, agent or supporting organization may seek*
10 *information about any protected person which concerns any:*

11 1. *Adverse underwriting decision made against the protected person*
12 *in connection with an insurance transaction in which the person was an*
13 *applicant, policyholder or proposed for coverage; or*

14 2. *Previous insurance which the protected person obtained through*
15 *an assigned risk plan or similar mechanism designed to provide insurance*
16 *to substandard or marginal risks,*

17 *unless the inquiry also requests the reasons for the adverse underwriting*
18 *decision or the reasons that the insurance had to be obtained through an*
19 *assigned risk plan or similar mechanism.*

20 SEC. 18. *An insurer, agent or supporting organization shall not dis-*
21 *close any personal or privileged information which was collected or*
22 *received in connection with an insurance transaction unless the disclosure*
23 *is made:*

24 1. *With the written authorization of the subject of the information*
25 *or his legal representative. If the information has been requested by an*
26 *insurer, agent or supporting organization, the authorization must have*
27 *been obtained pursuant to section 19 of this act. If the information has*
28 *been requested by any other person, the authorization must:*

29 (a) *Contain the date and the signature of the protected person; and*

30 (b) *Have been obtained within 1 year before the person requesting the*
31 *information submitted the request.*

32 2. *To a person other than an insurer, agent or supporting organiza-*
33 *tion to enable the recipient to perform a business, professional or*
34 *insurance function for the disclosing insurer, agent or supporting orga-*
35 *nization, if:*

36 (a) *The information is reasonably necessary for the recipient to per-*
37 *form its function for the disclosing insurer, agent or supporting organiza-*
38 *tion; and*

39 (b) *The recipient has agreed not to disclose personal or privileged*
40 *information without the written authorization of the subject of the*
41 *information or his legal representative, or the disclosure would be per-*
42 *mitted by this section if made by an insurer, agent or supporting orga-*
43 *nization.*

44 3. *To an insurer, agent, supporting organization or self-insurer if*
45 *the information is reasonably necessary:*

46 (a) *To detect or prevent fraud or the misrepresentation of or failure*
47 *to disclose a material fact in connection with an insurance transaction; or*

48 (b) *To enable the disclosing or receiving insurer, agent, supporting*
49 *organization or self-insurer to perform a function in connection with an*
50 *insurance transaction which involves the subject of the information.*

1 4. To a provider of health care for the purpose of informing the
2 subject of the information of an injury or illness of which the person
3 may not be aware.

4 5. To an agency of government which has among its duties the
5 regulation of the business of insurance.

6 6. To a law enforcement agency or regulatory agency if the insurer,
7 agent or supporting organization reasonably believes that the informa-
8 tion contains evidence of illegal activities by the subject of the informa-
9 tion, or that the disclosure is necessary to protect itself against fraud.

10 7. In response to an order of a court, valid subpoena, warrant or
11 otherwise as required by law.

12 8. For the purpose of research, including actuarial and underwriting
13 studies, management audits, financial audits or evaluations of programs,
14 if:

15 (a) No person is individually identified in the report of the research,
16 evaluation or audit, or in any other information released by the persons
17 conducting the research, evaluation or audit.

18 (b) All records and materials which identify particular persons are
19 returned or destroyed.

20 9. To a party to a proposed or completed sale, transfer, merger or
21 consolidation of all or part of the business of an insurer, agent or sup-
22 porting organization if:

23 (a) Before the completion of the sale, transfer, merger or consolida-
24 tion, only the information which is reasonably necessary to permit the
25 recipient to make business decisions about the purchase, transfer, merger
26 or consolidation; and

27 (b) The recipient agrees not to disclose the information unless the
28 disclosure would be otherwise permitted under this section if made by
29 an insurer, agent or supporting organization.

30 10. To a person whose only use of the information will be in con-
31 nection with the marketing of a service, if:

32 (a) The information disclosed does not include any medical informa-
33 tion or any privileged or personal information relating to character,
34 personal habits or general reputation, and no classification which has
35 been derived from these types of information is disclosed;

36 (b) The subject of the information has been given an opportunity to
37 indicate that he does or does not want personal information disclosed
38 for the purposes of marketing, and has not indicated that he does not
39 want the information disclosed for those purposes; and

40 (c) The recipient uses the information only in connection with the
41 marketing of a product or service.

42 This subsection does not limit the disclosure of a complete list of names
43 and addresses of persons insured by an insurer or through an agent.

44 11. To an affiliate for the purpose of marketing insurance or a
45 related service, if the affiliate has agreed not to disclose the information
46 for any other purpose or to any person other than an affiliate.

47 12. By a supporting organization pursuant to the Federal Fair Credit
48 Reporting Act, 15 U.S.C. 1861(c), if:

1 (a) *The primary sources of information of the organization are per-*
2 *sons other than insurers or agents; and*

3 (b) *The disclosure is to a person other than an insurer or agent.*

4 SEC. 19. 1. *An insurer, agent or supporting organization shall not*
5 *ask, require or induce any person to execute any form or statement which*
6 *authorizes or purports to authorize the disclosure of personal or privi-*
7 *leged information about himself or another unless the form or statement:*

8 (a) *Is written in plain language, dated and contains an expiration date;*

9 (b) *Specifies the classes of persons to whom the information may be*
10 *disclosed and the purposes for which the information may be used by*
11 *those persons;*

12 (c) *Specifies the nature of the information which may be disclosed pur-*
13 *suant to the form or statement; and*

14 (d) *Contains a statement advising the person who signs the form or*
15 *statement that he is entitled to receive a copy of the form or statement.*

16 2. *The expiration date of an authorization to disclose personal infor-*
17 *mation executed pursuant to this section must be:*

18 (a) *No more than 30 months after the date on which the form or state-*
19 *ment was received by the insurer, agent or supporting organization, if it*
20 *is in connection with an application for insurance, a reinstatement of a*
21 *policy or a request for a change in benefits under a policy of life, health or*
22 *disability insurance.*

23 (b) *No more than 1 year after the effective date of the policy, if it is in*
24 *connection with an application for a policy of property or casualty insur-*
25 *ance.*

26 (c) *The date on which the claim ends, if the form or statement was*
27 *executed in connection with a claim for benefits under a policy of insur-*
28 *ance.*

29 SEC. 20. 1. *Any insurer, agent or supporting organization which*
30 *receives a written request for personal information from any person*
31 *which contains proper identification of the person making the request as*
32 *the subject of the information or his legal representative and which suffi-*
33 *ciently identifies the information sought shall, if the information is rea-*
34 *sonably accessible, within 30 days after receiving the request:*

35 (a) *Inform the person who has made the request of the nature and*
36 *substance of any recorded information in writing, in person or by tele-*
37 *phone.*

38 (b) *Unless the information is medical information which the insurer,*
39 *agent or supporting organization elects to disclose pursuant to subsection*
40 *2, permit the person to see and to copy the personal information which*
41 *pertains to him or to a person whom he represents, or to obtain a copy*
42 *of the information by mail, whichever the person prefers. If the informa-*
43 *tion is in a coded form, the insurer, agent or supporting organization shall*
44 *provide an accurate translation in plain language.*

45 (c) *Disclose to the person the identity, if it is recorded, of the persons*
46 *to whom the information has been disclosed within the 2 years preceding*
47 *the request. If the identity of the persons who have received the informa-*
48 *tion is not recorded, the insurer, agent or supporting organization shall*
49 *provide the names of those insurers, agents, supporting organizations*
50 *and other persons to whom the information is normally disclosed.*

1 (d) Provide a summary of the procedures by which the person may
2 request correction, amendment or deletion of personal information from
3 the records of the insurer, agent or supporting organization.

4 2. Medical information which was supplied by a provider of health
5 care, and the identity of the provider of health care, may be supplied:

6 (a) Directly to the protected person; or

7 (b) To a provider of health care designated by the protected person
8 who is licensed to provide care relating to the condition or conditions
9 indicated by the information. The insurer, agent or supporting institution
10 must indicate to the protected person when it discloses other information
11 that it has provided medical information to the provider of health care.

12 3. Any personal information which was obtained from an institu-
13 tional source must be accompanied by a statement of the source of the
14 information, and the source must be disclosed to a person who has made
15 a proper request. For the purposes of this subsection, "institutional
16 source" means any person or governmental agency which provides infor-
17 mation about a protected person, other than an agent, the protected per-
18 son or a natural person who is acting in a personal capacity rather than
19 in a business or professional capacity.

20 4. The insurer, agent or supporting organization may charge a rea-
21 sonable fee for providing personal information from its records, except
22 that no fee may be charged for information which is required to be pro-
23 vided by section 23 or 24 of this act.

24 5. An insurer, agent or supporting organization may arrange with a
25 supporting organization to copy and disclose personal information on its
26 behalf.

27 6. Nothing in this section extends any right to any person to obtain
28 information which relates to and is collected in connection with or in
29 reasonable anticipation of a claim or a civil or criminal proceeding which
30 involves that person or a protected person he represents.

31 SEC. 21. 1. Each insurer, agent or supporting organization which
32 receives a request from a protected person to correct, amend or delete
33 any item of personal information which it has recorded shall within 30
34 days after receiving the request:

35 (a) Correct, amend or delete the information as requested; or

36 (b) Notify the person who has made the request of its refusal to do so,
37 the reasons for the refusal, and that the person has a right to file a sup-
38 plementary statement as provided in subsection 3.

39 2. If the insurer, agent or supporting organization corrects, amends
40 or deletes the information as requested, it shall notify:

41 (a) The person who has requested the correction, amendment or dele-
42 tion;

43 (b) Any person whom the requester has specifically named in his
44 request;

45 (c) Any supporting organization, if the organization has received simi-
46 lar information on a systematic basis within the 7 years preceding the
47 date of the correction, amendment or deletion, unless the supporting
48 organization is not maintaining information about the person; and

49 (d) Any supporting organization which furnished the personal infor-
50 mation which has been corrected, amended or deleted.

1 3. If the insurer, agent or supporting organization refuses to comply
2 with the request, it shall permit the person who made the request to file
3 a concise statement:

4 (a) Setting forth his contention that the information is incorrect or
5 incomplete, and the information which he submits as correct, relevant or
6 fair; and

7 (b) Stating the reasons which he assigns for his disagreement with the
8 refusal of the insurer, agent or supporting organization to correct, amend
9 or delete the information.

10 4. If a statement has been filed pursuant to subsection 3 of this sec-
11 tion, the insurer, agent or supporting organization shall:

12 (a) File the statement with the disputed information and ensure that
13 any person who reviews the disputed information will be made aware of
14 the statement and have access to it;

15 (b) Include the statement in any disclosure of the information to which
16 it applies; and

17 (c) Furnish the statement to any person whom it would have been
18 required to notify if it has made the correction, amendment or deletion
19 as originally requested.

20 5. Nothing in this section extends any right to correct, amend or
21 delete information which relates to and is collected in connection with or
22 in reasonable anticipation of a claim or a civil or criminal proceeding
23 which involves the subject of the information.

24 SEC. 22. 1. Except as provided in subsection 2, an insurer or agent
25 shall not base an adverse underwriting decision on:

26 (a) A previous adverse underwriting decision, or on the fact that a pro-
27 tected person has previously obtained insurance through an assigned risk
28 plan or similar mechanism designed to provide insurance for substandard
29 or marginal risks; or

30 (b) Information received from a supporting organization which obtains
31 its information primarily from insurers.

32 2. An insurer or agent may base an adverse underwriting decision
33 on:

34 (a) Information obtained from an insurer or agent which made an
35 adverse underwriting decision, whether or not the information was sought
36 because the insurer or agent had knowledge of the previous adverse
37 decision.

38 (b) Further personal information obtained as a result of information
39 received from a supporting organization.

40 For purposes of this subsection, "further personal information" includes
41 a statement by an insurer that its underwriting file contains the identity
42 of the source of the information supplied by the supporting organization,
43 that the information is medical information or personal information fur-
44 nished by the subject of the information, and that the insurer confirms
45 the accuracy of the information supplied to it.

46 SEC. 23. 1. If an insurer or agent makes an adverse underwriting
47 decision, it shall provide the applicant, policyholder or person proposed
48 for coverage with:

49 (a) Specific reasons for the decision in writing, or a notice that he may

1 make a written request for the reasons and receive them in writing if the
2 request is made within 90 days after the date of the notice; and

3 (b) A summary of the rights established pursuant to sections 20 and
4 21 of this act and subsection 2 of this section.

5 2. An insurer or agent who receives a written request within 90 days
6 after giving notice of an adverse underwriting decision shall furnish, in
7 writing, within 21 business days after receiving the request:

8 (a) The specific reason or reasons for the adverse underwriting deci-
9 sion if the information was not furnished in writing with the notice of the
10 decision;

11 (b) Any items of personal information which support the decision,
12 except that privileged information need not be disclosed if the applicant,
13 policyholder or person proposed for coverage is suspected of fraud or of
14 misrepresenting or concealing a material fact; and

15 (c) The names and addresses of sources other than the relatives or
16 acquaintances of the applicant, policyholder or person proposed for
17 coverage which supplied the information on which the adverse under-
18 writing decision was based.

19 3. A duty imposed by this section may be satisfied by an insurer,
20 agent or supporting organization on behalf of the insurer or agent who is
21 obligated to perform the duty.

22 4. An explanation of reasons and summary of rights required by this
23 section may be given orally if the information on which the adverse
24 underwriting decision was based resulted solely from an oral request or
25 inquiry made by the insurer or agent.

26 SEC. 24. Each insurer or agent who is responsible for one or more of
27 the following, which are not adverse underwriting decisions, shall provide
28 the applicant or policyholder with the specific reason or reasons for the
29 action:

30 1. The termination of an individual policy because the policyholder
31 is part of a class, whether the class is statewide, nationwide or established
32 on another basis;

33 2. Declining coverage under a policy of insurance because the cover-
34 age is not available to applicants or policyholders who are members of a
35 class to which the applicant or policyholder belongs, whether the class is
36 statewide, nationwide or established on another basis;

37 3. Rescinding a policy of insurance; or

38 4. With respect to property or casualty insurance, the placement of
39 the coverage with an insurer other than one which accepts preferred or
40 standard risks.

41 SEC. 25. A person, other than the subject of information or his legal
42 representative, who has received information from an insurer, agent or
43 supporting organization, whether pursuant to sections 2 to 26, inclusive,
44 of this act or in violation of the provisions of those sections, shall not
45 further disclose any of the information to a person who is not legally
46 entitled to receive it.

47 SEC. 25.5. 1. No action may be brought for defamation, invasion of
48 privacy or negligence against any person who has disclosed personal or
49 privileged information in accordance with sections 2 to 26, inclusive, of
50 this act or to any insurer, agent or supporting organization.

1 2. Sections 2 to 26, inclusive, of this act do not confer immunity
2 upon any person who discloses or furnishes false information with malice
3 or intent to injure any person.

4 SEC. 26. 1. Any person who knowingly or willfully obtains informa-
5 tion from an insurer, agent or supporting organization under false pre-
6 tenses is guilty of a gross misdemeanor.

7 2. If the commissioner finds that an insurer, agent or supporting
8 organization has violated any provision of sections 2 to 26, inclusive, of
9 this act, he may, after giving reasonable notice and holding a hearing,
10 order him to cease and desist from engaging in the violation, and may, in
11 his discretion, order one or both of the following:

12 (a) If the person knew or reasonably should have known that he was
13 in violation, payment of an administrative penalty of not more than
14 \$1,000 for each act or violation, but not more than an aggregate penalty
15 of \$10,000. If the person was an agent, the penalty may not be more than
16 \$500 for each act or violation.

17 (b) Suspension or revocation of the person's license or certificate of
18 authority if he knew or reasonably should have known that he was in
19 violation.

20 3. Any person who violates a cease and desist order of the commis-
21 sioner issued pursuant to this section is subject, after notice and hearing
22 and upon order of the commissioner, to one or both of the following:

23 (a) Payment of an administrative penalty of not more than \$5,000 for
24 each violation.

25 (b) Suspension or revocation of the license or certificate of authority.

26 4. An order of the commissioner made pursuant to this section is a
27 final order in a contested case.

28 SEC. 27. The rights extended to any person pursuant to sections 18,
29 20 and 21 of this act apply to all information collected on, before or
30 after July 1, 1982.

31 SEC. 28. This act shall become effective on July 1, 1982.

Re: A.B. 71 Model Draft of National Assurance of Insurance
Commissioners December 1980

1. Major problem: Would provide no immunities to protect insurers while at the same time it creates a myriad of rights and obligations on the part of the insurers. Insurers have to allow access and correction rights to persons on whom they maintain information. The commissioner has the authority to fine up to \$10,000 or to suspend or revoke an insurance company's license, yet there are no safeguards built into A.B. 71 such as are contained in the N.A.I.C. model.

2. The recent amendments to A.B. 71 insert a new definition of "insurance person". This definition is essentially the same as the definition of "individual" which is contained in the N.A.I.C. model. The problem is that in using the term "insured person" in A.B. 71, the allusion is given that claimants have certain rights that they were not intended to receive. For instance, insured person means applicants, insureds and claimants. It was never the intention of the drafters of the N.A.I.C. model to give access and correction rights to people who are claimants. The only people who were intended to receive these rights are persons who have experienced adverse underwriting decisions or who have an insurance relationship with the company. These access and correction rights pertain only to what is defined as "personal information". There is another type of information called "privileged

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information". Privileged information is basically claim or litigation information. The sections in A.B. 71 pertaining to notification of information practices and also those sections pertaining to correction of information were intended only to apply to personal information and only to be possessed by applicants or insureds. With the creation of this new term "insured person", which includes a claimant, a strong implication is created that claimants also are entitled to notification and correction rights. This is a ridiculous result, since these rights must be granted at specific times in the insurance relationship. It is ludicrous to require a company to notify claimants of their information practices at the same time that the applicant receives the notification. Noone knows who the claimants are going to be. If the claimant comes into being at a later point in time, the insurer is caught in a "catch-22" - they could never notify the claimant at the proper time in the insurance process. So by the time the claimant comes into existence, it is already too late to tell him what the information practices are. Potential liability now exists.

It was never the intention that claimants' be notified of a company's information practices. According to the Privacy Protection Study Commission's Report, the purpose of the notification is so that the consumer may examine various companies' information practices and use this as a factor in deciding whether to do business with the company. This

consideration does not come into play with the claimant. If the claimant is already an insured, then, obviously, the claimant will have received notification under the statute. However, if the claimant is a third-party claimant, that person has not the same interests in deciding whether to do business with the company or not. That person will always associate himself with the company because he or she has been allegedly harmed by an insured of the company.

We strongly suggest that use of the term "insured person" be re-examined at length and that consideration be given to use of the word "individual" as in the N.A.I.C. model.

3. Refer to Lana Arams inter-office memo to Vic Slevin dated 2-26-81, on the second page she refers to three additional problems with A.B. 71 which are not remedied with these amendments. They are as follows:

A. (Item 5 on her memo) A.B. 71 does not allow the option of disclosing potentially sensitive or incomprehensible medical information through a licensed health professional. Insurance companies should not be placed in the position of having to field questions which seek explanations of medical data which would border dangerously on diagnoses or prognoses. This is a function that properly belongs to the medical professional. Insurance companies must have this option so that they avoid

intruding into the doctor-patient relationship.

B. (Item 6 on her memo) A.B. 71 would have required that reasons for an adverse underwriting decision be given within twenty-one days. This is a very short period of time. The N.A.I.C. model allows twenty-one business days to provide these reasons, and would allow companies sufficient time for careful compliance with the statute.

C. (Item 7 of her memo) A.B. 71 would create the same standards for authorization forms allowing companies to give out information as it would for those forms which would allow companies to receive information. The N.A.I.C. model sets out a lesser standard for forms used by persons outside the insurance industry who seek information held by the industry. The theory behind the decision was that the subject individual had already consented to the release of the information and while it was desirable to maintain minimal standards for the protection of the industry and of the individual, it would not be proper to attempt to subject persons outside of the insurance industry to the full impact of the model act.

4. The proposed language change in Section 11 would have the effect of exempting insurance support organizations such as Equifax and Medical Information Bureaus from the scope of A.B. 71. This was not the intention of the N.A.I.C., nor

of the Privacy Protection Study Commission. While these persons are regulated by the Federal Fair Credit Reporting Act, certain sections of the N.A.I.C. model go further than the Fair Credit Reporting Act and should properly include them. The N.A.I.C. model would exclude them for purposes of access and correction rights, but not for other purposes regulated by the statute. We feel this is a responsible approach in that it protects them from duplicative regulation but still creates appropriate remedies for consumers.

5. The new proposed Section 13 is not consistent with the analagous section of the N.A.I.C. model. The N.A.I.C. model now provides that companies may collection information from public records (for example, motor vehicle records) without incurring any greater notification responsibilities than if they had collected this information only from the person who is the subject of the information. This is a sound concept. This would cut down significantly on the number of notifications that a property casualty insurer would have to give, while in no way infringing upon a consumer's rights to know what information is being collected about him. All persons who own and operate motor vehicles know that their driving records will most likely be checked at the time of application or renewal of a policy. This in no way handicaps the consumer and would be an administrative boon for the companies.

6. The proposed amendment to Section 20 at page 7, line 27, would be better accomplished by incorporating the N.A.I.C. concept of "institutional source" and providing that only institutional sources need be revealed rather than attempting a possibly incomplete list of exceptions.

7. The proposed amendment to Section 22, which is to be inserted at page 8 below line 49, does not really belong in Section 22. Section 22 deals with the type of information pertaining to a previous adverse underwriting decision upon which a current adverse underwriting decision may be made. Privileged information with regard to suspected criminal activity may very well be a type of further information as described in subsection 2. There is no need to deal with it specifically in this context.

Conclusion:

Several proposed changes to A.B. 71 would bring it closer to the N.A.I.C. model. Among these changes are the limitation of A.B. 71 to personal lines and allowing the notice of information practices to be given in abbreviated form. However, the N.A.I.C. model resulted from a three-year drafting process. Representatives of all segments of the insurance industry participated in this process and give it their full consideration during these three years. It is a finely balanced statute all of the parts of which are interdependent. The drafters of the N.A.I.C. model are satisfied that it is a good piece of legislation and that it treats the industry, the consumer and the regulator in an equitable fashion. It carefully balances the needs of the industry to collect, maintain and disclose information with the privacy rights of the individual. We strongly urge that it be substituted for A.B. 71 which has not received the benefit of lengthy industry consideration. We would be delighted to assist in bringing A.B. 71 into conformity with the 1980 N.A.I.C. insurance information and privacy protection model act. A.B. 71 in its present form is totally unacceptable.

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

A. B. 538

ASSEMBLY BILL NO. 538—COMMITTEE ON COMMERCE

APRIL 21, 1981

Referred to Committee on Commerce

SUMMARY—Requires state board of architecture to accept national certification as evidence of registration and certification. (BDR 54-1506)

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 architects; permitting the state board of architecture to accept evidence of registration and certification; 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 623.210 is hereby amended to read as follows:
2 623.210 The board [may,] *shall*, in lieu of all examinations, accept
3 satisfactory evidence of registration and certification as an architect in
4 another state or country where the qualifications required are equal to
5 those required in this chapter at the date of application. The board
6 may require, as satisfactory evidence of [such] registration and certifi-
7 cation, a certificate of the National Council of Architectural Registration
8 Boards. *The board shall adopt regulations establishing the standards by*
9 *which it will accept as satisfactory other evidence of registration and*
10 *certification.*

20

*

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

A. B. 656

ASSEMBLY BILL NO. 656—COMMITTEE ON COMMERCE

MAY 12, 1981

Referred to Committee on Commerce

SUMMARY—Requires certain employers and other organizations to offer optional dental service plan which does not restrict choice of provider of dental services. (BDR 57-1855)

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 group health insurance; requiring certain employers and other organizations to offer an optional dental service plan which does not restrict the choice of a provider of dental services; 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 689B of NRS is hereby amended by adding
2 thereto a new section which shall read as follows:
3 1. *If an employer or other organization having not less than five*
4 *employees or members during the preceding calendar year provides its*
5 *employees or members with a plan of benefits involving dental services*
6 *which limits the choice of a provider of dental services under the plan to*
7 *those in a preselected group, the employer or other organization must*
8 *offer its employees or members the option of selecting a plan of benefits*
9 *which does not restrict the choice of a provider of dental services.*
10 2. *The selection of the option described in subsection 1, does not*
11 *entitle the employee or member to any increase in contributions by the*
12 *employer or other organization toward the premium or cost of the*
13 *optional plan over that contributed under the restricted plan.*

Ⓢ



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

ROBERT LIST
 GOVERNOR

(702) 885-4270

Patsy Redmond
~~XXXXXXXXXXXX~~
 COMMISSIONER OF INSURANCE

JAMES L. WADHAMS
 DIRECTOR

May 20, 1981

MEMO

TO: Senator Blakemore
 Committee on Commerce and Labor

FROM: Patsy Redmond, Commissioner
 Nevada Insurance Division *PR*

RE: AB 656

* * * * *

This provision could not be regulated by the Insurance Division. First, the Insurance Division regulates insurance companies and insurance agents, etc. We have never had the regulatory authority to tell the employer direct what he must provide as benefits for his employee. To be truthful, there is no federal or state law that actually mandates to the employer that he must provide benefits.

Second, NRS 689A is the chapter that dictates the laws for individual health insurance coverage not group health insurance coverage. Employers do not provide individual health coverage to employees.

Third, such a provision for a small group would not be realistic. It would take a good size employee group to be able to provide a two option system.

PR:GM:jr

cc: Senator Wilson

EXHIBIT F.1

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Wayne
Wilson

A. B. 656

ASSEMBLY BILL NO. 656—COMMITTEE ON COMMERCE

MAY 12, 1981

Referred to Committee on Commerce

SUMMARY—Requires certain employers and other organizations to offer optional dental service plan which does not restrict choice of provider of dental services. (BDR 57-1855)

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 health insurance; requiring certain employers and other organizations to offer an optional dental service plan which does not restrict the choice of a provider of dental services; 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 689A of NRS is hereby amended by adding
- 2 thereto a new section which shall read as follows:
- 3 1. *If an employer or other organization having not less than five*
- 4 *employees or members during the preceding calendar year provides its*
- 5 *employees or members with a plan of benefits involving dental services*
- 6 *which limits the choice of a provider of dental services under the plan to*
- 7 *those in a preselected group, the employer or other organization must*
- 8 *offer its employees or members the option of selecting a plan of benefits*
- 9 *which does not restrict the choice of a provider of dental services.*
- 10 2. *The selection of the option described in subsection 1, does not*
- 11 *entitle the employee or member to any increase in contributions by the*
- 12 *employer or other organization toward the premium or cost of the*
- 13 *optional plan over that contributed under the restricted plan.*

CHAPTER.....

AN ACT relating to architects; changing registration from annual to biennial and making various other administrative changes; and providing other matters properly relating thereto.

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

SECTION 1. NRS 623.015 is hereby amended to read as follows:
623.015 As used in this chapter, unless the context otherwise requires:

1. "Architect" means any person who engages in the practice of architecture.

2. "Board" means the Nevada state board of architecture.

3. "Certificate of registration" means the certificate of [annual] registration issued by the board to an architect or to a residential designer.

4. The "practice of architecture" consists of holding out to the public, and rendering [.] or offering to render, services embracing the scientific, esthetic and orderly coordination of all the processes which enter into the production of a completed building, performed through the medium of plans, specifications, administration of construction, preliminary studies, consultations, evaluations, investigations, contract documents and advice and direction.

5. The "practice of residential design" consists of preparing the necessary instruments of service, including drawings and specifications, for:

(a) Single-family dwelling units; and

(b) Multifamily dwelling structures composed of not more than four dwelling units in each structure and not exceeding two stories in height.

6. "Residential designer" means any person who engages in the practice of residential design and holds a certificate and seal issued by the board.

SEC. 2. NRS 623.070 is hereby amended to read as follows:

623.070 1. Each member of the board is entitled to receive from the money of the board:

(a) A salary of not more than [\$40] \$50 per day, as fixed by the board, while engaged in the business of the board.

(b) Actual expenses for subsistence and lodging, not to exceed [\$40] \$50 per day, and actual expenses for transportation, while on business of the board.

2. The secretary and treasurer of the board [shall] are entitled to be paid a salary out of the money of the board in an amount to be determined by the board.

SEC. 3. NRS 623.180 is hereby amended to read as follows:

623.180 1. No person may practice architecture, or use the title of architect, or practice residential design, or use the title of residential designer, in [the State of Nevada] this state without having a certificate issued to him under the provisions of this chapter.

2. Whenever the [provisions and] requirements for registration under the provisions of this chapter have been fully complied with and fulfilled by an applicant, the board shall issue to the successful applicant a certificate as a registered architect or residential designer. *If the certificate is to be issued after the beginning of a biennium but before 1 year of the biennium has passed, the applicant shall pay the full fee which is prescribed for the biennium, but if 1 year or less of the biennium remains, the applicant shall pay only one-half of the fee prescribed for the biennium.*

3. The certificate shall be synonymous with registration with a serial number and seal. Any person who is issued a certificate may practice architecture or residential design in this state, subject to the provisions of this chapter and the [rules and] regulations of the board.

4. The unauthorized use or display of a certificate of registration is unlawful.

SEC. 4. NRS 623.250 is hereby amended to read as follows:

623.250 1. Each architect or residential designer holding a certificate of registration under the provisions of this chapter shall, before or during the month of [each] December of each odd-numbered year preceding [the year such holder shall desire] a biennium during which he desires to continue the practice of architecture or residential design, submit a renewal fee provided for by this chapter, for a renewal of [such] the certificate.

2. Upon receipt of the renewal fee, the secretary of the board shall execute and issue a certificate renewal card to the applicant, certifying that his certificate of registration [has been and] is renewed for the term of [1 year.] the biennium. The certificate renewal card [shall] must bear a serial number [,] and the signature or a facsimile thereof of the secretary of the board and [shall] must be sealed with the seal of the board.

3. Such renewal [shall be duly] must be recorded, together with its serial number, by the secretary of the board in the official register of the board as provided for in NRS 623.230.

SEC. 5. NRS 623.310 is hereby amended to read as follows:

623.310 The board shall, by regulation, adopt a fee schedule which may not exceed the following:

For an examination for a certificate.....	[\$100.00]	\$125.00
For rewriting an examination or a part or parts failed.....	[100.00]	125.00
For a certificate of registration.....		100.00
For [an annual] renewal of a certificate.....	[50.00]	100.00
For the restoration of an expired certificate.....		100.00
For the restoration of a certificate which has been revoked.....		200.00
For change of address.....		5.00
For replacement of a certificate.....		30.00
For application forms.....		5.00
For photostatic copies, each sheet.....		.25

ASSEMBLY BILL NO. 406—COMMITTEE ON
LABOR AND MANAGEMENT

MARCH 31, 1981

Referred to Committee on Labor and Management

SUMMARY—Amends provisions of industrial insurance law relating to rates, dividends and failure of coverage. (BDR 53-1914)

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

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

AN ACT relating to industrial insurance; amending provisions on the rating system and failure of an employer to provide coverage; providing for the payment of dividends based on the loss experience of employers; 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 616 of NRS is hereby amended by adding
2 thereto a new section which shall read as follows:

3 1. *The commission may, in order to provide an incentive for employ-*
4 *ers to control industrial injuries and occupational disease, declare and*
5 *distribute dividends based on experience when it determines that the*
6 *balance in the state insurance fund exceeds the amount necessary to pay*
7 *obligations and administrative expenses, to carry reasonable reserves and*
8 *to provide for contingencies.*

9 2. *The dividends distributed pursuant to this section must be com-*
10 *puted in a manner which relates the amount of the dividend to the*
11 *experience of the employer in the control of industrial injuries and occu-*
12 *ptional disease.*

13 3. *The commission shall adopt regulations for the distribution of divi-*
14 *dends pursuant to this section.*

15 SEC. 2. NRS 616.380 is hereby amended to read as follows:

16 616.380 1. In addition to the authority given the commission to
17 determine and fix premium rates of employers as provided in NRS
18 616.395 to 616.405, inclusive, the commission:

19 (a) Shall apply that form of rating system which, in its judgment, is
20 best calculated to [merit or rate individually the] *rate each individual*
21 *risk more equitably, predicated upon the basis of the employer's individ-*
22 *ual experience;*

23 (b) Shall adopt equitable regulations controlling [the same,] *the*

1 *rating of each risk, which regulations [, however,] must conserve to each*
2 *risk the basic principles of industrial insurance; and*

3 (c) May subscribe to a rating service of any rating organization for
4 casualty, fidelity and surety insurance rating.

5 2. The rating system or any rating by a rating organization pursuant
6 to this section is subject to the limitation that the amount of any increase
7 or reduction of premium rate or additional charge or rebate of premium
8 contributions [shall be] is in the discretion of the commission.

9 3. The rating system provided by this section is subject to the fol-
10 lowing further limitations:

11 (a) All studies conducted by the commission for the purpose of deter-
12 mining the adequacy of rate levels and the equity of rates among classifica-
13 tions must be conducted in the presence of an actuary designated by
14 the commissioner of insurance.

15 (b) No increase or reduction of premium rate or additional charge or
16 rebate of premium contributions may become effective for 30 days after
17 adoption by the commission. Upon the adoption of any increase or reduc-
18 tion of premium rate or additional charge or rebate of premium contribu-
19 tions provided by this section the commission must file the revised rates
20 with the commissioner of insurance and give written notice thereof to
21 the employer affected by [such] the rate change, charge or rebate.

22 (c) The commissioner of insurance must grant the employer a hear-
23 ing, if the employer requests it, before the effective date of the rate
24 change [.] , concerning the matters described in paragraph (b). At the
25 hearing consideration must be given to the objections as made by the
26 parties appearing, and all matters in dispute must be resolved after
27 [such] the hearing by the commissioner of insurance in a manner which
28 will not unjustly affect the objecting party or the state insurance fund.
29 Following the hearing, the commission shall make such adjustments in
30 rates as are ordered by the commissioner of insurance. The objective to
31 be accomplished is to prescribe and collect only such premiums as may
32 be necessary to pay the obligations created by this chapter, administrative
33 expenses, and to carry such reasonable reserves as may be prescribed by
34 law or may be deemed necessary to meet such contingencies as may be
35 reasonably expected.

36 4. Subsections 2 and 3 of this section do not apply to rating plans
37 made by voluntary agreement between the commission and employer
38 which increases or reduces premium contributions for the employer. The
39 voluntary rating plans may be retrospective in nature. A voluntary rating
40 plan must be in writing and signed by both the commission and the
41 employer.

42 5. *As used in this section:*

43 (a) *"Additional charge" means an assessment of an additional premium;*
44 *and*

45 (b) *"Rebate of premium contributions" means a refund of pre-*
46 *miums,*
47 *as the result of a retroactive adjustment of the premium rates. An addi-*
48 *tional charge or a rebate of premium contributions applies to all*
49 *employers who have been assigned classifications to which retroactive*
50 *adjustments of premiums apply.*

*Joe Nusbbaum
Friday 5/15/2
use for minutes*

COMMENTS ON AB 406

JOE E. NUSBAUM, CHAIRMAN

NEVADA INDUSTRIAL COMMISSION

AB 406 deals with the subject of payment of dividends based on the loss experience of employers. So far as I know, there is unanimous support for experience dividends. All dividends declared by the Commission, at least in recent years, have been experience dividends. The Commission has adopted Regulation 37 which defines experience dividends, sets forth the procedure for determining if a dividend will be declared and establishes the procedures for computing experience dividends.

The Advisory Board of Review stated in its report; "The Advisory Board does support the concept of experience dividends; that is, the distribution of funds in surplus of the needs for current claims management, reserves and contingencies to policyholders on the basis of their safety records so that policyholders with good records of controlling losses are rewarded and all policyholders are given an incentive to improve their safety programs." Employers and employer groups have supported experience dividends as the appropriate way to distribute surplus.

With this broad support for experience dividends and with the fact that a number of experience dividends have been declared and distributed, why should there be the need for any legislation on this subject? The problem is that there is no statutory authority for dividends or experience dividends. The Commission has consistently taken the position that the

EXHIBIT I

declaration of dividends and the basis for computing dividends is an inherent authority of an insurance operation. On this basis we believe that all dividends that have been distributed and Regulation 37 have been and are legal. Certain employers, while not directly challenging the authority of the Commission to declare and distribute experience dividends, have taken the position that the dividends in reality are "rebate of premium" which is provided for in the statutes. The Commission, consistent with insurance practice, believes that rebate of premium is not a dividend but is a refund of premiums as the result of a retroactive adjustment of premium rates. If a premium rate is improperly computed or improperly assigned to an employer, he is entitled to a rebate of the excess premium paid regardless of his loss experience.

The Advisory Board of Review heard a good deal about the disputes surrounding dividend issues but refrained from taking any action on the specific issues. However, the Board did deal with the underlying issue when it adopted the following recommendation:

"A majority of the Advisory Board recommends to NIC that any inconsistency found with respect to the use of the statutory term "rebates" and the Commission's policy of distributing 'experience dividends' be addressed in proposed legislation or other appropriate manner."

The Commission concurred in that recommendation.

The Advisory Board also had adopted, early in its deliberations, a unanimous recommendation that NIC conduct a public hearing prior to

any future distribution of dividends. The Commission included this provision in Regulation 37 which was adopted in 1980.

AB 406 is unanimously supported by the members of the Commission and is based on the recommendations of the Advisory Board of Review.

Section 1 of the bill is the authorization of experience dividends. Let me read its provisions.

1. The Commission may, in order to provide an incentive for employers to control industrial injuries and occupational disease, declare and distribute dividends based on experience when it determines that the balance in the State Insurance Fund exceeds the amount necessary to pay obligations and administrative expenses, to carry reasonable reserves and to provide full contingencies.

2. The dividends distributed pursuant to this section must be computed in a manner which relates the amount of the dividend to the experience of the employer in the control of industrial injuries and occupational disease.

3. The Commission shall adopt regulations for the distribution of dividends pursuant to this section."

Section 1 states the purpose of experience dividends, that is, "an incentive for employers to control industrial injuries and occupational disease" and authorizes the declaration and distribution of the

dividends when the Commission determines that the balance in the State Insurance Fund exceeds the amount necessary to meet all of its obligations. We believe this authority should be specifically stated in the statutes and that the authority should lie with whoever is the trustee of the State Insurance Fund, whether the Commission under the present organization or the Board of Directors and the Manager under the proposed reorganization. We believe any further limitations on those responsible for the State Insurance Fund would be unwise and would be inconsistent with the practice in insurance operations. The amount of dividends and the specific provisions regarding their distribution are an integral part of managing the Fund and managing an insurance operation.

Subsection 2 of section 1 requires that the dividends "be computed in a manner which relates the amount of the dividend to the experience of the employer in the control of industrial injuries and occupational disease." We believe this is an appropriate legislative direction without involving the Legislature in the fund management decisions that should be left to those responsible for the Fund.

Subsection 3 of section 1 requires the Commission to adopt regulations for the distribution of dividends. This guarantees that the method of distribution will be determined only after a public hearing and be expressed in regulation form where it is available to any interested party. It also assures any aggrieved party of the right to appeal any abuse of discretion exercised by the Commission.

Section 2 of the bill removes the inconsistencies between dividends and rebates. NRS 616.380 in the existing law gives the Commission the authority to establish rating systems and provides certain limitations regarding these systems, including the right of an employer to receive a hearing before the Insurance Commissioner and for the Commissioner to make such adjustments in the rates as he may order. It also states the objective of the rating system and the decisions of the Insurance Commissioner as "to prescribe and collect only such premiums as may be necessary to pay the obligations created by this chapter, administrative expenses and to carry such reasonable reserves as may be prescribed by law or may be deemed necessary to meet such contingencies as may be reasonably expected."

The substantive amendments proposed in this bill to NRS 616.380 are on line 24 of page 2 which clarifies that the matters that may be appealed to the Insurance Commissioner are those in subsection 3(b) which states "no increase or reduction of premium rate or additional charge or rebate of premium contributions may become effective for 30 days after adoption by the Commission. Upon the adoption of any increase or reduction of premium rate or additional charge or rebate of premium contributions provided by this section, the Commission must file the revised rates with the Commissioner of Insurance and give written notice thereof to the employer affected by the rate change, charge or rebate." This clarification is consistent with the subsequent language which allows the Commissioner of Insurance to order such adjustments in rates as he deems appropriate. Further, it is consistent with the provisions in SB 548, the reorganization bill, which retains rate review as a responsibility of the Commissioner of Insurance.

The new subsection 5 beginning on line 42 of page 2 defines "additional charge" and "rebate of premium contributions" in order to distinguish these terms from "experience dividend" and to clarify the meaning of these statutory terms.

What can the Commissioner of Insurance consider regarding an appeal of an "increase or reduction of premium rate or additional charge or rebate of premium contributions"? We believe it is clear that the Commissioner of Insurance may consider any subject that impacts on premium rate, additional charge or rebate of premium contributions. It is also clear that the remedy that he may exercise is a change in the premium rate, additional charge or rebate of premium contribution. What he may not consider is any matter that is not related to an increase or reduction of premium rate or additional charge or rebate of premium contribution. This is consistent with SB 548 which gives the regulatory authority over workers' compensation to the proposed Department of Industrial Relations and consistent with the administrative responsibilities of NIC or of its proposed successor, the State Industrial Insurance System.

The only recommendations of the Advisory Board in the dividend area are the clarification between experience dividends and rebate of premium which is handled in AB 406 and the need for a public hearing which is in NIC Regulation 37. The Commission believes this bill is necessary and is all that is necessary with regard to dividends. We further suspect that a majority of employers under the State Insurance Fund find the present system a satisfactory system for determining, declaring and distributing dividends. We believe the Legislature should not become

involved in the details of a dividend distribution at the urging of some employers who see some advantage in specific detailed provisions.

I have attached a copy of Regulation 37 which spells out in detail the procedures and methods used in declaring, computing and distributing dividends. This regulation was adopted after public hearing and can be changed after proper notification and public hearing. We believe that a regulation is the proper way to handle these specific matters because it is a more flexible method to adjust procedures to meet changing conditions.

We urge support for AB 406.

POLICY QUESTIONSQUESTION NO. 1

Should the Commission return surplus funds to eligible contributing employers in all instances?

COMMISSION POSITION

There appears to be some desire on the part of the Commission to retain some discretion to retain the surplus or a portion thereof to offset future premium requirements.

EMPLOYER POSITION

All surplus should be returned to the policyholders either as experience dividends or rebates of premium contribution.

PROPOSED LANGUAGE

Upon determining the amount of money to be returned as a reserve for future contingencies, the Commission shall return any surplus of money to eligible contributing employers as dividends based upon experience as a rebate of premium contributions.

QUESTION NO. 2

Should there be an appeal process to determine the reasonableness of the Commission's decision regarding the contingency reserve level?

COMMISSION AND EMPLOYER POSITION

Upon completion of the annual audit of the state insurance fund and receipt of the report of its actuary, the Commission shall determine the amount of money to retain as

protection for the solvency of the fund against the adverse effects of any catastrophe, change in judicial decisions, deficiency in the actual reserve or any other contingency whose effect cannot be predicted with accuracy. The Commission shall determine the contingency reserve level after a public hearing. Any contributing employer may participate as an interested party during the hearing. At the hearing, the Commission shall consider the objections made by the parties appearing, and resolve all matters in dispute after the hearing in a manner which does not unjustly affect the objecting party or the state insurance fund. If a party is dissatisfied with the Commission decision, it may appeal the Commission's determination of the contingency reserve level to the Commissioner of Insurance. The Commissioner shall grant the party a hearing if requested. The Commission shall retain the amount of money ordered by the Commissioner of Insurance.

QUESTION NO. 3

Should the employer which leaves the NIC share in distributions of surplus?

COMMISSION POSITION

The Commission has stated that those employers who self-insure shall share only in those dividends declared during the year immediately following the year during which the self-insured left the system.

EMPLOYER POSITION

The employer should share in dividends if they were policyholders with the NIC for the three year period immediately preceding the declaration.

PROPOSED LANGUAGE

A contributing employer who has provided his employees with industrial insurance during 12 months or more of the period of experience is eligible to participate in the distribution of a dividend. Only those policyholders who were policyholders with the NIC during the fiscal year when underwriting gain was recognized may share in any rebate of premium contributions.

QUESTION NO. 4

How many dividend factors should the Commission use in distributing experience dividends?

COMMISSION POSITION

The Commission favors a range from one to nine groups.

EMPLOYERS POSITION

The employers favor nine groups.

PROPOSED LANGUAGE

For the purposes of distributing the dividend based on experience, the Commission shall place each eligible contributing employer in one of nine groups based on the amount of earned premium contributed by him during the period of experience.

QUESTION NO. 5

Should there be a process by which employers may protest individual case reserves?

COMMISSION POSITION

The Commission does not see the necessity of having a statutory protest mechanism in light of its established plan to allow a certain amount of discussion between the NIC and the employer regarding individual case reserves.

EMPLOYER POSITION

A statutory mechanism should be provided in light of the problems that employers have had with the Commission.

PROPOSED LANGUAGE

1. Whenever the commission reserves a claim, it shall:

(a) Establish an actual reserve of money for that claim equal to the present value of all predicted future payments for the claim; and

(b) Provide the affected employer an opportunity to review and discuss with the representative of the commission all the information used to establish the amount of actual reserve.

2. An employer may protest the amount of the actual reserve for any claim by filing with the commission a notice of protest within 30 days after notification of the amount established as a reserve, if the employer alleges that the reserve established by the commission exceeds the amount of the reserve required by subsection 1 by \$2,500 or more.

3. Within a reasonable time after receipt of the protest the staff of the commission shall explain in writing to the protesting employer how the amount of the reserve was established for each protested claim.

4. Each explanation must include where available separate line entries for the amounts allocated for:

- (a) Temporary partial disability;
- (b) Temporary total disability;
- (c) Permanent partial disability;
- (d) Permanent total disability;
- (e) Physicians;
- (f) Hospitals;
- (g) Rehabilitation; and
- (h) Any other costs in excess of \$500.

April 23, 1981

The Honorable Robert List
Governor of Nevada
Capitol Building
Carson City, Nevada 89710

Dear Governor List:

On January 12, 1981, I signed a letter containing 8 specific recommendations relating to the reorganization of NIC. Questions have arisen as to what is the practical effect of recommendations 4 and 5. It was my understanding that those areas in which the Insurance Division has traditionally had expertise would remain the responsibility of that agency. This would include rate regulation and financial condition analysis. It should be noted that these responsibilities encompass certain others necessary to their execution. Review of reserves, classifications, dividends, and underwriting standards are examples of those derivative responsibilities.

The function of compliance audits including investigation and resolution of complaints about a benefit-provider's practices currently in the Insurance Division would be transferred if recommendation 4 were adopted. My concurrence with this recommendation is not an indication that the Insurance Division has performed poorly. They have not. Nor is it an indication that the Division is not capable of executing that task. They are.

My concurrence is in deference to my colleague's (Messrs. Nusbaum, McCracken, McGoldrick) argument that the compliance function of workers' compensation is more susceptible to treatment as other matters within the employer/employee relationship rather than as an insurer/insured relationship.

Very truly yours,

JAMES L. WADHAMS
Director

cc: Lawrence McCracken
Edmond McGoldrick
Joe E. Nusbaum

EXHIBIT K

2015-43

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

S. B. 686

SENATE BILL NO. 686—COMMITTEE ON
COMMERCE AND LABOR

MAY 14, 1981

Referred to Committee on Commerce and Labor

SUMMARY—Raises limits on loans by savings and loan associations and revises procedure for appeal from decisions of commissioner of saving associations. (BDR 56-1789)

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 financial organizations; raising the limits for certain loans; revising procedures for appeal from decisions of the commissioner of savings associations; 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 645B.130 is hereby amended to read as follows:
2 645B.130 1. An appeal may be taken by any person interested
3 from any final decision of the commissioner to the district court in the
4 county in which the party adversely affected by the decision resides or
5 has his place of business by serving upon the commissioner within 10
6 days after notice of the entry of the order a written notice of the appeal,
7 stating the grounds upon which a reversal of the final order is sought
8 and accompanied by a demand in writing for a certified transcript of the
9 record and of all papers on file in the office of the commissioner affecting
10 or relating to the decision, and all the evidence taken on the hearing, and
11 paying not more than 25 cents for each folio of the transcript and \$1
12 for the certification thereof. The commissioner shall within 30 days
13 make and certify such a transcript.
14 2. The appellant shall, within 5 days after receiving the transcript,
15 file [the transcript and the notice of appeal] with the clerk of the court:
16 [, which notice of appeal shall stand as appellant's complaint. Thereupon
17 the cause shall be entered on the trial calendar of the court for trial
18 de novo and shall be given precedence by the court over other matters
19 pending except criminal cases.]
20 (a) *The transcript and the notice of appeal; and*
21 (b) *A petition for review of the commissioner's decision, setting forth*

1 *in specific detail the grounds for the appeal, including any errors which*
2 *the appellant contends were made by the commissioner at the adminis-*
3 *trative hearing.*

4 3. [The court shall receive and consider any pertinent evidence, oral
5 or documentary, concerning the order of the commissioner from which
6 the appeal is taken.

7 4.] An appeal from an order of the commissioner shall be treated
8 as a proceeding in equity. *In the proceeding before the court, the appel-*
9 *lant has the burden of proof.*

10 [5.] 4. Any order of the commissioner which finally limits or
11 adversely determines the rights of any interested person is a ["final
12 order" as to such] *final administrative decision as to that person.*

13 SEC. 2. NRS 673.050 is hereby amended to read as follows:

14 673.050 [Nothing in this chapter prevents an association or] A
15 person affected by any order, ruling, proceeding, act or action of the
16 commissioner or any person acting on his behalf or at his instance, or
17 the director or any person acting on his behalf and at his instance, [from
18 testing] *may test* the validity of the action in any court of competent
19 jurisdiction through injunction, appeal, error or other proper process or
20 proceeding, mandatory or otherwise.

21 SEC. 3. NRS 673.112 is hereby amended to read as follows:

22 673.112 1. A branch office is a legally established place of business
23 of an association, other than the home office, *which is* authorized by the
24 board of directors and approved by the commissioner [,] and at which
25 any [and all association] *of the association's* business may be conducted.

26 2. All branch offices [shall be] *are* subject to direction from the
27 home office.

28 3. No association may establish or maintain a branch office without
29 prior written approval of the commissioner. Each application for approval
30 of the establishment and maintenance of a branch office [shall:] *must:*

31 (a) State the proposed location thereof, the need therefor, the func-
32 tions to be performed therein, the estimated annual expense thereof and
33 the mode of payment therefor.

34 (b) Be accompanied by a fee of \$250, no part of which [shall] *may*
35 be refunded.

36 (c) Be accompanied by a budget of the association for the current
37 semiannual period and for the next succeeding semiannual period, which
38 reflects the estimated additional expense of the maintenance of such
39 branch office.

40 4. After receipt of an application the commissioner shall determine:

41 (a) Whether the establishment and maintenance of the branch office
42 will unduly injure any properly conducted existing association in the
43 community where [such] *the* branch office is proposed to be established
44 or in any neighboring community; and

45 (b) Whether or not the establishment and maintenance of the branch
46 office will serve the public interest.

47 5. [Prior to the] *Before* issuance of a charter for a branch office,
48 the commissioner shall notify all associations doing business within a
49 radius of 100 miles of the principal place of business of the applicant,
50 and within a radius of 100 miles of the proposed branch office. Any

1 association so notified may, within 20 days, protest in writing the grant-
2 ing of the application. Within 30 days after receipt by the commissioner
3 of such a written protest, the commissioner shall fix a date for a hearing
4 upon the protest. [which hearing shall] *The hearing must* be held not
5 earlier than 60 days nor more than 90 days [from] *after* the date of
6 receipt of written notice by registered or certified mail by the parties.

7 6. If the commissioner finds that no undue injury is likely to result,
8 that the establishment and maintenance of such branch office is advisable
9 and will serve the public interest, he may approve the application.

10 7. Approval of an association's application for a branch office char-
11 ter permits [such] *the* association to establish an operating office in
12 [either] a temporary or a permanent building, if [such] *the* building is
13 placed on or erected at the approved location within [6] 12 months [of
14 such] *after* the approval.

15 8. For good cause and after notice to the association, the commis-
16 sioner may revoke his approval for the maintenance of a branch office.
17 Failure to establish a branch office in the manner and within the time
18 permitted under this section constitutes a good cause for revocation,
19 unless a prior, written request for a waiver of the time limitation is
20 sought by the association and an extension, in writing, is granted by the
21 commissioner. [Any such revocation may be appealed by the associa-
22 tion pursuant to the provisions of NRS 673.047.]

23 9. An association which maintains one or more branch offices shall
24 give each branch office a specific designation by name and include in
25 the designation the word "branch" and shall prominently display the
26 designation at the place of business of the branch. When an association
27 is operating a branch office, [or offices,] all advertising of or by any
28 such branch office [shall] *must* state clearly the location of the principal
29 office of [such] *the* association.

30 SEC. 4. NRS 673.328 is hereby amended to read as follows:

31 673.328 An association may make loans of the types enumerated in
32 this section on the security of first liens on improved real property only
33 when the resulting aggregate amount of the following investments does
34 not exceed 30 percent of the association's assets:

35 1. Residential loans in excess of the greater of:

36 (a) One-half of 1 percent of the association's assets; or

37 (b) Eighty thousand dollars, after deducting each part of any such
38 loan if secured by a blanket mortgage, which is apportionable in an
39 amount not exceeding \$80,000 to each home or combination of home
40 and business property and residential property which is part of the
41 security.

42 2. Loans on improved real property other than homes or combina-
43 tion homes and business property and residential property.

44 3. Loans on improved real property located outside the regular
45 lending area of the association unless such loans are protected by insur-
46 ance as provided in the National Housing Act, or the Servicemen's
47 Readjustment Act of 1944, as now or hereafter amended.

48 4. Noninstallment or straight mortgage loans, except construction
49 loans.

1 5. Loans on one-family, owner-occupied homes, in an amount
2 between 80 percent and 90 percent, inclusive, of the value, if:

3 (a) Impounds are collected for taxes and insurance.

4 (b) The association has made or obtained, [prior to the] before
5 approval of the loan, a written report on the credit standing of the
6 borrower, showing the financial ability of the borrower to undertake
7 and pay off the obligation involved in the loan.

8 (c) The association has obtained, [prior to] before approval of the
9 loan, a certification in writing to the association stating:

10 (1) The purpose for which the loan is sought and, if for the pur-
11 pose of enabling the borrower to purchase the security property, the
12 name of the vendor or vendors, and the purchase price;

13 (2) That there will be no liens upon such property other than the
14 lien of the association; and

15 (3) That the borrower is actually occupying the property as a
16 dwelling or that the borrower in good faith intends to do so.

17 (d) The loan does not exceed [\$75,000.] \$93,750, 90 percent of
18 the value of the real property securing the loan or 90 percent of the pur-
19 chase price of the property, whichever is the lowest.

20 (e) If the loan is sought to finance the construction of a single-family
21 dwelling, [the amount of such] such an amount of the loan as exceeds
22 80 percent of the appraised value must not be disbursed until construc-
23 tion has been fully completed.

24 (f) Loans granted under this [chapter] section will be repayable
25 monthly within [30] 40 years.

26 (g) The record of each such loan must show the date and amount
27 of the appraisal on which the loan was made and the date of approval
28 of the loan by the board of directors or the loan committee.

29 6. Subsection 5 does not apply to:

30 (a) Home loans in excess of [80] 90 percent of value up to 95 per-
31 cent of value if the excess over [80] 90 percent is insured by a private
32 insurer approved by the Federal Home Loan Mortgage Corporation,
33 except that such insured loans in excess of 90 percent of value must not
34 exceed [\$60,000.] \$93,750.

35 (b) Home loans in excess of 80 percent of value if the excess over
36 80 percent is insured or guaranteed by an agency or instrumentality of
37 the Federal Government or a state whose full faith and credit is pledged
38 to the support of the insurance or guarantee.

39 SEC. 5. NRS 673.4845 is hereby amended to read as follows:

40 673.4845 1. An association may reorganize, merge or consolidate
41 with another state or federal association, if the reorganization, merger
42 or consolidation is based upon a plan which has been adopted by the
43 board of directors and approved at a regular or special stockholders'
44 meeting which has been called to consider the action. Such an approval
45 must rest on a favorable vote of a majority of the voting power of the
46 association as established by its articles.

47 2. Any such plan for reorganization, merger or consolidation must
48 be approved by the commissioner, who shall satisfy himself that the plan,
49 if approved, would be equitable for the stockholders of the affected

1 association or associations and would not impair the usefulness or
2 success of other properly conducted associations in the community. In
3 submitting an application for approval of any such plan, each associa-
4 tion proposing to reorganize, merge or consolidate [shall] *must* provide
5 a comprehensive review of its present financial statement and a pro-
6 jected view of the financial statement of the reorganized, merged or con-
7 solidated association.

8 3. Unless [such] *its* action is specifically authorized by or taken in
9 conformity with this chapter, no association may, directly or indirectly:

10 (a) Reorganize, merge or consolidate.

11 (b) Assume liability to pay savings accounts or other liabilities of any
12 financial institution or any other organization, person or entity.

13 (c) Transfer assets to any financial institution or any other organiza-
14 tion, person or entity in consideration of the transferee's assumption of
15 liability for any portion of the transferrer's savings accounts, deposits or
16 other liability.

17 (d) Acquire the assets of any financial institution or any other orga-
18 nization, person or entity.

19 4. [Any association aggrieved by any action or position taken by
20 the commissioner under this section may appeal such action or position
21 to the director in the manner provided by NRS 673.047.

22 5.] Each application which is made under this section [shall] *must*
23 be accompanied by a fee payment of \$150. The responsibility for pay-
24 ment of the fee [shall] *must* be shared equally by the associations
25 participating in each proposed plan.

26 SEC. 6. NRS 673.047 is hereby repealed.



SENATE BILL NO. 695—COMMITTEE ON
COMMERCE AND LABOR

MAY 19, 1981

Referred to Committee on Commerce and Labor

SUMMARY—Makes various amendments to provisions of law governing mortgage companies. (BDR 54-2004)

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 mortgage companies; making various amendments to provisions of law governing those companies; 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. Section 645B of NRS is hereby amended by adding
2 thereto a new section which shall read as follows:
3 1. All money paid to a mortgage company by a person to acquire
4 ownership of or a beneficial interest in a loan, made or to be made by
5 the mortgage company and secured by a lien on real property, must:
6 (a) Be deposited in a bank; and
7 (b) Be kept separate from money belonging to the mortgage company
8 in an account appropriately named to indicate that it contains the pro-
9 ceeds of a loan, not belonging to the mortgage company.
10 2. The amount held in trust pursuant to subsection 1 must be
11 released:
12 (a) Upon completion of the loan, or upon completion of the transfer
13 of the ownership or beneficial interest therein, to the debtor or his
14 designee or to the mortgage company, as the case may be; or
15 (b) If the loan or the transfer thereof fails, to the person who made
16 the payment.
17 3. All money paid to a mortgage company by a person in full or in
18 partial payment of a loan, made by that company and secured by a lien
19 on real property, must:
20 (a) Be deposited in a bank; and
21 (b) Be kept separate from money belonging to the mortgage company
22 in an account appropriately named to indicate that it contains payments
23 on a loan, not belonging to the mortgage company.

1 4. The amount held in trust pursuant to subsection 3 must be
2 released, upon the deduction and payment of any fees or service charge
3 due the mortgage company, to the owner of or the person having the
4 beneficial interest in the loan.

5 5. Upon reasonable notice, any mortgage company described in this
6 section shall:

7 (a) Account to any debtor or creditor upon whose behalf money has
8 been paid to the mortgage company and deposited in the trust accounts
9 as set forth in this section; and

10 (b) Account to the commissioner for all money in the mortgage com-
11 pany's loan proceeds or loan payments trust account.

12 SEC. 2. NRS 645B.020 is hereby amended to read as follows:

13 645B.020 1. A license as a mortgage company may be obtained
14 by filing a written application in the office of the commissioner.

15 2. The application [shall:] must:

16 (a) Be verified.

17 (b) State the locations of the applicant's principal office and branch
18 offices in the state.

19 (c) State the name under which the applicant will conduct business.

20 (d) List the names, residence and business addresses of all persons
21 having an interest in the business as principals, partners, officers, trustees
22 and directors, specifying the capacity and title of each.

23 (e) Indicate the general plan and character of the business.

24 (f) State the length of time the applicant has been engaged in the
25 mortgage company business.

26 (g) Require a financial statement of the applicant.

27 (h) Require such other information as the commissioner determines
28 necessary.

29 3. If the commissioner determines after investigation that the experi-
30 ence, character, financial condition, business reputation and general
31 fitness of the applicant are such as to command the confidence of the
32 public and to warrant the belief that the handling of [moneys] money
33 deposited for taxes and insurance premiums or otherwise held in escrow
34 or trust accounts as provided in this chapter will protect and safeguard
35 the public, he shall issue a license to the applicant as a mortgage
36 company.

37 SEC. 3. NRS 645B.050 is hereby amended to read as follows:

38 645B.050 1. The mortgage company's license expires June 30 next
39 after the date of issuance if it is not renewed. A license may be renewed
40 by filing a renewal application, submitting such financial data as may
41 be required by the commissioner and paying the annual license fee for
42 the succeeding year. The commissioner may require:

43 (a) An independent audit report by a public accountant certified or
44 registered in this state; or

45 (b) If the commissioner determines that the mortgage activities of
46 the company are limited and incidental to its primary business activity,
47 an unaudited financial statement signed by the principal owner of the
48 company and dated not earlier than the close of the company's latest
49 fiscal or calendar year. For the purposes of this subsection, the phrase
50 "limited and incidental" means those mortgage activities governed by

1 this chapter which when combined constitute 5 percent or less of the
2 gross revenue of that business or \$100,000, whichever amount is the
3 smaller.

4 2. The filing fees are:

5 (a) For filing an original application, \$200 for the principal office
6 and \$75 for each branch office.

7 (b) For filing an original application from April 1 to June 30, inclu-
8 sive, \$100 for the principal office of a mortgage company.

9 (c) For filing an application for a duplicate copy of any license, upon
10 satisfactory showing of its loss, \$10.

11 (d) For filing a renewal application, the filing fees are determined
12 by the dollar volume of loans originated in the preceding calendar year
13 ended December 31, in accordance with the following schedule:

14	Under \$1 million.....	\$200
15	\$1 million to \$2 million.....	250
16	\$2 million to \$3 million.....	300
17	\$3 million to \$4 million.....	350
18	\$4 million to \$5 million.....	400
19	\$5 million to \$10 million.....	500
20	Over \$10 million.....	600

21 3. All fees received under this chapter must be deposited in the
22 state treasury for credit to the state general fund.

23 SEC. 4. NRS 645B.060 is hereby amended to read as follows:

24 645B.060 1. Subject to the administrative control of the director
25 of the department of commerce, the commissioner shall exercise general
26 supervision and control over mortgage companies doing business in [the
27 State of Nevada.] *this state.*

28 2. In addition to the other duties imposed upon him by law, the
29 [powers and duties of the commissioner are:

30 (a) To make reasonable rules and] *commissioner shall:*

31 (a) *Adopt reasonable* regulations as may be necessary for making
32 effective this chapter, except as to loan brokerage fees.

33 (b) [To conduct] *Conduct* such investigations as may be necessary
34 to determine whether any person has violated any provision of this
35 chapter.

36 (c) [To conduct] *Conduct* such examination, *periodic or special*
37 *audits*, investigations and hearings, in addition to those specifically pro-
38 vided for by law, as may be necessary and proper for the efficient admin-
39 istration of the mortgage company laws of this state.

40 (d) [To classify] *Classify* as confidential certain records and informa-
41 tion obtained by the division when [such] *those* matters are obtained
42 from a governmental agency upon the express condition that they [shall]
43 remain confidential. This paragraph does not limit examination by the
44 legislative auditor.

45 SEC. 5. NRS 645B.070 is hereby amended to read as follows:

46 645B.070 1. In the conduct of any examination, *periodic or special*
47 *audit*, investigation or hearing, the commissioner may:

48 (a) Compel the attendance of any person by subpoena.

49 (b) Administer oaths.

50 (c) Examine any person under oath concerning the business and

1 conduct of affairs of any person subject to the provisions of this chapter
2 and in connection therewith require the production of any books, records
3 or papers relevant to the inquiry.

4 2. Every person subpoenaed under the provisions of this section who
5 willfully refuses or willfully neglects to appear at the time and place
6 named in the subpoena or to produce books, records or papers required
7 by the commissioner, or who refuses to be sworn or answer as a witness,
8 is guilty of a misdemeanor.

9 3. The cost of any examination, *periodic or special audit*, investiga-
10 tion or hearing conducted under this chapter may be assessed to and
11 collected from the mortgage company in question by the commissioner.

12 SEC. 6. NRS 645B.100 is hereby amended to read as follows:

13 645B.100 1. Grounds for refusing to license any person as a mort-
14 gage company and grounds for suspending any license are that the
15 applicant or licensee:

16 (a) Is insolvent;

17 (b) Is of bad business repute or has demonstrated his unworthiness
18 to transact the business of a mortgage company;

19 (c) Does not conduct his business in accordance with law or has
20 violated any provisions of this chapter;

21 (d) Is in such financial condition that he cannot continue in business
22 with safety to his customers;

23 (e) Has been guilty of fraud in connection with any transaction
24 governed by this chapter;

25 (f) Has made any misrepresentations or false statement to, or con-
26 cealed any essential or material fact from, any person in the course of
27 the mortgage company business;

28 (g) Has knowingly made or caused to be made to the commissioner
29 any false representation of material fact or has suppressed or withheld
30 from the commissioner any information which the applicant or licensee
31 possesses, and which if submitted by him would have rendered the
32 applicant or licensee ineligible to be licensed under this chapter;

33 (h) Has failed to account to persons interested for all [funds]
34 money received for the impound trust account;

35 (i) Has refused to permit an examination by the commissioner of
36 his books and affairs or has refused or failed, within a reasonable time,
37 to furnish any information or make any report that may be required by
38 the commissioner under the provisions of this chapter; [or]

39 (j) Has been convicted of a felony or any misdemeanor of which an
40 essential element is fraud [.] ; or

41 (k) Has refused or failed to pay, within a reasonable time, those
42 expenses assessed to the mortgage company pursuant to NRS 645B.070.

43 2. It is sufficient cause for refusal or revocation of a license in the
44 case of a partnership or corporation or any unincorporated association
45 if any member of the partnership or any officer or director of the cor-
46 poration or association has been guilty of any act or omission which
47 would be cause for refusing or revoking the registration of an individual.

48 SEC. 7. NRS 645.150 is hereby amended to read as follows:

49 645.150 1. When the commissioner ascertains by examination or
50 otherwise that the assets or capital of any mortgage company are

1 impaired or that a mortgage company's affairs are in an unsafe condi-
2 tion [.] which may result in danger to the public, he may immediately
3 take possession of all the property, business and assets of the company
4 which are located in this state and retain possession of them pending
5 further proceedings provided for in this chapter.

6 2. If the board of directors or any officer or person in charge of
7 the offices of [such] the company refuses to permit the commissioner
8 to take possession of its property, the commissioner shall communicate
9 [such] that fact to the attorney general. Thereupon the attorney general
10 shall immediately institute such proceedings as may be necessary to place
11 the commissioner in immediate possession of the property of the com-
12 pany. The commissioner thereupon shall make or have made an invento-
13 ry of the assets and known liabilities of the company.

14 3. The commissioner shall file one copy of the inventory in his office
15 and one copy in the office of the clerk of the district court of the county
16 in which the principal office of the company is located and shall mail one
17 copy to each stockholder, partner, officer or associate of the mortgage
18 company at his last-known address.

19 4. The clerk of the court with which the copy of the inventory is
20 filed shall file it as any other case or proceeding pending in the court
21 and shall give it a docket number.

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SENATE BILL NO. 699—COMMITTEE ON
COMMERCE AND LABOR

MAY 20, 1981

Referred to Committee on Commerce and Labor

SUMMARY—Revises fees and licensing provisions for persons engaged in business of insurance. (BDR 57-2094)

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 679B.305 is hereby amended to read as follows:
2 679B.305 1. There is hereby created the insurance recovery fund as
3 a special revenue fund. The commissioner shall promptly deposit with the
4 state treasurer for [the] credit [of] to the fund all recovery fund fees
5 received from licensees under this title.
6 2. A fund balance of not more than \$40,000 [shall] *must* be main-
7 tained in the fund to be used for satisfying claims against persons licensed
8 under chapters 683A, [683B,] 684A and 685A of NRS. Any balance
9 over \$40,000 in the fund at the end of any fiscal year [shall] *must* be
10 set aside and used by the commissioner for insurance education and
11 research.
12 3. The commissioner shall adopt reasonable regulations for the
13 administration of the fund, including the manner, time, procedure and
14 grounds for recovery against the fund.
15 4. The limit of liability of the recovery fund is \$5,000 per fiscal year
16 for any one licensee.
17 SEC. 2. NRS 680B.010 is hereby amended to read as follows:
18 680B.010 The commissioner shall collect in advance and receipt for,
19 and persons so served shall pay to the commissioner, fees, licenses and
20 miscellaneous charges as follows:
21 1. Insurer's certificate of authority:
22 (a) Issuance, and each annual continuation:

1	(1) For any one kind of insurance as defined in NRS	
2	681A.010 to 681A.080, inclusive.....	\$100
3	(2) For two or more kinds of insurance as so defined.....	200
4	(b) Reinstatement [(NRS 680A.180),] pursuant to NRS	
5	680A.180, 50 percent of the annual continuation fee other-	
6	wise required.	
7	(c) Registration of additional title [(NRS 680A.240)]	
8	pursuant to NRS 680A.240.....	25
9	Annual renewal.....	25
10	2. Charter documents (other than those filed with applica-	
11	tion for certificate of authority). Filing amendments to articles	
12	of incorporation, charter, bylaws, power of attorney (as to	
13	reciprocal insurers), and other constituent documents of the	
14	insurer, each document.....	\$10
15	3. Annual statement of insurer. For filing annual state-	
16	ment.....	\$25
17	4. Service of process:	
18	(a) Filing of power of attorney.....	\$5
19	(b) Acceptance of service of process.....	5
20	5. Agents' licenses [and appointments:	
21	(a) Application for original resident agent's license and issu-	
22	ance of license, is issued.....	\$15
23	(b) Appointment of resident agent:	
24	(1) Each insurer.....	2
25	(2) Annual continuation of appointment, each insurer.....	2
26	(c) Temporary license.....	3
27	(d) Limited license (NRS 683A.260), each insurer, each	
28	year.....	2
29	(e) Nonresident agents:	
30	(1) Nonresident agent's license, other than as specified in	
31	paragraph (f), application and issuance, if issued.....	25
32	(2) Appointment of such agent, each insurer.....	25
33	(3) Annual continuation of appointment, each insurer.....	25
34	(f) Nonresident agent's license qualifying under subsection	
35	3 of NRS 683A.340; same as for resident agent license under	
36	paragraphs (a) and (b).	
37	6. Brokers:	
38	(a) Resident broker's license:	
39	(1) Application for original resident broker's license and	
40	issuance of license, if issued.....	\$25
41	(2) Annual continuation.....	25
42	(b) Nonresident broker's license:	
43	(1) Nonresident broker's license (other than as specified	
44	in paragraph (c) below), application for original license and	
45	issuance, if issued.....	75
46	(2) Annual continuation.....	75
47	(c) Nonresident broker's license, qualifying under subsec-	
48	tion 4 of NRS 683A.340; same as for resident broker's license	
49	under paragraph (a).	
50	(d) Surplus lines broker's license:	

1	(1) Surplus lines broker's license, application and issuance, if issued.....	\$10
2		
3	(2) Annual continuation.....	10
4	7. Solicitors:	
5	(a) Application for original license and issuance of license, if issued.....	\$2
6		
7	(b) Annual continuation.....	2
8	8. Managing general agents. Annual continuation, each insurer.....	\$5
9		
10	9. Adjusters:	
11	(a) Adjuster's license:	
12	(1) Application for original adjuster's license and issuance of license, if issued.....	\$15
13		
14	(2) Annual continuation of license.....	15
15	(b) Associate adjuster's license:	
16	(1) Associate adjuster's license (NRS 684A.030), application and issuance of license, if issued.....	5
17		
18	(2) Annual continuation.....	5
19	10. Motor vehicle physical damage appraiser:	
20	(a) Application for original license and issuance of license, if issued.....	\$10
21		
22	(b) Annual continuation of license.....	10
23	11. Life insurance analysts:	
24	(a) Application for original license and issuance of license, if issued.....	\$25
25		
26	(b) Annual continuation of license.....	25
27	12. Examination for license:	
28	(a) Filing application for each examination, other than life insurance analyst, each kind of insurance.....	\$15
29		
30	(b) Life insurance analysts, filing application, each examination.....	\$25
31		
32	13. Additional title, property insurers (NRS 680A.240):	
33	(a) Original registration.....	\$25
34	(b) Annual continuation of registration.....	25
35	14. Insurance vending machines:	
36	(a) Filing application for license and issuance, if issued, each machine.....	\$20
37		
38	(b) Annual continuation of license, each machine.....	20
39	15. Securities solicitation permit:	
40	(a) Application for permit.....	\$100
41	(b) Extension of permit.....	50
42	16. Securities salesman, domestic insurers:	
43	(a) Filing application for license and issuance, if issued.....	\$10
44		
45	(b) Annual continuation of license.....	10
46	17. Rating organizations:	
47	(a) Filing application for license and issuance, if issued.....	\$100
48		
49	(b) Annual continuation of license.....	100
50	18. Life and health insurance administrator:	

1	(a) Filing application for registration and certificate, if	
2	issued.....	\$25
3	(b) Annual continuation of certificate.....	25
4	19. Insurance laws, each copy, not less than cost.	
5	20. Certified copy of insurer certificate of authority or	
6	of any license issued under this code.....	\$2
7	21. Copies of other documents on file in the division: A	
8	reasonable charge as fixed by the commissioner; and for	
9	certifying and affixing official seal.....	\$1
10	22. Letter of clearance as to agent or broker.....	\$2
11	23. Certificate of license status, agent or broker.....	\$2]
12	<i>, appointments and renewals:</i>	
13	(a) <i>Resident agents and nonresident agents qualifying under</i>	
14	<i>subsection 3 of NRS 683A.340:</i>	
15	(1) <i>Application and license, if issued.....</i>	\$25
16	(2) <i>Appointment by each insurer.....</i>	5
17	(3) <i>Triennial renewal of each license.....</i>	30
18	(4) <i>Temporary license.....</i>	5
19	(b) <i>Other nonresident agents:</i>	
20	(1) <i>Application and license, if issued.....</i>	50
21	(2) <i>Appointment by each insurer.....</i>	25
22	(3) <i>Triennial renewal of each license.....</i>	75
23	6. <i>Brokers' licenses and renewals:</i>	
24	(a) <i>Resident brokers and nonresident brokers qualifying</i>	
25	<i>under subsection 4 of NRS 683A.340:</i>	
26	(1) <i>Application and license, if issued.....</i>	\$50
27	(2) <i>Triennial renewal of each license.....</i>	30
28	(b) <i>Other nonresident brokers:</i>	
29	(1) <i>Application and license, if issued.....</i>	100
30	(2) <i>Triennial renewal of each license.....</i>	225
31	(c) <i>Surplus lines brokers:</i>	
32	(1) <i>Application and license, if issued.....</i>	15
33	(2) <i>Triennial renewal of each license.....</i>	30
34	7. <i>Solicitors' licenses, appointments and renewals:</i>	
35	(a) <i>Application and license, if issued.....</i>	\$15
36	(b) <i>Triennial renewal of each license.....</i>	30
37	(c) <i>Initial appointment.....</i>	5
38	8. <i>Managing general agents' licenses, appointments and</i>	
39	<i>renewals:</i>	
40	(a) <i>Application and license, if issued.....</i>	\$15
41	(b) <i>Initial appointment, each insurer.....</i>	5
42	(c) <i>Triennial renewal of each license.....</i>	30
43	9. <i>Adjusters' licenses and renewals:</i>	
44	(a) <i>Independent and public adjusters:</i>	
45	(1) <i>Application and license, if issued.....</i>	\$15
46	(2) <i>Triennial renewal of each license.....</i>	30
47	(b) <i>Associate adjusters:</i>	
48	(1) <i>Application and license, if issued.....</i>	15
49	(2) <i>Initial appointment.....</i>	5
50	(3) <i>Triennial renewal of each license.....</i>	30

1	10. Licenses and renewals for appraisers of physical dam-	
2	age to motor vehicles:	
3	(a) Application and license, if issued.....	\$15
4	(b) Triennial renewal of each license.....	30
5	11. Additional title and property insurers pursuant to NRS	
6	680A.240:	
7	(a) Original registration.....	\$25
8	(b) Annual renewal.....	25
9	12. Insurance vending machines:	
10	(a) Application and license, if issued, for each machine.....	\$15
11	(b) Triennial renewal of each license.....	30
12	13. Permit for solicitation for securities:	
13	(a) Application for permit.....	\$100
14	(b) Extension of permit.....	50
15	14. Securities salesmen for domestic insurers:	
16	(a) Application and license, if issued.....	\$25
17	(b) Annual renewal of license.....	15
18	15. Rating organizations:	
19	(a) Application and license, if issued.....	\$100
20	(b) Annual renewal.....	100
21	16. Certificates and renewals for administrators of life and	
22	health insurance:	
23	(a) Application and certificate of registration, if issued.....	\$50
24	(b) Triennial renewal.....	25
25	17. For copies of the insurance laws of Nevada, a fee	
26	which is not less than the cost of producing the copies.	
27	18. Certified copies of certificates of authority and licenses	
28	issued pursuant to the insurance code.....	\$10
29	19. For copies and amendments of documents on file in	
30	the division, a reasonable charge fixed by the commissioner,	
31	including charges for duplicating or amending the forms and	
32	for certifying the copies and affixing the official seal.	
33	20. Letter of clearance for an agent or broker.....	\$5
34	21. Certificate of status as a licensed agent or broker.....	\$5
35	22. Licenses, appointments and renewals for bail agents:	
36	(a) Application and license, if issued.....	\$15
37	(b) Initial appointment by each surety insurer.....	5
38	(c) Triennial renewal of each license.....	30
39	23. Licenses and renewals for property bondsmen:	
40	(a) Application and license, if issued.....	\$15
41	(b) Triennial renewal of each license.....	30
42	24. Licenses, appointments and renewals for general bail	
43	agents:	
44	(a) Application and license, if issued.....	\$15
45	(b) Initial appointment by each insurer.....	5
46	(c) Triennial renewal of each license.....	30
47	25. Licenses and renewals for bail solicitors:	
48	(a) Application and license, if issued.....	\$15
49	(b) Triennial renewal of each license.....	30
50	26. Licenses and renewals for title insurance agents:	

1	(a) Application and license, if issued.....	\$15
2	(b) Triennial renewal of each license.....	30
3	27. Certificate of authority for a funeral service, for issuance and each annual renewal.....	\$25
4	28. Licenses and renewals for agents for prepaid funeral contracts:	
5	6	
7	(a) Application and license, if issued.....	\$15
8	(b) Triennial renewal of each license.....	30
9	29. Licenses, appointments and renewals for agents for fraternal benefit societies:	
10	11	
11	(a) Application and license, if issued.....	\$25
12	(b) Appointment.....	5
13	(c) Triennial renewal of each license.....	30

14 SEC. 3. NRS 683A.170 is hereby amended to read as follows:
15 683A.170 1. [After completion and filing of an application with the
16 commissioner as required by NRS 683A.150, the commissioner shall
17 subject each applicant] Any person who intends to apply for a license
18 [as a resident agent, resident broker or solicitor.] issued pursuant to this
19 code must, unless exempted therefrom under NRS 683A.180 [, to] or
20 683A.190, take and pass a written examination personally as to his competence to act as [such] an agent, broker or solicitor.

21 2. If the [applicant] person desiring to apply is a firm or corporation,
22 the examination [shall] must be taken by each [individual who is]
23 person desiring to be named in or registered as to the license, as provided
24 in NRS 683A.140.

25 3. The examination [of an applicant for an agent's or broker's
26 license shall] must cover all the kinds of insurance, to be transacted
27 under the license. [, which shall include any one or more of the following
28 kinds of insurance, without subdivision:

- 29 (a) Life insurance.
- 30 (b) Health insurance.
- 31 (c) Property insurance.
- 32 (d) Casualty insurance.
- 33 (e) Surety insurance.

34 4. As to life insurers authorized to issue variable annuities in this
35 state, the commissioner shall require applicants appointed by such
36 insurers as agents to solicit such contracts in this state, in addition to the
37 examination required as to life insurance, to take and pass successfully a
38 supplemental written examination covering variable annuities and securities.
39

40 5. Examination of an applicant for a solicitor's license shall cover
41 all kinds of insurance, other than life or health insurances, as to which
42 the appointing agent or broker is licensed.

43 6. Written application for the examination shall be filed with the
44 commissioner by or on behalf of the applicant not less than 7 days prior
45 to the date fixed for the examination, as provided in NRS 683A.210, and
46 shall be accompanied by the fee for each kind of insurance to be included
47 in such application as specified in NRS 680.010 (fee schedule). The
48 examination fee shall be deemed earned when paid and shall not be
49 refundable. The fee shall be applicable to an examination given within
50

1 3 months after the date of the application for examination, but not
2 thereafter.]

3 SEC. 4. NRS 683A.180 is hereby amended to read as follows:

4 683A.180 Except as provided in subsection [4] 3 of NRS 683A.-
5 270 (continuation, expiration of license), NRS 683A.170 does not apply
6 to and no such examination [shall be] is required of:

7 1. Applicants with respect to life and health or life or health insur-
8 ance who hold the chartered life underwriter (C.L.U.) designation.
9 Applicants will be required to show such proof of holding the chartered
10 life underwriter (C.L.U.) designation as may be required by the com-
11 missioner.

12 2. Applicants with respect to property, casualty and surety insurance
13 (or any combination thereof) who hold the chartered property casualty
14 underwriter (C.P.C.U.) designation. Applicants will be required to show
15 such proof of holding the chartered property, casualty underwriter
16 (C.P.C.U.) designation as may be required by the commissioner.

17 3. Any applicant for a license covering the same kind or kinds of
18 insurance as to which the applicant was licensed under a similar license
19 in this state, other than a temporary license, within 1 year (exclusive
20 of up to 2 years of service as a member of the Armed Forces of the
21 United States) next preceding the date of application, unless the pre-
22 vious license was revoked, suspended or continuation thereof refused by
23 the commissioner.

24 4. Any applicant for an agent's license who is currently licensed as
25 a broker or solicitor for the same kind or kinds of insurance, or has been
26 so licensed within 1 year next preceding the date of the application
27 unless [such] the previous license was revoked, suspended or continu-
28 ation thereof refused by the commissioner, and if a solicitor, has had at
29 least 1 year of experience under his solicitor's license satisfactory to the
30 commissioner.

31 5. Any applicant for a broker's license who has been licensed as an
32 agent or solicitor in this state for the same kinds of insurance within 1
33 year preceding the date of the application, unless [such] the previous
34 license was revoked, suspended or continuation thereof refused by the
35 commissioner; and if an agent has had at least 1 year, and if a solicitor
36 has had at least 2 years, of experience under his agent's or solicitor's
37 license, as the case may be, satisfactory to the commissioner.

38 6. Any applicant for a solicitor's license who has been licensed as
39 an agent, broker or solicitor in this state for the same kinds of insurance
40 within 1 year next preceding the date of the application, unless [such]
41 the previous license was revoked, suspended or continuation thereof
42 refused by the commissioner.

43 7. Applicants with respect to variable annuities who are, or within
44 the next preceding 12 months have been, licensed or registered as
45 securities broker-dealers under laws administered by the Securities and
46 Exchange Commission or any successor agency of the Federal Govern-
47 ment.

48 8. Persons representing public carriers under limited licenses issued
49 under NRS 683A.260. [(limited licenses.)]

1 SEC. 5. NRS 683A.190 is hereby amended to read as follows:

2 683A.190 1. [After completion and filing of an application with the
3 commissioner as required by NRS 683A.150, the commissioner shall
4 subject each applicant for a license as nonresident agent or nonresident
5 broker personally to a written examination as to his competence to act
6 as such agent or broker. Subsections 2 (firms and corporations), 3
7 (kinds of insurance), 4 (variable annuities and securities) and 6 (exami-
8 nation application and fee) of NRS 683A.170 are also applicable to
9 such nonresidents.] *The commissioner may contract with a testing
10 service to conduct any examination required by NRS 683A.170.*

11 2. The commissioner may [in his discretion,] enter into a
12 reciprocal arrangement with the public officer having supervision of the
13 business of insurance in another state or in a province of Canada to
14 accept, in lieu of the examination [of the applicant as] required in sub-
15 section 1 [.] of NRS 683A.170, the certificate of [such] the officer to
16 the effect that the applicant is licensed as an insurance agent or broker,
17 as the case may be, in [such] that state or province and has complied
18 with its qualifications and standards concerning:

19 (a) Experience or training;

20 (b) Reasonable familiarity with the broad principles of insurance
21 licensing and regulatory laws and with the terms and conditions of insur-
22 ance contracts of the kinds of insurance which the applicant proposes
23 to transact in this state; and

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

26 SEC. 6. NRS 683A.230 is hereby amended to read as follows:

27 683A.230 1. The license [shall] *must* state the name and address
28 of the licensee, the date of issue, general conditions relative to expira-
29 tion or termination, the kind or kinds of insurance, if applicable, covered
30 by the license, and such other information and conditions as the com-
31 missioner may deem proper and consistent with law.

32 2. The license of an agent or managing general agent [shall] *must*
33 not specify the name of any particular insurer or underwriter's depart-
34 ment by which the licensee is appointed, except as provided in sub-
35 section [5] 4 as to limited licenses, and the licensee may [subject to
36 NRS 683A.250 (life or health agents),] represent as [such] an agent or
37 managing general agent, under the one license, as many insurers or
38 underwriter's departments as may appoint him therefor in accordance
39 with this chapter.

40 3. The license of a solicitor [shall] *must* show also the name and
41 address of the [employer] agent or broker [.] *who employs him.*

42 4. Each limited license issued under NRS 683A.260 [shall] *must*
43 show also the name of the insurer so represented, and a separate license
44 [shall be] *is* required [as to] *for* each [such] *represented* insurer.

45 SEC. 7. NRS 683A.270 is hereby amended to read as follows:

46 683A.270 1. Each [broker's, solicitor's, nonresident broker's, sur-
47 plus lines broker's and managing general agent's] license issued under
48 this code [shall continue] *continues* in force until it expires or is sus-
49 pended, revoked or otherwise terminated, [but] *subject to* payment of
50 *the applicable fee for renewal and a fee of \$15 for the recovery fund to*

1 the commissioner at his office in Carson City, Nevada, [annually on or
2 before April 30 of the applicable continuation fee stated in NRS 680B.-
3 010 (fee schedule) and a recovery fund fee of \$15,] *on or before the*
4 *last day of the month in which the license is renewable. The fees must be*
5 *accompanied by a written request for [continuation. A] renewal of the*
6 *license. The request [for continuation shall] must be made [as follows:]*
7 *and signed:*

8 (a) [For brokers',] *By the licensee in the case of a broker's, non-*
9 *resident [brokers',] broker's, surplus lines [brokers' and] broker's,*
10 *agent's or managing general [agents' licenses, the request shall be made*
11 *and signed by the licensee.] agent's license.*

12 (b) [For solicitors' licenses, the request shall be made and signed by
13 the employer] *By the employing agent or broker [.] in the case of a*
14 *solicitor's license.*

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

22 3. [An agent's or nonresident agent's license shall continue in
23 force while there is in effect, as to the licensee, as shown by the commis-
24 sioner's records, an appointment or appointments as agent of authorized
25 insurers covering collectively all the kinds of insurance included in the
26 agent's license. Upon termination of all the licensee's agency appoint-
27 ments as to a particular kind of insurance and failure to replace such
28 appointment within 60 days thereafter, the license shall thereupon expire
29 and terminate as to that kind of insurance; and the licensee shall promptly
30 deliver his license to the commissioner for reissuance, without fee or
31 charge, as to the kinds of insurance covered by the licensee's remaining
32 agency appointments. Upon termination of all the licensee's agency
33 appointments under the license, it shall terminate.

34 4.] If the commissioner has reason to believe that any [licensee]
35 licensed agent, broker or solicitor has for any cause raised a reasonable
36 question as to the competence of the licensee or of any [individual]
37 natural person designated to exercise the license powers of a firm or
38 corporate licensee, the commissioner may require, as a condition to
39 continuation of the license, that the licensee or [individual] natural per-
40 son take and pass to the commissioner's satisfaction a written examina-
41 tion as is required under this chapter of [new applicants] natural persons
42 who intend to apply for a similar license.

43 [5.] 4. The commissioner may by regulation require the successful
44 completion of a reasonable number of appropriate courses of study as a
45 condition to continuation of any license to which this section applies.

46 [6.] 5. The license of a managing general agent [as to] for a
47 particular insurer or underwriter's department [shall] *must be termi-*
48 *nated by the commissioner upon written request by [any of such per-*
49 *sons.] that insurer or department.*

1 **[7.]** 6. This section does not apply to temporary licenses issued
2 under NRS 683A.300.

3 SEC. 8. NRS 683A.280 is hereby amended to read as follows:

4 683A.280 1. Each insurer appointing an agent, resident or non-
5 resident, in this state shall file with the commissioner a written appoint-
6 ment specifying the kinds of insurance to be transacted by the agent for
7 the insurer, and pay the appointment fee, or license fee in the case of
8 limited licenses, as specified in NRS 680B.010 (fee schedule).

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

13 **[3.** As soon as reasonably possible after commencement of each
14 calendar year the commissioner shall furnish to each authorized insurer
15 an alphabetical list of the names of all agents of the insurer in this state
16 then of record in the division. The insurer shall indicate on such list
17 those agents whose appointments or limited licenses are not to be con-
18 tinued in effect or whose appointments are to be modified as to the kinds
19 of insurance covered, and on or before April 30 of the same year
20 return the list to the commissioner together with payment of the annual
21 continuation of appointment fee, or license fee in the case of limited
22 licenses, in amounts as specified in NRS 680B.010 (fee schedule) as to
23 those appointments or limited licenses not being terminated. Any
24 appointment or license not so continued and not otherwise expressly
25 terminated shall be deemed to have expired at midnight on April 30.]

26 SEC. 9. NRS 683A.290 is hereby amended to read as follows:

27 683A.290 1. Subject to **[the]** *an* agent's contract rights, if any, an
28 insurer may terminate **[an agency]** *the agent's* appointment, resident or
29 nonresident, at any time. The insurer shall promptly give written notice
30 of termination and the effective date thereof to the commissioner, on
31 forms furnished by the commissioner, and to the agent if reasonably
32 possible. **[The list of appointments not being continued referred to in**
33 **NRS 683A.280 shall constitute such notice to the commissioner as to**
34 **terminations so listed.]** The commissioner may require of the insurer
35 reasonable proof that the insurer has also given such *a* notice to the
36 agent if reasonably possible.

37 2. Accompanying the notice of termination given the commissioner,
38 the insurer shall, upon written request of the commissioner, file with
39 him a statement of the cause, if any, for each termination. Any informa-
40 tion or document so disclosed or furnished to the commissioner shall be
41 deemed a qualifiedly privileged communication and **[shall not be]** *is not*
42 admissible as evidence in any action or proceeding unless so permitted
43 by the insurer in writing.

44 3. An agent or broker terminating the employment and license **[as**
45 **such]** of a solicitor shall give like notice of **[such]** termination and
46 proof to the commissioner, like information as to the reasons for **[such]**
47 termination, with like status as a privileged communication unless **[such]**
48 *the* privilege is waived in writing by the agent or broker.

49 4. No agreement between **[the]** *an* insurer and agent, or between
50 **[employer]** *an employing* agent or broker and *a* licensed solicitor, **[shall**

1 affect] *affects* the commissioner's termination of the appointment or
2 license if so requested by the insurer [,] or by the [employer] agent or
3 broker, as the case may be.

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

5 684A.100 [1.] Each [applicant] *person who intends to apply* for
6 a license as an adjuster [shall, prior to issuance of] *must, before applying*
7 for the license, personally take and pass to the commissioner's satisfaction
8 [an] *a written examination [in writing]* testing the applicant's qualifica-
9 tions and competence *to act* as an adjuster and his knowledge of pertinent
10 provisions of this code. [This subsection shall not apply to any person
11 holding a valid and effective Nevada license as an adjuster immediately
12 prior to January 1, 1972.

13 2. The commissioner shall give examinations at such times and
14 places within the state as he deems reasonably necessary; but the com-
15 missioner shall give any examination at least every 6 months if an
16 application for a license is then pending.

17 3. The examination shall be taken by the applicant under the com-
18 missioner's supervision.

19 4. If the applicant fails to pass the examination, the commissioner
20 shall require a waiting period of at least 1 month before permitting the
21 applicant to take a second examination; and if the applicant fails to pass
22 the second examination, the commissioner shall require a waiting period
23 of at least 6 months before and between any subsequent examinations
24 of the same applicant.

25 5. The applicant shall file a written application with the commis-
26 sioner for the examination at least 7 days before the examination date,
27 accompanied by the applicable examination application fee specified in
28 NRS 680B.010 (fee schedule). The fee shall be deemed earned when
29 paid, and shall not be refundable.]

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

31 684A.130 1. Each [adjuster's] license issued under this chapter
32 [shall continue] *continues* in force until [expired,] *it expires or is sus-*
33 *sended, revoked or otherwise terminated, [but] subject to payment of*
34 *the applicable fee for renewal* to the commissioner at his office in Carson
35 City, Nevada. [, annually on or before June 30 of the applicable con-
36 tinuation fee specified in NRS 680B.010 (fee schedule), accompanied by
37 the written request of the licensee for such continuation.] *The fee must*
38 *be paid on or before the last day of the month in which the license is*
39 *renewable.*

40 2. Any license not so [continued] *renewed* shall be deemed to have
41 expired at midnight on [June 30; but the] *the last day specified for its*
42 *renewal. The commissioner may [effectuate] accept* a request for [con-
43 tinuation] *renewal* received by him within 30 days after [June 30] *the*
44 *expiration of the license if the request is accompanied by [an annual*
45 *continuation] a renewal fee of 150 percent of the fee otherwise required.*

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

48 SEC. 12. NRS 684A.140 is hereby amended to read as follows:

49 684A.140 1. Concurrently with an application for a license or for
50 [continuation] *renewal* of a license as an adjuster, the [licensee shall

1 register in writing with the commissioner the name and address of]
 2 applicant or licensee must provide an appointment for each associate
 3 adjuster employed by him or to be employed by him contingent upon
 4 issuance of the license. [and shall furnish the commissioner such addi-
 5 tional information concerning such employee and the past and proposed
 6 activities thereof as the commissioner may reasonably require.] Each per-
 7 son who desires to become licensed as an associate adjuster must submit
 8 an application to the commissioner for such a license.

9 2. Upon payment of the appropriate fee, [therefor as specified in
 10 NRS 680B.010 (fee schedule),] the commissioner shall issue and deliver
 11 to [the licensee] a licensed adjuster a license [as to] for each associate
 12 authorized by the state to act in behalf of the licensee.

13 3. The license of an associate adjuster [shall be subject to continu-
 14 ance] may be renewed upon payment of the [fee therefor specified in
 15 NRS 680B.010 (fee schedule), and shall expire and terminate] appli-
 16 cable fee. His license expires at the same time as the license of the
 17 [employer] employing adjuster; but [such a license shall be terminated
 18 by] the commissioner shall promptly terminate an associate adjuster's
 19 license upon written request therefor by the [employer] employing
 20 adjuster.

21 4. No person [shall] may be, act as, or hold himself out in this
 22 state to be an associate adjuster unless [such a license has been issued as
 23 to such person by the commissioner and is then in force.] he holds a cur-
 24 rent license as such issued to him by the commissioner. A violation of
 25 this provision is a gross misdemeanor.

26 SEC. 13. NRS 684B.080 is hereby amended to read as follows:

27 684B.080 1. Each [motor vehicle physical damage appraiser's]
 28 license issued under this chapter [shall continue] continues in force until
 29 [expired,] it expires or is suspended, revoked or otherwise terminated,
 30 [but] subject to payment of the applicable fees for renewal to the com-
 31 missioner at his office in Carson City, Nevada. [, annually on or before
 32 June 30 of the applicable continuation fee specified in NRS 680B.010
 33 (fee schedule), accompanied by the written request of the licensee for
 34 such continuation.] The fee must be paid on or before the last day of the
 35 month in which the license is renewable.

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

42 SEC. 14. NRS 689.235 is hereby amended to read as follows:

43 689.235 1. To qualify for an agent's license, the applicant [shall:]
 44 must:

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

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

48 (c) Pass a written examination prepared by the state board of funeral
 49 directors and embalmers and administered by the commissioner [.] or

1 by a testing service with which the commissioner has entered into a con-
2 tract.

3 2. The application [shall:] must:

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

6 (b) Contain such other pertinent information as the administrator
7 may require.

8 (c) Be accompanied by [a filing and license fee of \$10, which is not
9 refundable.] the applicable fee.

10 SEC. 15. NRS 689.255 is hereby amended to read as follows:

11 689.255 1. Each [agent's] license issued pursuant to this chapter
12 [shall expire at midnight on April 30 next following its date of issuance.]
13 expires at midnight on the last day of the month specified for its renewal.

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

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

20 SEC. 16. NRS 695A.290 is hereby amended to read as follows:

21 695A.290 1. [Societies which are authorized on January 1, 1972, to
22 transact business in this state may continue such business until May 1,
23 1972. The authority of such societies and all societies licensed after Jan-
24 uary 1, 1972, may thereafter be renewed annually, but in all cases shall
25 terminate on the 1st day of the succeeding May; but a license so issued
26 shall continue in full force and effect until the new license is issued or
27 specifically refused.

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

30 2. A certified copy or duplicate of [such license shall be] a certifi-
31 cate is prima facie evidence that the [licensee] society is a fraternal
32 benefit society within the meaning of this chapter.

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

34 695A.360 1. The commissioner may issue a license to any natural
35 person who has paid [an annual license fee of \$5] the applicable license
36 fee or renewal and who has complied with the requirements of this
37 chapter authorizing [the] a licensee to act as an insurance agent on
38 behalf of any society named in the license [, which] if the society is
39 authorized to do business in this state.

40 2. Before any insurance agent's license [shall be] is issued, there
41 [shall] must be on file in the office of the commissioner the following
42 documents:

43 (a) A written application by the prospective licensee in such form
44 or forms and supplements thereto [.] and containing such information
45 [.] as the commissioner may prescribe.

46 (b) A certificate by the society which is to be named in the license,
47 stating that the society has satisfied itself that the named applicant is
48 trustworthy and competent to act as an insurance agent and that the
49 society will appoint the applicant to act as its agent if the license applied

1 for is issued by the commissioner. Certificates [shall] *must* be executed
2 and acknowledged by an officer or managing agent of the society.

3 3. Except as provided in subsection 4, [an applicant] *a natural per-*
4 *son who intends to apply* for an insurance agent's license [shall] *must*
5 take the same examination *as is* required for health and life insurance
6 agents pursuant to NRS 683A.170.

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

8 (a) A person who held a license as an insurance agent on July 1,
9 1977, for renewals of his license; and

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

14 5. An insurance agent who is exempt from examination under para-
15 graph (b) of subsection 4 and who exceeds a limit set in that paragraph
16 shall [make application to the commissioner within] *apply within* 90
17 days for *the required* examination, and the society shall terminate the
18 appointment of the insurance agent within 90 days and until a new insur-
19 ance agent's license has been issued after examination.

20 6. *Each license issued pursuant to this section expires at midnight on*
21 *the last day of the month specified for its renewal.*

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

23 695A.370 1. The commissioner may refuse to issue or renew any
24 insurance agent's license if in [his] *the commissioner's* judgment the
25 proposed licensee is not trustworthy and competent to act as an agent,
26 has given cause for revocation or suspension of the license, or has failed
27 to comply with any prerequisite for the issuance or renewal, as the case
28 may be, of a license.

29 2. [Every license issued pursuant to NRS 695A.330 to 695A.390,
30 inclusive, and every renewal thereof, shall expire on April 30 of the
31 calendar year following the calendar year in which it was issued.

32 3.] If [the] *an* application for [a] renewal of a license has been
33 filed with the commissioner on or before [April 30 of the year in which
34 the existing license is to expire,] *the day on which it is to expire,* the
35 applicant named in the [existing] license may continue to act as insur-
36 ance agent under the [existing] license, unless [the license] *it* is revoked
37 or suspended, until the issuance by the commissioner of the renewal
38 license or until the expiration of 5 days after he has refused to renew
39 the license and has served written notice of refusal on the applicant. If
40 the applicant, within 30 days after *such a* notice is given, notifies the
41 commissioner in writing of his request for a hearing on the refusal, the
42 commissioner shall, within a reasonable time after receipt of *the* notice,
43 grant a hearing, and he may, in his discretion, reinstate the license.

44 [4.] 3. Any renewal license of an insurance agent may be issued
45 upon the application of the society named in the existing license. [Such
46 application shall] *The application must* be in the form [or forms] pre-
47 scribed by the commissioner and [shall] contain such information as he
48 may require. The application [shall] *must* contain a certificate executed
49 by the president, or by a vice president, a secretary, an assistant secre-
50 tary, or corresponding officer by whatever name known, or by an

1 employee expressly designated and authorized to execute the certificate
2 of a domestic or foreign society or by the United States manager of an
3 alien society, stating that the addresses therein given of the agents of the
4 society for whom renewal licenses are requested therein have been veri-
5 fied in each instance immediately preceding the preparation of the
6 application. [Notwithstanding the filing of such application, the] The
7 commissioner may, after reasonable notice to any society, require that any
8 or all agents of that society, to be named as licensees in renewal licenses,
9 execute and file separate applications for the renewal of licenses, and he
10 may also require that each application be accompanied by the certificate
11 specified in paragraph (b) of subsection 2 of NRS 695A.360.

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

13 697.180 1. Written application for a bail agent's, general agent's,
14 property bondsman's or bail solicitor's license [shall] *must* be filed with
15 the commissioner by the applicant, accompanied by the [appropriate]
16 applicable fees. [specified in NRS 697.140.] The application form
17 [shall] *must* be accompanied by the applicant's fingerprints, and [shall]
18 *must* require full answers to questions reasonably necessary to determine
19 the applicant's:

20 (a) Identity and residence.

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

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

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

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

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

33 5. If for a bail solicitor's license, the application [shall] *must* be
34 accompanied by [a written requisition and certification] *an appointment*
35 by a licensed bail agent [that the applicant is his bona fide employee]
36 and a *statement by the agent that he will exercise reasonable supervision*
37 over the conduct of the applicant and be responsible for the applicant's
38 conduct in the bail bond business.

39 6. If the applicant for a general agent's license is a firm or corpora-
40 tion, the application [shall] *must* also [show the names of] *name* all
41 members, officers and directors, and [shall] designate each [individual]
42 *natural person* who is to exercise the license powers. [; and each such
43 individual shall] *Each person so designated must furnish information [as*
44 *to] about himself as though for an individual license.*

45 7. *The applicant must verify his application.* [shall be verified by the
46 applicant, and no] *An applicant for a license under this chapter shall not*
47 *knowingly misrepresent or withhold any fact or information called for in*
48 *the application form or in connection therewith.*

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

50 697.200 1. [After completion and filing of the application with the

1 commissioner as required in NRS 697.180, the commissioner shall sub-
 2 ject each applicant] *Any natural person who intends to apply for a*
 3 *license as a bail bondsman or bail solicitor [to] must personally take*
 4 *and pass a written examination [personally as to] of his competence to*
 5 *act as [such] a bail bondsman or bail solicitor. After passing the exami-*
 6 *nation, the person may apply to the commissioner for such a license.*

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

9 [3. Written application shall be filed with the commissioner by or
 10 on behalf of the applicant not less than 7 days prior to the date fixed for
 11 the examination, as provided in NRS 683A.210 (conduct of examina-
 12 tions) and shall be accompanied by the examination fee as specified in
 13 NRS 697.140 (fee schedule). The fee shall be deemed earned when paid
 14 and shall not be refundable. The fee shall be applicable to an examina-
 15 tion given within 3 months after the date of the application for examina-
 16 tion but not thereafter.]

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

18 697.230 1. Each general agent's bail bondsman's and bail solicitor's
 19 license issued under this chapter [shall continue] *continues* in force until
 20 it expires or is suspended, revoked or otherwise terminated, [but] sub-
 21 ject to payment of the applicable fee for renewal to the commissioner at
 22 his office in Carson City, Nevada, [annually on or before April 30 of the
 23 applicable continuation fee stated in NRS 697.140 (fee schedule),] *on*
 24 *or before the last day of the month in which the license is renewable. The*
 25 *fee must be accompanied by a written request for [such continuation. A]*
 26 *renewal of the license. The request [for continuation shall] must be*
 27 *made [as follows:] and signed:*

28 (a) [For] *By the licensee in the case of a general agent's [and] or*
 29 *property bondsman's [licenses, the request shall be made and signed by*
 30 *the licensee.] license.*

31 (b) [For bail solicitors' licenses, the request shall be made and signed
 32 by the employer] *By the bail bondsman [.] who employs the solicitor in*
 33 *the case of a bail solicitor's license.*

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

41 3. A bail agent's license [shall continue] *continues* in force while
 42 there is in effect [, as to the licensee, as shown by the commissioner's
 43 records,] *an appointment [or appointments as] of him as a bail agent*
 44 *of one or more authorized insurers. Upon termination [of the licensee's]*
 45 *all the bail agent's [appointment] appointments and his failure to replace*
 46 *[such] any appointment within 60 days thereafter, [the] his license*
 47 *[shall thereon expire and terminate;] expires and [the licensee] he*
 48 *shall promptly deliver his license to the commissioner.*

49 4. *The commissioner shall terminate the license of a general agent*

1 [as to] for a particular insurer [shall be terminated by the commis-
2 sioner] upon a written request by [any of such persons.] *the insurer.*

3 5. Any property bondsman who discontinues writing bail bonds
4 during the period for which he is licensed shall notify the clerk of the
5 district court and the sheriff with whom he has registered and return his
6 license to the commissioner for cancellation within 30 days [from such]
7 after the discontinuance.

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

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

11 697.240 1. Each insurer appointing a bail agent shall file with the
12 commissioner a written appointment and pay *the applicable fee for the*
13 appointment. [fee as specified in NRS 697.140 (fee schedule).]

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

18 3. [As soon as reasonably possible after commencement of each
19 calendar year, the commissioner shall furnish to each authorized insurer
20 an alphabetical list of the names of all bail agents of the insurer in this
21 state then of record in the division. The insurer shall indicate on such list
22 those bail agents whose appointments are not to be continued in effect,
23 and on or before April 30 of the same year return the list to the com-
24 missioner, together with the payment of the annual continuation of
25 appointment fee in amounts as specified in NRS 697.140 (fee schedule)
26 as to those appointments not being terminated. Any appointment not so
27 continued and not otherwise expressly terminated shall be deemed to
28 have expired on April 30.

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

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

33 697.250 1. An insurer may terminate an appointment at any time.
34 The insurer shall promptly give written notice of termination and the
35 effective date thereof to the commissioner, on forms furnished by the
36 commissioner, and to the bail agent if reasonably possible. [The list of
37 appointments not being continued referred to in NRS 697.240 shall
38 constitute such notice to the commissioner as to termination so listed.]
39 The commissioner may require of the insurer reasonable proof that the
40 insurer has also given such a notice to the agent if reasonably possible.

41 2. Accompanying [the] *each* notice of termination given to the com-
42 missioner, the insurer shall file with him a statement of the cause, if any,
43 for [each] *the* termination. Any information or documents so disclosed
44 to the commissioner shall be deemed an absolutely privileged communi-
45 cation, and [shall not be; *the information or documents are not admis-*
46 sible as evidence in any action or proceedings unless [so] *their use as*
47 *evidence is permitted by the insurer in writing.*

48 3. A bail bondsman terminating the appointment and license as such

1 of a bail solicitor shall give like notice of [such] termination, with like
2 status as a privileged communication, unless [such] the privilege is
3 waived in writing by the bail agent.

4 4. No agreement between [the] an insurer and [the] a bail agent
5 [.] or between [employer] an employing bail bondsman and a licensed
6 bail solicitor [, shall affect] affects the commissioner's termination of the
7 appointment or license if [so] the termination is requested by the
8 insurer [, or by the employer] or the employing bail agent, as the case
9 may be.

10 SEC. 24. NRS 683A.210, 683A.250, 683B.010 to 683B.080, inclu-
11 sive, and 697.140 are hereby repealed.



5/32

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

ROBERT LIST
GOVERNOR

JAMES L. WADHAMS
DIRECTOR

Patsy Redmond, Acting
COMMISSIONER OF INSURANCE

April 29, 1981

TO: Senator Wilson
Committee on Commerce and Labor

FROM: PATSY REDMOND, Acting
COMMISSIONER OF INSURANCE

RE: SENATE BILL NO. ~~554~~ *now 699*

* * * * *

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

EXHIBIT 0

2015- 47

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.

SENATE BILL NO. 534

The division is requesting changes to our examination and licensing requirements with appropriate changes in fees. The division's request is an effort to stream line the administration of licensees. The changes requested involve the following:

1. Pre-licensing examination qualifying prior to making application to the division, this will eliminate excessive paperwork for the division and will provide certain advantages for the prospective applicant such as walk in administration by the testing service. The division will not lose primary control of the exam requirements, only the administrative cost.

2. Rather than annual renewals each April 30, renewals should be on a three year basis and staggered. This system will cut down administrative cost and allow more of the renewal fee to remain in the general fund. We are also stressing initial application and licensing costs while providing uniform renewal fees for all individual licensees.

3. We are requesting the elimination of company appointment renewals as the renewal does not provide for the cost of processing at \$2.00 an appointment renewal. We are requesting an initial appointment fee of \$5.00 and the appointment will remain in effect until terminated.

4. We are requesting the repeal of Chapter 683B. We do not at the present time, nor have we ever, had a licensee stemming from the chapter. The term "Life Insurance Analyst" is not widely used.

5. We are requesting that agents be responsible for the renewal of their license the same as all other licensees and which has never been done.

6. We are requesting that all sections of 683A. pertaining to the requirements for a certificate of registration as an administrator be placed in its own chapter. The administrator is not a licensee as is others in 683A.

The changes we are requesting, we feel will provide better service to our licensees and efficiently for the division. Much of what is being requested is being done in other states as well as our own Real Estate Division. I might also add that these changes are in line with the productivity report suggestions made to the governor.

TO Senator Wilson, Chairman
Committee on Commerce and Labor

Memo

FROM Patsy Redmond, Commissioner
Nevada Insurance Division

DATE 5-22-81

SUBJECT SB 699

Attached is the summary of the bill.

PR:GM:jr

0-413

The Nevada Insurance Division has requested the amendments to their licensing fees and provisions. The division has proposed the following changes in the examination, appointment, renewal and fees in order to bring more efficiency to the administrative processing and to provide reasonable fees based on higher initial license and application fees and uniform renewal fees.

The following is a summary of the changes and the need for the changes by section:

SECTION 1 NRS 679B.305 deletes reference to Chapter 683B (life insurance analyst) as the entire Chapter 683B is being repealed. The division has never had a license in this area and it is not used in industry.

SECTION 2 NRS 680B.010 There are seven major changes in 680B.010.

- (1) Licensing renewals will be on a triennial basis rather than on an annual basis.
- (2) Agents will be required to pay a renewal fee for their license which has never been done.
- (3) The fee for renewal will be the same for all licensees. The fee will be \$10.00 for each year of a three year period giving way to a uniform \$30.00 renewal. The difference between the existing renewal and the new renewal will actually be an increase to some licensees and a decrease to others.
- (4) The initial appointment fee will be \$5.00 rather than \$2.00. This increase reflects more realistically the cost to process.
- (5) No renewal of appointments. The initial appointment will remain in effect until terminated in writing by the insurer.
- (6) Higher initial license and application fees which reflects the major administrative cost to the division and the state.
- (7) Deletion of any reference to examination fees as the fee will go directly to the outside testing service and take the division and state out of the third party status.

Revenue difference has been estimated at +\$28,000 based on licensee population as of June 1, 1980. Since that period we have experienced at least a 50% to 75% increase in the yearly average of new licensees over the prior year.

We have also incorporated fees from other chapters into 680.010 to isolate the major fees into one area.

SECTION 3 NRS 683A.170 allows for the pre-licensing examination prior to the application submission to the division. An individual who wants to become an agent will pursue the requirement of a pre-licensing examination directly with the outside testing service who is under contract with the division. Once the exam is passed, then the individual becomes an applicant for a license. This change will cut down on excessive unnecessary paper work and accounting procedures. The commissioner will still control the outside testing service by contract.

SECTION 4 NRS 683A.180 Housekeeping

SECTION 5 NRS 683A.190 Provides for contracting with outside testing service.

SECTION 6 NRS 683A.230 Housekeeping

SECTION 7 NRS 683A.270 provides for change in renewal from annual to triennial. Will provide to the division the right to go to renewals on a staggered basis rather than a particular date for all licensees. Takes out all references to renewals of appointments.

SECTION 8 NRS 683A.280 changes requirements for appointments to permanent until terminated.

SECTION 9 NRS 683A.290 Appointments

SECTION 10 NRS 684A.100 Same as Section 3.

SECTION 11 NRS 684A.130 Renewal changes.

SECTION 12 NRS 684A.140 Renewals

SECTIONS 13 through 23 allows for the same changes as prior sections for renewals, appointments and examinations for licensees (motor vehicle damage appraiser, pre-need salesmen, fraternal agents, bailbondsmen).

SECTION 24 Repeals particular sections of the code not required with changes and also repeals entire chapter for life insurance analysts.

REQUESTED AFTER DEADLINE

SUMMARY--Revises fees and licensing provisions for persons engaged in business of insurance. (BDR 57-2094)
Fiscal Note: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

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:

Section 1. NRS 679B.305 is hereby amended to read as follows:

679B.305 1. There is hereby created the insurance recovery fund as a special revenue fund. The commissioner shall promptly deposit with the state treasurer for [the] credit [of] to the fund all recovery fund fees received from licensees under this title.

2. A fund balance of not more than \$40,000 [shall] must be maintained in the fund to be used for satisfying claims against persons licensed under chapters 683A, [683B,] 684A and 685A of NRS. Any balance over \$40,000 in the fund at the end of any fiscal year [shall] must be set aside and used by the commissioner for insurance education and research.

3. The commissioner shall adopt reasonable regulations for the administration of the fund, including the manner, time, procedure and grounds for recovery against the fund.

4. The limit of liability of the recovery fund is \$5,000 per fiscal year for any one licensee.

Sec. 2. NRS 680B.010 is hereby amended to read as follows:

680B.010 The commissioner shall collect in advance and receipt for, and persons so served shall pay to the commissioner, fees, licenses and miscellaneous charges as follows:

1. Insurer's certificate of authority:

(a) Issuance, and each annual continuation:	
(1) For any one kind of insurance as defined in NRS 681A.010 to 681A.080, inclusive.....	\$100
(2) For two or more kinds of insurance as so defined.....	200
(b) Reinstatement [(NRS 680A.180),] <u>pursuant to NRS 680A.180</u> , 50 percent of the annual continuation fee otherwise required.	
(c) Registration of additional title [(NRS 680A.240)] <u>pursuant to NRS 680A.240</u>	25
Annual renewal.....	25
2. Charter documents (other than those filed with application for certificate of authority). Filing amendments to articles of incorporation, charter, bylaws, power of attorney (as to reciprocal insurers), and other constituent documents of the insurer, each document.....	\$10
3. Annual statement of insurer. For filing annual statement.....	\$25
4. Service of process:	
(a) Filing of power of attorney.....	\$5
(b) Acceptance of service of process.....	5
5. Agents' licenses and appointments:	
(a) Application for original resident agent's license and issuance of license, if issued.....	\$15
(b) Appointment of resident agent:	
(1) Each insurer.....	2
(2) Annual continuation of appointment, each insurer.....	2
(c) Temporary license.....	3
(d) Limited license (NRS 683A.260), each insurer, each year.....	2
(e) Nonresident agents:	

(1) Nonresident agent's license, other than as specified in paragraph (f), application and issuance, if issued.....	\$25
(2) Appointment of such agent, each insurer.....	25
(3) Annual continuation of appointment, each insurer.....	25
(f) Nonresident agent's license qualifying under subsection 3 of NRS 683A.340; same as for resident agent license under paragraphs (a) and (b).	

6. Brokers:

(a) Resident broker's license:

(1) Application for original resident broker's license and issuance of license, if issued.....	\$25
(2) Annual continuation.....	25

(b) Nonresident broker's license:

(1) Nonresident broker's license (other than as specified in paragraph (c) below), application for original license and issuance, if issued.....	75
(2) Annual continuation.....	75

(c) Nonresident broker's license, qualifying under subsection 4 of NRS 683A.340; same as for resident broker's license under paragraph (a).

(d) Surplus lines broker's license:

(1) Surplus lines broker's license, application and issuance, if issued.....	\$10
(2) Annual continuation.....	10

7. Solicitors:

(a) Application for original license and issuance of license, if issued.....	\$2
(b) Annual continuation.....	2

8. Managing general agents. Annual continuation, each insurer..... \$5

9. Adjusters:

(a) Adjuster's license:	
(1) Application for original adjuster's license and issuance of license, if issued.....	\$15
(2) Annual continuation of license.....	15
(b) Associate adjuster's license:	
(1) Associate adjuster's license (NRS 684A.030), application and issuance of license, if issued.....	5
(2) Annual continuation.....	5
10. Motor vehicle physical damage appraiser:	
(a) Application for original license and issuance of license, if issued.....	\$10
(b) Annual continuation of license.....	10
11. Life insurance analysts:	
(a) Application for original license and issuance of license, if issued.....	\$25
(b) Annual continuation of license.....	25
12. Examination for license:	
(a) Filing application for each examination, other than life insurance analyst, each kind of insurance.....	\$15
(b) Life insurance analysts, filing application, each examination.....	\$25
13. Additional title, property insurers (NRS 680A.- 240):	
(a) Original registration.....	\$25
(b) Annual continuation of registration.....	25
14. Insurance vending machines:	
(a) Filing application for license and issuance, if issued, each machine.....	\$20
(b) Annual continuation of license, each machine.....	20
15. Securities solicitation permit:	
(a) Application for permit.....	\$100
(b) Extension of permit.....	50
16. Securities salesman, domestic insurers:	

(a) Filing application for license and issuance, if issued.....	\$10
(b) Annual continuation of license.....	10
17. Rating organizations:	
(a) Filing application for license and issuance, if issued.....	\$100
(b) Annual continuation of license.....	100
18. Life and health insurance administrator:	
(a) Filing application for registration and certifi- cate, if issued.....	\$25
(b) Annual continuation of certificate.....	25
19. Insurance laws, each copy, not less than cost.	
20. Certified copy of insurer certificate of author- ity or of any license issued under this code.....	\$2
21. Copies of other documents on file in the divi- sion: A reasonable charge as fixed by the commissioner; and for certifying and affixing official seal.....	\$1
22. Letter of clearance as to agent or broker.....	\$2
23. Certificate of license status, agent or broker.....	\$21
<u> , appointments and renewals:</u>	
<u>(a) Resident agents and nonresident agents qualifying under subsection 3 of NRS 683A.340:</u>	
(1) Application and license, if issued.....	\$25
(2) Appointment by each insurer.....	5
(3) Triennial renewal of each license.....	30
(4) Temporary license.....	5
<u>(b) Other nonresident agents:</u>	
(1) Application and license, if issued.....	50
(2) Appointment by each insurer.....	25
(3) Triennial renewal of each license.....	75
6. <u>Brokers' licenses and renewals:</u>	

<u>(a) Resident brokers and nonresident brokers quali-</u>	
<u>fyng under subsection 4 of NRS 683A.340:</u>	
<u>(1) Application and license, if issued.....</u>	<u>550</u>
<u>(2) Triennial renewal of each license.....</u>	<u>30</u>
<u>(b) Other nonresident brokers:</u>	
<u>(1) Application and license, if issued.....</u>	<u>100</u>
<u>(2) Triennial renewal of each license.....</u>	<u>225</u>
<u>(c) Surplus lines brokers:</u>	
<u>(1) Application and license, if issued.....</u>	<u>15</u>
<u>(2) Triennial renewal of each license.....</u>	<u>30</u>
<u>7. Solicitors' licenses, appointments and renewals:</u>	
<u>(a) Application and license, if issued.....</u>	<u>\$15</u>
<u>(b) Triennial renewal of each license.....</u>	<u>30</u>
<u>(c) Initial appointment.....</u>	<u>5</u>
<u>8. Managing general agents' licenses, appointments and</u>	
<u>renewals:</u>	
<u>(a) Application and license, if issued.....</u>	<u>\$15</u>
<u>(b) Initial appointment, each insurer.....</u>	<u>5</u>
<u>(c) Triennial renewal of each license.....</u>	<u>30</u>
<u>9. Adjusters' licenses and renewals:</u>	
<u>(a) Independent and public adjusters:</u>	
<u>(1) Application and license, if issued.....</u>	<u>\$15</u>
<u>(2) Triennial renewal of each license.....</u>	<u>30</u>
<u>(b) Associate adjusters:</u>	
<u>(1) Application and license, if issued.....</u>	<u>15</u>
<u>(2) Initial appointment.....</u>	<u>5</u>
<u>(3) Triennial renewal of each license.....</u>	<u>30</u>
<u>10. Licenses and renewals for appraisers of physical</u>	
<u>damage to motor vehicles:</u>	
<u>(a) Application and license, if issued.....</u>	<u>\$15</u>
<u>(b) Triennial renewal of each license.....</u>	<u>30</u>
<u>11. Additional title and property insurers pursuant</u>	
<u>to NRS 680A.240:</u>	
<u>(a) Original registration.....</u>	<u>\$25</u>

(b) Annual renewal.....	25
<u>12. Insurance vending machines:</u>	
(a) Application and license, if issued, for each machine.....	\$15
(b) Triennial renewal of each license.....	30
<u>13. Permit for solicitation for securities:</u>	
(a) Application for permit.....	\$100
(b) Extension of permit.....	50
<u>14. Securities salesmen for domestic insurers:</u>	
(a) Application and license, if issued.....	\$25
(b) Annual renewal of license.....	15
<u>15. Rating organizations:</u>	
(a) Application and license, if issued.....	\$100
(b) Annual renewal.....	100
<u>16. Certificates and renewals for administrators of life and health insurance:</u>	
(a) Application and certificate of registration, if issued.....	\$50
(b) Triennial renewal.....	25
<u>17. For copies of the insurance laws of Nevada, a fee which is not less than the cost of producing the copies.</u>	
<u>18. Certified copies of certificates of authority and licenses issued pursuant to the insurance code.....</u>	\$10
<u>19. For copies and amendments of documents on file in the division, a reasonable charge fixed by the com- missioner, including charges for duplicating or amend- ing the forms and for certifying the copies and affixing the official seal.</u>	
20. Letter of clearance for an agent or broker.....	\$5
21. Certificate of status as a licensed agent or broker.....	\$5

22. Licenses, appointments and renewals for bail

agents:

- (a) Application and license, if issued..... \$15
- (b) Initial appointment by each surety insurer..... 5
- (c) Triennial renewal of each license..... 30

23. Licenses and renewals for property bondsmen:

- (a) Application and license, if issued..... \$15
- (b) Triennial renewal of each license..... 30

24. Licenses, appointments and renewals for general

bail agents:

- (a) Application and license, if issued..... \$15
- (b) Initial appointment by each insurer..... 5
- (c) Triennial renewal of each license..... 30

25. Licenses and renewals for bail solicitors:

- (a) Application and license, if issued..... \$15
- (b) Triennial renewal of each license..... 30

26. Licenses and renewals for title insurance agents:

- (a) Application and license, if issued..... \$15
- (b) Triennial renewal of each license..... 30

27. Certificate of authority for a funeral

service, for issuance and each annual renewal..... \$25

28. Licenses and renewals for agents for prepaid

funeral contracts:

- (a) Application and license, if issued..... \$15
- (b) Triennial renewal of each license..... 30

29. Licenses, appointments and renewals for agents

for fraternal benefit societies:

- (a) Application and license, if issued..... \$25
- (b) Appointment..... 5
- (c) Triennial renewal of each license..... 30

Sec. 3. NRS 683A.170 is hereby amended to read as follows:

683A.170 1. [After completion and filing of an applica-
tion with the commissioner as required by NRS 683A.150, the

commissioner shall subject each applicant] Any person who intends to apply for a license [as a resident agent, resident broker or solicitor,] issued pursuant to this code must, unless exempted therefrom under NRS 683A.180 [, to] or 683A.190, take and pass a written examination personally as to his competence to act as [such] an agent, broker or solicitor.

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

3. The examination [of an applicant for an agent's or broker's license shall] must cover all the kinds of insurance to be transacted under the license . [, which shall include any one or more of the following kinds of insurance, without subdivision:

- (a) Life insurance.
- (b) Health insurance.
- (c) Property insurance.
- (d) Casualty insurance.
- (e) Surety insurance.

4. As to life insurers authorized to issue variable annuities in this state, the commissioner shall require applicants appointed by such insurers as agents to solicit such contracts in this state, in addition to the examination required as to life insurance, to take and pass successfully a supplemental written examination covering variable annuities and securities.

5. Examination of an applicant for a solicitor's license shall cover all kinds of insurance, other than life or health insurances, as to which the appointing agent or broker is licensed.

6. Written application for the examination shall be filed with the commissioner by or on behalf of the applicant not less than 7 days prior to the date fixed for the examination, as provided in NRS 683A.210, and shall be accompanied by the fee for each kind

of insurance to be included in such application as specified in NRS 680.010 (fee schedule). The examination fee shall be deemed earned when paid and shall not be refundable. The fee shall be applicable to an examination given within 3 months after the date of the application for examination, but not thereafter.]

Sec. 4. NRS 683A.180 is hereby amended to read as follows:

683A.180 Except as provided in subsection [4] 3 of NRS 683A.270 (continuation, expiration of license), NRS 683A.170 does not apply to and no such examination [shall be] is required of:

1. Applicants with respect to life and health or life or health insurance who hold the chartered life underwriter (C.L.U.) designation. Applicants will be required to show such proof of holding the chartered life underwriter (C.L.U.) designation as may be required by the commissioner.

2. Applicants with respect to property, casualty and surety insurance (or any combination thereof) who hold the chartered property, casualty underwriter (C.P.C.U.) designation. Applicants will be required to show such proof of holding the chartered property, casualty underwriter (C.P.C.U.) designation as may be required by the commissioner.

3. Any applicant for a license covering the same kind or kinds of insurance as to which the applicant was licensed under a similar license in this state, other than a temporary license, within 1 year (exclusive of up to 2 years of service as a member of the Armed Forces of the United States) next preceding the date of application, unless the previous license was revoked, suspended or continuation thereof refused by the commissioner.

4. Any applicant for an agent's license who is currently licensed as a broker or solicitor for the same kind or kinds of insurance, or has been so licensed within 1 year next preceding the date of the application unless [such] the previous license was revoked, suspended or continuation thereof refused by the

commissioner, and if a solicitor, has had at least 1 year of experience under his solicitor's license satisfactory to the commissioner.

5. Any applicant for a broker's license who has been licensed as an agent or solicitor in this state for the same kinds of insurance within 1 year preceding the date of the application, unless [such] the previous license was revoked, suspended or continuation thereof refused by the commissioner; and if an agent has had at least 1 year, and if a solicitor has had at least 2 years, of experience under his agent's or solicitor's license, as the case may be, satisfactory to the commissioner.

6. Any applicant for a solicitor's license who has been licensed as an agent, broker or solicitor in this state for the same kinds of insurance within 1 year next preceding the date of the application, unless [such] the previous license was revoked, suspended or continuation thereof refused by the commissioner.

7. Applicants with respect to variable annuities who are, or within the next preceding 12 months have been, licensed or registered as securities broker-dealers under laws administered by the Securities and Exchange Commission or any successor agency of the Federal Government.

8. Persons representing public carriers under limited licenses issued under NRS 683A.260 . [(limited licenses.)]

Sec. 5. NRS 683A.190 is hereby amended to read as follows:

683A.190 1. [After completion and filing of an application with the commissioner as required by NRS 683A.150, the commissioner shall subject each applicant for a license as nonresident agent or nonresident broker personally to a written examination as to his competence to act as such agent or broker. Subsections 2 (firms and corporations), 3 (kinds of insurance), 4 (variable annuities and securities) and 6 (examination application and fee) of NRS 683A.170 are also applicable to such nonresidents.] The commissioner may contract with a testing service to conduct any examination required by NRS 683A.170.

2. The commissioner may [, in his discretion,] enter into a reciprocal arrangement with the public officer having supervision of the business of insurance in another state or in a province of Canada to accept, in lieu of the examination [of the applicant as] required in subsection 1 [,] of NRS 683A.170, the certificate of [such] the officer to the effect that the applicant is licensed as an insurance agent or broker, as the case may be, in [such] that state or province and has complied with its qualifications and standards concerning:

(a) Experience or training;

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

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

Sec. 6. NRS 683A.230 is hereby amended to read as follows:

683A.230 1. The license [shall] must state the name and address of the licensee, the date of issue, general conditions relative to expiration or termination, the kind or kinds of insurance, if applicable, covered by the license, and such other information and conditions as the commissioner may deem proper and consistent with law.

2. The license of an agent or managing general agent [shall] must not specify the name of any particular insurer or underwriter's department by which the licensee is appointed, except as provided in subsection [5] 4 as to limited licenses, and the licensee may [, subject to NRS 683A.250 (life or health agents),] represent as [such] an agent or managing general agent, under the one license, as many insurers or underwriter's departments as may appoint him therefor in accordance with this chapter.

3. The license of a solicitor [shall] must show also the name and address of the [employer] agent or broker [.] who employs him.

4. Each limited license issued under NRS 683A.260 [shall] must show also the name of the insurer so represented, and a separate license [shall be] is required [as to] for each [such] repre-
sented insurer.

Sec. 7. NRS 683A.270 is hereby amended to read as follows:

683A.270 1. Each [broker's, solicitor's, nonresident broker's, surplus lines broker's and managing general agent's] license issued under this code [shall continue] continues in force until it expires or is suspended, revoked or otherwise terminated, [but] subject to payment of the applicable fee for renewal and a fee of \$15 for the recovery fund to the commissioner at his office in Carson City, Nevada, [annually on or before April 30 of the applicable continuation fee stated in NRS 680B.010 (fee schedule) and a recovery fund fee of \$15,] on or before the last day of the month in which the license is renewable. The fees must be accompanied by a written request for [continuation. A] renewal of the license. The request [for continuation shall] must be made [as follows:] and signed:

(a) [For brokers',] By the licensee in the case of a broker's, nonresident [brokers',] broker's, surplus lines [brokers' and] broker's, agent's or managing general [agents' licenses, the request shall be made and signed by the licensee.] agent's license.

(b) [For solicitors' licenses, the request shall be made and signed by the employer] By the employing agent or broker [.] in the case of a solicitor's license.

2. Any license referred to in subsection 1 not continued on or before [April 30] the last day specified for its renewal shall be deemed to have expired at midnight on [April 30; but the] that day. The commissioner may [effectuate] accept a request for

[continuation] renewal received by him within 30 days thereafter if it is accompanied by [an annual continuation] a renewal fee of 150 percent of the fee otherwise required and the recovery fund fee of \$15.

3. [An agent's or nonresident agent's license shall continue in force while there is in effect, as to the licensee, as shown by the commissioner's records, an appointment or appointments as agent of authorized insurers covering collectively all the kinds of insurance included in the agent's license. Upon termination of all the licensee's agency appointments as to a particular kind of insurance and failure to replace such appointment within 60 days thereafter, the license shall thereupon expire and terminate as to that kind of insurance; and the licensee shall promptly deliver his license to the commissioner for reissuance, without fee or charge, as to the kinds of insurance covered by the licensee's remaining agency appointments. Upon termination of all the licensee's agency appointments under the license, it shall terminate.

4.] If the commissioner has reason to believe that any [licensee] licensed agent, broker or solicitor has for any cause raised a reasonable question as to the competence of the licensee or of any [individual] natural person designated to exercise the license powers of a firm or corporate licensee, the commissioner may require, as a condition to continuation of the license, that the licensee or [individual] natural person take and pass to the commissioner's satisfaction a written examination as is required under this chapter of [new applicants] natural persons who intend to apply for a similar license.

[5.] 4. The commissioner may by regulation require the successful completion of a reasonable number of appropriate courses of study as a condition to continuation of any license to which this section applies.

[6.] 5. The license of a managing general agent [as to] for a particular insurer or underwriter's department [shall] must be terminated by the commissioner upon written request by [any of such persons.] that insurer or department.

[7.] 6. This section does not apply to temporary licenses issued under NRS 683A.300.

Sec. 8. NRS 683A.280 is hereby amended to read as follows:

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

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

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

Sec. 9. NRS 683A.290 is hereby amended to read as follows:

683A.290 1. Subject to [the] an agent's contract rights, if any, an insurer may terminate [an agency] the agent's appointment, resident or nonresident, at any time. The insurer shall promptly give written notice of termination and the effective date thereof to the commissioner, on forms furnished by the commissioner, and to the agent if reasonably possible. [The list of appointments not being continued referred to in NRS 683A.280 shall constitute such notice to the commissioner as to terminations so listed.] The commissioner may require of the insurer reasonable proof that the insurer has also given such a notice to the agent if reasonably possible.

2. Accompanying the notice of termination given the commissioner, the insurer shall, upon written request of the commissioner, file with him a statement of the cause, if any, for each termination. Any information or document so disclosed or furnished to the commissioner shall be deemed a qualifiedly privileged communication and [shall not be] is not admissible as evidence in any action or proceeding unless so permitted by the insurer in writing.

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

4. No agreement between [the] an insurer and agent, or between [employer] an employing agent or broker and a licensed solicitor, [shall affect] affects the commissioner's termination of the appointment or license if so requested by the insurer [,] or by the [employer] agent or broker, as the case may be.

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

684A.100 [1.] Each [applicant] person who intends to apply

for a license as an adjuster [shall, prior to issuance of] must, before applying for the license, personally take and pass to the commissioner's satisfaction [an] a written examination [in writing] testing the applicant's qualifications and competence to act as an adjuster and his knowledge of pertinent provisions of this code. [This subsection shall not apply to any person holding a valid and effective Nevada license as an adjuster immediately prior to January 1, 1972.

2. The commissioner shall give examinations at such times and places within the state as he deems reasonably necessary; but the commissioner shall give any examination at least every 6 months if an application for a license is then pending.

3. The examination shall be taken by the applicant under the commissioner's supervision.

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

5. The applicant shall file a written application with the commissioner for the examination at least 7 days before the examination date, accompanied by the applicable examination application fee specified in NRS 680R.010 (fee schedule). The fee shall be deemed earned when paid, and shall not be refundable.]

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

684A.130 1. Each [adjuster's] license issued under this chapter [shall continue] continues in force until [expired,] it expires or is suspended, revoked or otherwise terminated, [but] subject to payment of the applicable fee for renewal to the commissioner at his office in Carson City, Nevada _ [, annually on

or before June 30 of the applicable continuation fee specified in NRS 680B.010 (fee schedule), accompanied by the written request of the licensee for such continuation.] The fee must be paid on or before the last day of the month in which the license is renewable.

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

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

Sec. 12. NRS 684A.140 is hereby amended to read as follows:

684A.140 1. Concurrently with an application for a license or for [continuation] renewal of a license as an adjuster, the [licensee shall register in writing with the commissioner the name and address of] applicant or licensee must provide an appointment for each associate adjuster employed by him or to be employed by him contingent upon issuance of the license . [, and shall furnish the commissioner such additional information concerning such employee and the past and proposed activities thereof as the commissioner may reasonably require.] Each person who desires to become licensed as an associate adjuster must submit an application to the commissioner for such a license.

2. Upon payment of the appropriate fee , [therefor as specified in NRS 680B.010 (fee schedule),] the commissioner shall issue and deliver to [the licensee] a licensed adjuster a license [as to] for each associate authorized by the state to act in behalf of the licensee.

3. The license of an associate adjuster [shall be subject to continuance] may be renewed upon payment of the [fee therefor

specified in NRS 680B.010 (fee schedule), and shall expire and terminate.] applicable fee. His license expires at the same time as the license of the [employer] employing adjuster; but [such a license shall be terminated by] the commissioner shall promptly terminate an associate adjuster's license upon written request therefor by the [employer] employing adjuster.

4. No person [shall] may be, act as, or hold himself out in this state to be an associate adjuster unless [such a license has been issued as to such person by the commissioner and is then in force.] he holds a current license as such issued to him by the commissioner. A violation of this provision is a gross misdemeanor.

Sec. 13. NRS 684B.080 is hereby amended to read as follows:

684B.080 1. Each [motor vehicle physical damage appraiser's] license issued under this chapter [shall continue] continues in force until [expired,] it expires or is suspended, revoked or otherwise terminated, [but] subject to payment of the applicable fees for renewal to the commissioner at his office in Carson City, Nevada . [, annually on or before June 30 of the applicable continuation fee specified in NRS 680B.010 (fee schedule), accompanied by the written request of the licensee for such continuation.] The fee must be paid on or before the last day of the month in which the license is renewable.

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

Sec. 14. NRS 689.235 is hereby amended to read as follows:

689.235 1. To qualify for an agent's license, the applicant [shall:] must:

- (a) Execute and file a written application with the administrator on forms furnished by the administrator;
- (b) Be of good business and personal reputation; and
- (c) Pass a written examination prepared by the state board of funeral directors and embalmers and administered by the commissioner [.] or by a testing service with which the commissioner has entered into a contract.

2. The application [shall:] must:

- (a) Contain information concerning the applicant's identity, address and personal background and business, professional or work history.
- (b) Contain such other pertinent information as the administrator may require.
- (c) Be accompanied by [a filing and license fee of \$10, which is not refundable.] the applicable fee.

Sec. 15. NRS 689.255 is hereby amended to read as follows:

689.255 1. Each [agent's] license issued pursuant to this chapter [shall expire at midnight on April 30 next following its date of issuance.] expires at midnight on the last day of the month specified for its renewal.

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

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

Sec. 16. NRS 695A.290 is hereby amended to read as follows:

695A.290 1. [Societies which are authorized on January 1, 1972, to transact business in this state may continue such business until May 1, 1972. The authority of such societies and

all societies licensed after January 1, 1972, may thereafter be renewed annually, but in all cases shall terminate on the 1st day of the succeeding May; but a license so issued shall continue in full force and effect until the new license is issued or specifically refused.

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

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

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

695A.360 1. The commissioner may issue a license to any natural person who has paid [an annual license fee of \$5] the applicable license fee or renewal and who has complied with the requirements of this chapter authorizing [the] a licensee to act as an insurance agent on behalf of any society named in the license [, which] if the society is authorized to do business in this state.

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

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

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

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

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

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

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

5. An insurance agent who is exempt from examination under paragraph (b) of subsection 4 and who exceeds a limit set in that paragraph shall [make application to the commissioner within] apply within 90 days for the required examination, and the society shall terminate the appointment of the insurance agent within 90 days and until a new insurance agent's license has been issued after examination.

6. Each license issued pursuant to this section expires at midnight on the last day of the month specified for its renewal.

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

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

2. [Every license issued pursuant to NRS 695A.330 to 695A.390, inclusive, and every renewal thereof, shall expire on April 30 of the calendar year following the calendar year in which it was issued.

3.] If [the] an application for [a] renewal of a license has been filed with the commissioner on or before [April 30 of the year in which the existing license is to expire,] the day on which it is to expire, the applicant named in the [existing] license may continue to act as insurance agent under the [existing] license, unless [the license] it is revoked or suspended, until the issuance by the commissioner of the renewal license or until the expiration of 5 days after he has refused to renew the license and has served written notice of refusal on the applicant. If the applicant, within 30 days after such a notice is given, notifies the commissioner in writing of his request for a hearing on the refusal, the commissioner shall, within a reasonable time after receipt of the notice, grant a hearing, and he may, in his discretion, reinstate the license.

[4.] 3. Any renewal license of an insurance agent may be issued upon the application of the society named in the existing license. [Such application shall] The application must be in the form [or forms] prescribed by the commissioner and [shall] contain such information as he may require. The application [shall] must contain a certificate executed by the president, or by a vice president, a secretary, an assistant secretary, or corresponding officer by whatever name known, or by an employee expressly designated and authorized to execute the certificate of a domestic or foreign society or by the United States manager of an alien society, stating that the addresses therein given of the agents of the society for whom renewal licenses are requested therein have been verified in each instance immediately preceding the preparation of the application. [Notwithstanding the filing of such application, the] The commissioner may, after reasonable notice to any society, require that any or all agents of that society , to be named as licensees in renewal licenses , execute and file separate applications for the renewal of

licenses, and he may also require that each application be accompanied by the certificate specified in paragraph (b) of subsection 2 of NRS 695A.360.

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

697.180 1. Written application for a bail agent's, general agent's, property bondsman's or bail solicitor's license [shall] must be filed with the commissioner by the applicant, accompanied by the [appropriate] applicable fees, [specified in NRS 697.-140.] The application form [shall] must be accompanied by the applicant's fingerprints, and [shall] must require full answers to questions reasonably necessary to determine the applicant's:

(a) Identity and residence.

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

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

2. The commissioner may reasonably require other facts to determine the applicant's qualifications for the license applied for.

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

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

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

6. If the applicant for a general agent's license is a firm or corporation, the application [shall] must also [show the names of] name all members, officers and directors, and [shall] designate each [individual] natural person who is to exercise the license powers . [; and each such individual shall] Each person so designated must furnish information [as to] about himself as though for an individual license.

7. The applicant must verify his application . [shall be verified by the applicant, and no] An applicant for a license under this chapter shall not knowingly misrepresent or withhold any fact or information called for in the application form or in connection therewith.

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

697.200 1. [After completion and filing of the application with the commissioner as required in NRS 697.120, the commissioner shall subject each applicant] Any natural person who intends to apply for a license as a bail bondsman or bail solicitor [to] must personally take and pass a written examination [personally as to] of his competence to act as [such] a bail bondsman or bail solicitor. After passing the examination, the person may apply to the commissioner for such a license.

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

[3. Written application shall be filed with the commissioner by or on behalf of the applicant not less than 7 days prior to the date fixed for the examination, as provided in NRS 623A.210 (conduct of examinations) and shall be accompanied by the examination fee as specified in NRS 697.140 (fee schedule). The fee shall be deemed earned when paid and shall not be refundable. The fee shall be applicable to an examination given within 3 months after the date of the application for examination but not thereafter.]

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

697.230 1. Each general agent's bail bondsman's and bail solicitor's license issued under this chapter [shall continue] continues in force until it expires or is suspended, revoked or otherwise terminated, [but] subject to payment of the applicable fee for renewal to the commissioner at his office in Carson City, Nevada, [annually on or before April 30 of the applicable continuation fee stated in NRS 697.140 (fee schedule),] on or before the last day of the month in which the license is renewable. The fee must be accompanied by a written request for [such continuation. A] renewal of the license. The request [for continuation shall] must be made [as follows:] and signed:

(a) [For] By the licensee in the case of a general agent's [and] or property bondsman's [licenses, the request shall be made and signed by the licensee.] license.

(b) [For bail solicitors' licenses, the request shall be made and signed by the employer] By the bail bondsman [.] who employs the solicitor in the case of a bail solicitor's license.

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

3. A bail agent's license [shall continue] continues in force while there is in effect [, as to the licensee, as shown by the commissioner's records,] an appointment [or appointments as] of him as a bail agent of one or more authorized insurers. Upon termination [of the licensee's] all the bail agent's [appointment] appointments and his failure to replace [such] any appointment within 60 days thereafter, [the] his license [shall thereon

expire and terminate;] expires and [the licensee] he shall promptly deliver his license to the commissioner.

4. The commissioner shall terminate the license of a general agent [as to] for a particular insurer [shall be terminated by the commissioner] upon a written request by [any of such persons.] the insurer.

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

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

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

697.240 1. Each insurer appointing a bail agent shall file with the commissioner a written appointment and pay the applicable fee for the appointment . [fee as specified in NRS 697.140 (fee schedule).]

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

3. [As soon as reasonably possible after commencement of each calendar year, the commissioner shall furnish to each authorized insurer an alphabetical list of the names of all bail agents of the insurer in this state then of record in the division. The insurer shall indicate on such list those bail agents whose appointments are not to be continued in effect, and on or before April 30 of the same year return the list to the commissioner, together with the payment of the annual continuation of appointment fee in amounts as specified in NRS 697.140 (fee schedule) as to those appointments not being terminated. Any appointment

not so continued and not otherwise expressly terminated shall be deemed to have expired on April 30.

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

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

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

2. Accompanying [the] each notice of termination given to the commissioner, the insurer shall file with him a statement of the cause, if any, for [each] the termination. Any information or documents so disclosed to the commissioner shall be deemed an absolutely privileged communication, and [shall not be] the information or documents are not admissible as evidence in any action or proceedings unless [so] their use as evidence is permitted by the insurer in writing.

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

4. No agreement between [the] an insurer and [the] a bail agent [,] or between [employer] an employing bail bondsman and a licensed bail solicitor [, shall affect] affects the commissioner's termination of the appointment or license if [so] the termination is

requested by the insurer [, or by the employer] or the employing
bail agent, as the case may be.

Sec. 24. NRS 683A.210, 683A.250, 683B.010 to 683B.080, inclusive,
and 697.140 are hereby repealed.

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

S. B. 391

SENATE BILL NO. 391—COMMITTEE ON
COMMERCE AND LABOR

MARCH 10, 1981

Referred to Committee on Commerce and Labor

SUMMARY—Amends law relating to pharmacists and
pharmacies. (BDR 40-855)

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; requiring certain publications in pharmacies; providing for the registration of inactive senior pharmacists; relating to reports and the schedule of fees of the state board of pharmacy; pertaining to the qualifications and examination of applicants for certification; specifying the contents and filing of prescriptions and the labeling of prescription drug containers; 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 639 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 5, inclusive, of this act.
3 SEC. 2. "Hospital" means any institution, place, building or agency
4 licensed by the department of human resources as a hospital and which
5 operates facilities for the care and treatment of human illness or other
6 abnormal physical or mental conditions of patients who occupy beds
7 within it, including any such facility operated by this state, any political
8 subdivision or the Federal Government.
9 SEC. 3. "Hospital pharmacy" means a pharmacy complying with the
10 requirements of NRS 639.2324 and operated in conjunction with a
11 hospital.
12 SEC. 4. Each licensed pharmacy must maintain in its prescription
13 department:
14 1. Current copies of chapters 453, 454, 585 and 639 of NRS.
15 2. A current copy of the regulations of the board.
16 3. Copies of any two of the latest editions of:
17 (a) United States Pharmacopoeia-National Formulary;
18 (b) United States Dispensatory;
19 (c) Pharmaceutical Sciences;
20 (d) Remington's Practice of Pharmacy;

1 (e) Facts and Comparisons; or

2 (f) Hospital Formulary.

3 SEC. 5. 1. A registered pharmacist 65 years of age or older who no
4 longer wishes to practice pharmacy in this state may apply in writing to
5 the secretary of the board for registration by the board as an inactive
6 senior pharmacist. The required fee must accompany the application. The
7 board may issue to the applicant a certificate of registration as an inactive
8 senior pharmacist.

9 2. A registered inactive senior pharmacist:

10 (a) Shall not practice pharmacy in this state.

11 (b) Need not comply with the requirements of this chapter for con-
12 tinuing professional education.

13 3. Each person to whom such a certificate has been issued may, if he
14 so desires and if his certificate has not been revoked, renew his certificate
15 biennially upon making application and paying the renewal fee. Applica-
16 tion for the renewal of such a certificate, together with the renewal fee,
17 must be delivered to the secretary of the board on or before the 1st
18 Monday in September next preceding the expiration date of any existing
19 valid certificate or renewal receipt. A certificate as a registered inactive
20 senior pharmacist must be renewed biennially, dated as of November 1,
21 and delivered to the applicant on or before that date. The board may
22 refuse to renew a certificate if the applicant has committed any act
23 proscribed by NRS 639.210.

24 4. If an inactive senior pharmacist desires to resume the practice
25 of pharmacy in this state he must petition the board for registration as a
26 pharmacist. The board shall determine whether the petitioner is capable
27 and qualified by education or experience, or both, adequately to resume
28 the practice of pharmacy. If the board finds the petitioner qualified, the
29 board may then register the petitioner as a pharmacist upon payment
30 by him of the required registration fee.

31 SEC. 6. NRS 639.001 is hereby amended to read as follows:

32 639.001 As used in this chapter, the words and terms defined in
33 NRS 639.002 to 639.016, inclusive, and sections 2 and 3 of this act
34 have the meanings ascribed to them in those sections unless a different
35 meaning clearly appears in the context.

36 SEC. 7. NRS 639.015 is hereby amended to read as follows:

37 639.015 "Registered pharmacist" means:

38 1. A person registered in this state as such on July 1, 1947; [or]

39 2. A person registered in this state as such in compliance with the
40 provisions of paragraph (c) of section 3 of chapter 195, Statutes of
41 Nevada 1951; or

42 3. A person who has complied with the provisions of NRS 639.120
43 [and 639.133] and whose name has been entered in the registry of
44 pharmacists of this state by the secretary of the board and to whom a
45 valid certificate as a registered pharmacist or valid renewal thereof has
46 been issued by the board.

47 Sec. 8. NRS 639.060 is hereby amended to read as follows:

48 639.060 Before September 1 of each even-numbered year, for the

1 biennium ending June 30 of such year, the board shall report to the gov-
2 ernor upon the condition of pharmacy in the State of Nevada. The report
3 shall contain:

4 1. [A full and complete record of the proceedings of the board for
5 the year.

6 2. The names of all pharmacists registered under this chapter.

7 3. A complete statement of all fees received.] *A summary of the*
8 *proceedings of the board for the biennium.*

9 2. *The number of pharmacists registered under this chapter.*

10 3. *A statement of all fees received.*

11 SEC. 9. NRS 639.120 is hereby amended to read as follows:

12 639.120 An applicant to become a registered pharmacist in this state
13 must:

14 1. Be of good moral character.

15 2. Be a graduate of a college of pharmacy or department of pharm-
16 acy of a university accredited by the American Council on Pharma-
17 ceutical Education and approved by the board.

18 3. Satisfactorily pass an examination approved and given by the
19 Nevada state board of pharmacy with a grade of at least 60 [percent]
20 on any part of the examination and a grade of at least 75 [percent] for
21 the entire examination. An applicant for reciprocity registration [shall]
22 must take and pass the [law] examination *in law* with at least a grade
23 of 75. [percent.]

24 4. Complete 1 year of practical pharmaceutical experience as
25 defined in NRS 639.125.

26 SEC. 10. NRS 639.130 is hereby amended to read as follows:

27 639.130 1. An applicant for a certificate as a registered pharmacist
28 who has failed to pass the board's examination for such a certificate is
29 not eligible for reexamination until the next regularly scheduled meeting
30 of the board.

31 2. An applicant failing the entire examination is required to
32 retake the entire examination. If the applicant fails only part of the
33 examination, he is required to retake only that part and may retake any
34 other part of the examination.

35 3. No applicant for a certificate as a registered pharmacist is
36 entitled to more than three examinations for such certificate.

37 4. [Except as specifically provided in NRS 639.133, no] *No* sub-
38 sequent examination may be given any applicant until he has filed a new
39 application and paid a new fee therefor.

40 SEC. 11. NRS 639.170 is hereby amended to read as follows:

41 639.170 1. The board shall charge and collect not more than the
42 following fees for the following services:

43	For investigation or examination of applicant for certifi-	
44	cate as registered pharmacist.....	\$100
45	For investigation or examination of applicant for certifi-	
46	cate as registered pharmacist by reciprocity.....	150
47	For the investigation or issuance of an original license to	
48	conduct a retail pharmacy.....	150
49	For biennial renewal of a license to conduct a retail	
50	pharmacy.....	300

1	For the investigation or issuance of an original license		1
2	to conduct a hospital pharmacy for inpatients.....	\$150	2
3	For biennial renewal of a license to conduct a hospital		3
4	pharmacy for inpatients.....	300	4
5	For issuance of certificate of registration as registered		5
6	pharmacist.....	50	6
7	For biennial renewal of certificate of registration as		7
8	registered pharmacist.....	100	8
9	<i>For issuance of certificate of registration as inactive</i>		9
10	<i>senior pharmacist.....</i>	<i>10</i>	10
11	<i>For biennial renewal of certificate of registration as</i>		11
12	<i>inactive senior pharmacist.....</i>	<i>20</i>	12
13	For reinstatement of lapsed certificate of registration (in		13
14	addition to renewal fees for period of lapse).....	50	14
15	For issuance of duplicate certificate of registration.....	25	15
16	For biennial registration of a hospital pharmaceutical		16
17	technician.....	10	17
18	For issuance of manufacturer's or wholesaler's permit.....	100	18
19	For issuance of biennial renewal of permit for manu-		19
20	facturing or wholesaler.....	200	20
21	For issuance of permit to vend, sell, offer to sell or		21
22	furnish any hypodermic device.....	25	22
23	For biennial renewal of permit to vend, sell, offer to		23
24	sell or furnish any hypodermic device.....	50	24
25	For issuance of permit to supply or operate vending		25
26	machines or devices for distribution of any pro-		26
27	phylactic.....	100	27
28	For biennial renewal of permit to supply or operate		28
29	vending machines or devices for distribution of		29
30	any prophylactic.....	200	30
31	<i>For issuance of permit to sell veterinary prescription</i>		31
32	<i>or nonprescription drugs.....</i>	<i>25</i>	32
33	<i>For biennial renewal of permit to sell veterinary pre-</i>		33
34	<i>scription or nonprescription drugs.....</i>	<i>50</i>	34
35	For reissuance of license issued to retail pharmacy, when		35
36	no change of ownership is involved, but the license		36
37	must be reissued because of a change in the infor-		37
38	mation required thereon.....	25	38

39 2. If a person requests a special service from the board or requests
40 the board to convene a special meeting, he shall pay the actual costs
41 to the board as a condition precedent to the rendition of the special
42 service or the convening of the special meeting.

43 3. All fees are payable in advance and must not be refunded.

44 4. The board may, by regulation, set the penalty for failure to pay
45 the renewal fee for any license, permit or certificate within the statutory
46 period, at an amount not to exceed 100 percent of the renewal fee for
47 each year of delinquency in addition to the renewal fees for each year of
48 delinquency.

49 SEC. 12. NRS 639.180 is hereby amended to read as follows:

50 639.180 1. A certificate as a registered pharmacist [shall] *must* be

1 issued to each person who is deemed qualified by the board in compliance
2 with the provisions of NRS 639.120, 639.127, ~~639.133,~~ 639.134 and
3 NRS 639.217 to 639.2178, inclusive. The certificate entitles the person
4 to whom it is issued to practice pharmacy in this state.

5 2. Each person to whom such certificate has been issued may, if he
6 so desires and if his certificate has not been revoked, renew his certificate
7 biennially upon making application and paying the renewal fee fixed by
8 the board ~~as provided in NRS 639.170~~ and complying with the provi-
9 sions of NRS 639.217 to 639.2178, inclusive.

10 3. Application for the renewal of such certificate, together with the
11 renewal fee, ~~shall~~ *must* be delivered to the secretary of the board on
12 or before the 1st Monday in September next preceding the expiration date
13 of any ~~presently~~ existing valid certificate or renewal receipt.

14 4. A certificate as a registered pharmacist shall be renewed bien-
15 nially, dated as of November 1, and delivered to the applicant on or
16 before that date.

17 5. The board may refuse to renew a certificate if the applicant has
18 committed any act proscribed by NRS 639.210.

19 **SEC. 13.** NRS 639.190 is hereby amended to read as follows:

20 639.190 1. Within 30 days after the renewal date, the secretary of
21 the board shall notify the holders of all certificates of registration who
22 have failed to pay their renewal fee that failure to pay the renewal fee
23 and the penalty thereon within 60 days will result in forfeiture of their
24 respective certificates of registration.

25 2. If any holder of a certificate of registration fails to pay the renewal
26 fee and penalty within 60 days, after having been notified by the secre-
27 tary of the board, his certificate of registration ~~shall be~~ *is* automatically
28 forfeited to the board.

29 3. If the certificate of any person is forfeited as provided in this
30 section, the board may, ~~nevertheless,~~ within 5 years thereafter, issue
31 a certificate of registration to ~~such person, if the~~ *the former holder if:*

32 *(a) He makes written application to the board accompanied by the*
33 *amount of the fee for reinstatement of a lapsed certificate of registration*
34 *and the renewal fees for the period of lapse; and*

35 *(b) The board determines that he is capable and is qualified by educa-*
36 *tion or experience, or both, adequately to practice the profession of*
37 *pharmacy in this state.*

38 **SEC. 14.** NRS 639.2174 is hereby amended to read as follows:

39 639.2174 The board shall not ~~:~~

40 1. Issue a certificate as a registered pharmacist to any person pur-
41 suant to NRS 639.133; or

42 2. Renew ~~renew~~ the certificate of any registered pharmacist ~~.]~~
43 until the applicant has submitted proof to the board of the receipt of
44 the required number of continuing-education units, obtained through the
45 satisfactory completion of an accredited program of continuing profes-
46 sional education during the period for which the certificate was issued.

47 **SEC. 15.** NRS 639.2324 is hereby amended to read as follows:

48 639.2324 1. The operation of a pharmacy in conjunction with a
49 hospital ~~shall~~ *must* meet the following requirements:

50 ~~[1.]~~ *(a) In hospitals with 100 or more beds, the pharmacy [shall]*

1 *must* be under the continuous supervision of a pharmacist during the time
2 it is open for pharmaceutical services.

3 [2.] (b) In hospitals with less than 100 beds, the services of a
4 pharmacist may be on less than a full-time basis, depending upon the
5 needs of the hospital, and pursuant to the regulations and recom-
6 mendations of the state board of pharmacy and the board of hospital
7 trustees charged with the administration and control of [such] the
8 hospital.

9 [3.] (c) In the absence of a pharmacist from the hospital, a nurse
10 designated by the pharmacist may obtain from the pharmacy such neces-
11 sary quantities of drugs to administer to a patient until the pharmacy
12 reopens as are ordered by a medical practitioner and needed by a
13 patient in an emergency.

14 [4.] (d) The pharmacist in charge of the pharmacy shall initiate
15 procedures to provide for administration and technical guidance in all
16 matters pertaining to the acquiring, stocking, recordkeeping and dispens-
17 ing of drugs and devices.

18 2. *A pharmacy located in a hospital, if the pharmacy is not subject*
19 *to the administration and control of the board of hospital trustees or*
20 *other governing body of the hospital, is not "operating in conjunction*
21 *with a hospital" as that term is used in this chapter.*

22 SEC. 16. NRS 639.235 is hereby amended to read as follows:

23 639.235 1. No person other than a practitioner holding a currently
24 valid license to practice his profession in this state may prescribe or
25 write a prescription, except that a prescription *other than for a controlled*
26 *substance* written by a physician not licensed to practice in this state
27 but authorized by the laws of another state to prescribe [shall be con-
28 sidered to be] is a legal prescription.

29 2. [If a prescription, written by a physician not licensed to practice
30 in this state, calls for a Schedule II controlled substance, as defined in
31 chapter 453 of NRS, it is the responsibility of the registered pharmacist
32 who is to fill the prescription to establish that the prescription is authentic
33 and that a bona fide doctor-patient relationship did exist at the time the
34 prescription was written.] *A prescription for a controlled substance may*
35 *be written only by:*

36 (a) *A practitioner who is registered with the board pursuant to chapter*
37 *453 of NRS.*

38 (b) *A physician not licensed to practice in this state but authorized by*
39 *the laws of another state to prescribe if he is registered with the board*
40 *pursuant to chapter 453 of NRS.*

41 SEC. 17. NRS 639.2353 is hereby amended to read as follows:

42 639.2353 1. A prescription must be given:

43 (a) Directly from the practitioner to a pharmacist;

44 (b) Indirectly by means of an order signed by the practitioner; or

45 (c) By an oral order transmitted by an agent of the practitioner.

46 *If a prescription is given indirectly by means of an order signed by the*
47 *practitioner, each prescription must be written on a separate prescription*
48 *blank.*

2. A prescription must contain:

(a) The name [and address of the practitioner;] and telephone number of the practitioner, and his address if the prescription is for a controlled substance or, in the case of any other prescription, if his address is not immediately available to the pharmacist;

(b) The classification of his license;

(c) His registration number assigned by the Drug Enforcement Administration [;], if the prescription is for a controlled substance;

(d) The full name [and address of the patient;] of the patient, and his address if the prescription is for a controlled substance or, in the case of any other prescription, if his address is not immediately available to the pharmacist;

(e) The name, strength and quantity of the drug or drugs prescribed;

(f) Directions for use; [and]

(g) The date of issue [;]; and

(h) The signature of the prescribing practitioner.

3. A prescription for a controlled substance must be dated and signed by the practitioner on the day when it is issued.

4. The directions for use must be specific in that they indicate the portion of the body to which the medication is to be applied or, if to be taken into the body by means other than orally, the orifice or canal of the body into which the medication is to be inserted or injected.

SEC. 18. NRS 639.236 is hereby amended to read as follows:

639.236 1. All prescriptions filed in any pharmacy must be serially numbered and filed in the manner prescribed by regulation of the board. Prescriptions for Schedule II controlled substances as defined in chapter 453 of NRS, must be filed separately from other prescriptions or in a readily retrievable manner as the board may provide by regulation. All prescriptions must be retained on file for at least [2] 5 years.

2. Each prescription on file must bear the date on which it was originally filled and be personally signed or initialed by the registered pharmacist who filled it.

3. Prescription files are open to inspection by members, inspectors and investigators of the board and by inspectors of the Food and Drug Administration and agents of the department of law enforcement assistance.

SEC. 19. NRS 639.257 is hereby amended to read as follows:

639.257 1. A person whose certificate, license or permit has been revoked may petition the board for reinstatement after a period of not less than 1 year has [lapsed] elapsed since the date of revocation. If 3 years have elapsed since the date of revocation of his certificate of registration a pharmacist may not petition the board for reinstatement, but if he wishes to be registered must file a new application, pay the fee therefor and pass the examination with the grade provided in NRS 639.-120. The provisions of subsection 4 of NRS 639.120 do not apply to such an applicant.

2. The petition [shall state such facts as may be required by the board and shall be heard by the board at its next regular meeting held not earlier than 30 days after the petition is filed.] must:

(a) State such facts as may be required by the board;

- 1 (b) Be accompanied by a fee specified by regulation of the board; and
2 (c) Be heard by the board at its next regular meeting held not earlier
3 than 30 days after the petition is filed.

4 Such a petition may be considered by the board while the petitioner is
5 under sentence for any criminal offense, including any period during
6 which he is on probation or parole, only if the board members, by a
7 majority vote, find that the public interest would best be served by
8 [such] his reinstatement.

9 3. In considering reinstatement the board may investigate and con-
10 sider all activities of the petitioner since the time his original certificate,
11 license or permit was issued, his ability, character and reputation. The
12 affirmative vote of at least three members is necessary for reinstatement
13 of a certificate, license or permit with or without terms, conditions and
14 restrictions.

15 SEC. 20. NRS 639.2801 is hereby amended to read as follows:

16 639.2801 Unless specified to the contrary in writing on the prescrip-
17 tion by the prescribing practitioner, all prescriptions filled in any pharm-
18 acy must be dispensed in a container to which is affixed a label or other
19 device which clearly shows:

20 1. The date;

21 2. The name, address and prescription serial number of the pharm-
22 acy;

23 3. The names of the prescribing practitioner and of the person for
24 whom prescribed;

25 4. The number of dosage units;

26 5. Specific directions for use given by the prescribing practitioner;

27 6. The expiration date of the effectiveness of the drug or medicine
28 dispensed, if such information is required on the original label of the
29 manufacturer of such drug or medicine;

30 7. The proprietary or generic name of the drug or medicine as writ-
31 ten by the prescribing practitioner; and

32 8. The strength of such drug or medicine. [, and contains the warn-
33 ing:

34 Caution: Do not use with alcohol or nonprescribed drugs with-
35 out consulting the prescribing practitioner.]

36 SEC. 21. NRS 639.133 and 639.135 are hereby repealed.

SB-1391

BREEN, YOUNG, WHITEHEAD & BELDING

CHARTERED

ATTORNEYS AND COUNSELLORS AT LAW

F. R. BREEN
C. CLIFTON YOUNG
JERRY CARR WHITEHEAD
DAVID RAY BELDING

232 COURT STREET
RENO, NEVADA 89501

A. C. 702 786-7600

March 25, 1981

Senator "Spike" Wilson
Nevada State Senate
Carson City, Nevada 89710

Re: SB 391

Dear Spike:

Pursuant to your request, the following is a suggested amendment to the referenced bill in connection with the contents of a prescription for controlled substances.

I would suggest that Section 17, which amends N.R.S. 639.2353, sub-paragraph 2, be amended as follows:

- 2. A prescription must contain,
 - a. The name of the practitioner and his address if not immediately available to the pharmacist.
 - b. The name of the patient and his address if not immediately available to the pharmacist.
 - c. The classification of his license.
 - d. The name, strength and quantity of the drug or drugs prescribed.
 - e. Directions for use.
 - f. The date of issuance.
 - g. If the prescription is for a controlled substance, it shall be dated as of and signed on the day when issued and shall bear the full name and address of the patient and the name, address and the Drug Enforcement Administration registration number of the practitioner. A practitioner may sign a prescription in the same manner as he would a check or legal document (e.g. J. H. Smith or John H. Smith).

EXHIBIT Q

2015-84

Hon. Spike Wilson,
Nevada State Senate
March 25, 1981
Page Two

The underlined portion is taken from Title 21, Chapter II of the Food and Drugs Code of Federal Regulation, Section 1306.05, a copy of which I have enclosed herewith.

Thank you for your courtesy and consideration.

Very truly yours,



F. R. Breen

FRB/p

cc: Mr. Frank Titus
Mr. Bob Tucker
Mr. Gene Coombs

mitted, by the United States or the jurisdiction in which it practices, to dispense a controlled substance in the course of professional practice, but does not include a pharmacy.

(d) The term "pharmacist" means any pharmacist licensed by a State to dispense controlled substances, and shall include any other person (e.g., a pharmacist intern) authorized by a State to dispense controlled substances under the supervision of a pharmacist licensed by such State.

(e) The term "prescription" means an order for medication which is dispensed to or for an ultimate user but does not include an order for medication which is dispensed for immediate administration to the ultimate user. (e.g., an order to dispense a drug to a bed patient for immediate administration in a hospital is not a prescription.)

The terms "register" and "registered" refer to registration required and permitted by section 303 of the Act (21 U.S.C. 823).

Any term not defined in this section shall have the definition set forth in section 102 of the Act (21 U.S.C. 102) or § 1301.02 of this chapter.

36 FR 7799, Apr. 24, 1971, as amended at 36 FR 18732, Sept. 21, 1971. Redesignated at 36 FR 26609, Sept. 24, 1973.

§ 1306.03 Persons entitled to issue prescriptions.

A prescription for a controlled substance may be issued only by an individual practitioner who is:

(1) authorized to prescribe controlled substances by the jurisdiction in which he is licensed to practice his profession and

(2) either registered or exempted from registration pursuant to § 1301.24(c) and 1301.25 of this chapter.

(b) A prescription issued by an individual practitioner may be communicated to a pharmacist by an employee or agent of the individual practitioner.

36 FR 7799, Apr. 24, 1971, as amended at 36 FR 18732, Sept. 21, 1971. Redesignated at 36 FR 26609, Sept. 24, 1973.

§ 1306.04 Purpose of issue of prescription.

(a) A prescription for a controlled substance to be effective must be

issued for a legitimate medical purpose by an individual practitioner acting in the usual course of his professional practice. The responsibility for the proper prescribing and dispensing of controlled substances is upon the prescribing practitioner, but a corresponding responsibility rests with the pharmacist who fills the prescription. An order purporting to be a prescription issued not in the usual course of professional treatment or in legitimate and authorized research is not a prescription within the meaning and intent of section 309 of the Act (21 U.S.C. 829) and the person knowingly filling such a purported prescription, as well as the person issuing it, shall be subject to the penalties provided for violations of the provisions of law relating to controlled substances.

(b) A prescription may not be issued in order for an individual practitioner to obtain controlled substances for supplying the individual practitioner for the purpose of general dispensing to patients.

(c) A prescription may not be issued for the dispensing of narcotic drugs listed in any schedule for "detoxification treatment" or "maintenance treatment" as defined in Section 102 of the Act (21 U.S.C. 802).

136 FR 7799, Apr. 24, 1971. Redesignated at 36 FR 26609, Sept. 24, 1973, and amended at 39 FR 37486, Oct. 25, 1974.

§ 1306.05 Manner of issuance of prescriptions.

(a) All prescriptions for controlled substances shall be dated as of, and signed on, the day when issued and shall bear the full name and address of the patient, and the name, address, and registration number of the practitioner. A practitioner may sign a prescription in the same manner as he would sign a check or legal document (e.g. J. H. Smith or John H. Smith). Where an oral order is not permitted, prescriptions shall be written with ink or indelible pencil or typewriter and shall be manually signed by the practitioner. The prescriptions may be prepared by a secretary or agent for the signature of a practitioner, but the prescribing practitioner is responsible in case the prescription does not conform in all essential respects to the

mitted, by the United States or the jurisdiction in which it practices, to dispense a controlled substance in the course of professional practice, but does not include a pharmacy.

(d) The term "pharmacist" means any pharmacist licensed by a State to dispense controlled substances, and shall include any other person (e.g., a pharmacist intern) authorized by a State to dispense controlled substances under the supervision of a pharmacist licensed by such State.

(e) The term "prescription" means an order for medication which is dispensed to or for an ultimate user but does not include an order for medication which is dispensed for immediate administration to the ultimate user, except an order to dispense a drug to a hospitalized patient for immediate administration is not a prescription.

The terms "register" and "registering" refer to registration required or permitted by section 303 of the Act (21 U.S.C. 823).

Any term not defined in this section shall have the definition set forth in section 102 of the Act (21 U.S.C. 102) or § 1301.02 of this chapter.

136 FR 7799, Apr. 24, 1971, as amended at 36 FR 18732, Sept. 21, 1971; Redesignated at 36 FR 26609, Sept. 24, 1973.

1306.03 Persons entitled to issue prescriptions.

A prescription for a controlled substance may be issued only by an individual practitioner who is:

(1) authorized to prescribe controlled substances by the jurisdiction in which he is licensed to practice his profession; and

(2) either registered or exempted from registration pursuant to §§ 1301.24(c) and 1301.25 of this chapter.

A prescription issued by an individual practitioner may be communicated to a pharmacist by an employee or agent of the individual practitioner.

136 FR 7799, Apr. 24, 1971, as amended at 36 FR 18732, Sept. 21, 1971; Redesignated at 36 FR 26609, Sept. 24, 1973.

§ 1306.04 Purpose of issue of prescription.

(a) A prescription for a controlled substance to be effective must be

issued for a legitimate medical purpose by an individual practitioner acting in the usual course of his professional practice. The responsibility for the proper prescribing and dispensing of controlled substances is upon the prescribing practitioner, but a corresponding responsibility rests with the pharmacist who fills the prescription. An order purporting to be a prescription issued not in the usual course of professional treatment or in legitimate and authorized research is not a prescription within the meaning and intent of section 309 of the Act (21 U.S.C. 826) and the person knowingly filling such a purported prescription, as well as the person issuing it, shall be subject to the penalties provided for violations of the provisions of law relating to controlled substances.

(b) A prescription may not be issued in order for an individual practitioner to obtain controlled substances for supplying the individual practitioner for the purpose of general dispensing to patients.

(c) A prescription may not be issued for the dispensing of narcotic drugs listed in any schedule for "detoxification treatment" or "maintenance treatment" as defined in Section 102 of the Act (21 U.S.C. 802).

136 FR 7799, Apr. 24, 1971, Redesignated at 36 FR 26609, Sept. 24, 1973, and amended at 36 FR 37930, Oct. 25, 1974.

§ 1306.05 Manner of issuance of prescriptions.

(a) All prescriptions for controlled substances shall be dated as of, and signed on, the day when issued and shall bear the full name and address of the patient, and the name, address, and registration number of the practitioner. A practitioner may sign a prescription in the same manner as he would sign a check or legal document (e.g., J. H. Smith or John H. Smith). Where an oral order is not permitted, prescriptions shall be written with ink or indelible pencil or typewriter and shall be manually signed by the practitioner. The prescriptions may be prepared by a secretary or agent for the signature of a practitioner, but the prescribing practitioner is responsible in case the prescription does not conform in all essential respects to the

Re: SB-391

amendment
(May 15) *Will Crockett*
F 939
incl. this material

Senator Close commented that any prescription that comes in to be filled by mail on a ~~category~~ ^{Schedule II} II drug must be confirmed. If someone brings in a prescription off the street the prescription can be filled, which takes care of the tourist. This stops the mail order drug traffic because they have to call and confirm; if they don't the pharmacy board will shut them down. It takes care of the person coming into Nevada with a prescription in his possession from out-of-state. If there is a phone call prescription, this must be confirmed. He recommended an amendment which states if a prescription comes to the drugist through the mail to be filled for a Class II drug that must be confirmed orally with the physician. Senator McCorkle replied that also would apply to the out-of-state prescription which is not mailed in. Senator Close replied this was done now because if someone from out-of-state has a prescription to be filled he takes it in to the drugist and he fills it. Senator Raggio stated under the existing law he has to satisfy himself that the prescription is authentic. Senator Close replied this was under the existing law and this problem was not raised as being a real problem by the drug industry.

Exhibit 1

← Senator Wilson commented that Mr. Breen's amendment to Section 17 isn't bad and they should go with that. Senator Close stated his recollection was the mail order drug business was the one they wanted to stop and this can be handled by requiring a telephone call. Senator Wilson indicated this would require striking Section 16, specifically lines 32 through 38 on page 6 and leave the present law alone except in the case of mail prescription which would require oral confirmation. Senator Close replied the mail order drug company was doing that right now and continue it. Senator Raggio stated if this was done then the amendment to Section 17 should they require also the telephone number of the doctor and the patient. Senator Close stated he felt in all cases in mail order drugs, the prescription should contain the address of the doctor and patient. Senator Ashworth replied also the telephone company number.

There was general concensus on Section 16 and 17. The remainder of the bill was discussed at some length.

Senator Close moved that Senate Bill No. 391, an act relating to pharmacy; requiring certain publications in pharmacies; providing for the registration of inactive senior pharmacists; relating to reports and the schedule of fees of the state board of pharmacy; pertaining to the qualifications and examination of applicants for certification; specifying the contents and filing of prescriptions and the labeling of prescription drug containers; and providing other matters properly relating thereto, amend and do pass.

Senator Ashworth seconded the motion.

Motion carried unanimously.

S. Ashworth

17

*

S. B. 240

SENATE BILL NO. 240—SENATOR JACOBSEN

FEBRUARY 17, 1981

Referred to Committee on Commerce and Labor

SUMMARY—Makes administrative changes relating to chiropractic. (BDR 54-188)

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 chiropractic; authorizing unlicensed persons to practice under certain circumstances; fixing the dates of examinations; permitting the increasing of license fees; specifying the number of hours of a seminar required for continuing education; 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 634.060 is hereby amended to read as follows:
2 634.060 1. [It] Except as provided in subsection 2, it is unlawful
3 for any person:
4 (a) To practice chiropractic in this state without a license so to do.
5 (b) To hold himself out as a chiropractor without having a license.
6 2. *An applicant for a license to practice chiropractic who has the*
7 *qualifications prescribed in NRS 634.090 may, while waiting to take*
8 *the board's examination but for no longer than 2 years, perform*
9 *diagnostic work, but not manipulation, under the direct supervision of a*
10 *chiropractor.*
11 3. Any person violating the provisions of this section is guilty of
12 a gross misdemeanor.
13 SEC. 2. NRS 634.070 is hereby amended to read as follows:
14 634.070 1. All applicants for licenses to practice chiropractic in
15 Nevada [shall] *must* be examined semiannually by the board. Examina-
16 tions [shall] *must* be held [commencing] *on the Saturday and Sunday*
17 *preceding the regular meetings of the board held on the 2nd Monday*
18 *of March and on the 2nd Monday of September of each year at [such*
19 *place or places] a place within the state [as may be] fixed by the board.*
20 2. *The examinations must be written and oral, practical and demon-*
21 *strative and cover the following subjects:*
22 (a) *Chapter 634 of NRS and regulations of the board;*
23 (b) *Laboratory procedures and interpretation;*

1 (c) *Neurological examination;*

2 (d) *Nutrition;*

3 (e) *Orthopedic examination;*

4 (f) *Physical examination with demonstration;*

5 (g) *Technique for taking X-rays, including positioning of the body,*
6 *and interpretation of X-rays; and*

7 (h) *Chiropractic technique with demonstration.*

8 SEC. 3. NRS 634.110 is hereby amended to read as follows:

9 634.110 Any person of good moral character may be licensed with-
10 out *written* examination upon the payment of the fee required by this
11 chapter if:

12 1. *He passes the required oral and practical examination;*

13 2. He holds a certificate from the National Board of Chiropractic
14 examiners; or

15 [2.] 3. He is licensed by a chiropractic board of any other state
16 or territory which similarly licenses without *written* examination an
17 applicant of good moral character licensed by the Nevada state board
18 of chiropractic examiners, and where the qualifications required are
19 equal to or higher than those required in this chapter at the date of
20 application.

21 SEC. 4. NRS 634.120 is hereby amended to read as follows:

22 634.120 1. All licenses must be signed by the president and the
23 secretary and be attested by the official seal of the board. A fee not to
24 exceed [\\$35] \$100 must be collected before a license is delivered.

25 2. A license to practice chiropractic authorizes the holder thereof
26 to use the term "chiropractic physician."

27 SEC. 5. NRS 634.130 is hereby amended to read as follows:

28 634.130 1. Every person holding a valid license and actively prac-
29 ticing chiropractic, whether on a full-time or part-time basis, in the
30 State of Nevada [shall renew such] *may renew that* license each year
31 by paying a renewal fee not to exceed [\\$100.] \$200. Every person who
32 holds a valid license in the State of Nevada but does not actively practice
33 chiropractic [shall renew such] *may renew that* license by paying a
34 renewal fee not to exceed \$50.

35 2. A licensee in active or part-time practice within the state must
36 submit satisfactory proof to the board that he has attended at least one
37 2-day educational seminar of at least 10 hours approved or endorsed by
38 the board, with the exception of a licensee who has reached the age of
39 70 years. The educational requirement of this section may be waived
40 by the board if the licensee files with the board a statement of a chiro-
41 practic physician, osteopathic physician or doctor of medicine certifying
42 that the licensee is suffering from serious or disabling illness or physical
43 disability which prevented him from attending the required educational
44 seminar during the 12 months immediately preceding the annual licens-
45 ing renewal date.

R E V I S E D
SENATE AGENDA

COMMITTEE MEETINGS

Committee on Commerce and Labor , Room 213 .
Day Friday , Date May 22, 1981 , Time 1:30 p.m.

A.B. No. 70--Imposes duties on insurers in relation to rates and coverage for motor vehicle insurance.

A.B. No. 538--Requires state board of architecture to accept national certification as evidence of registration and certification.

A.B. No. 71--Limits disclosure of information by insurers, agents and organizations which support the business of insurance.

A.B. No. 406--Amends provisions of industrial insurance law relating to rates, dividends and failure of coverage.

A.B. No. 656--Requires certain employers and other organizations to cover optional dental service plan which does not restrict choice of provider of dental services.

A.B. No. 666--Changes registration from annual to biennial and makes various other administrative changes in law governing architects.

S.B. No. 686--Raises limits on loans by savings and loan associations and revises procedure for appeal from decisions of commissioner of savings association.

S.B. No. 695--Makes various amendments to provisions of law governing mortgage companies.

S.B. No. 699--Revises fees and licensing provisions for persons engaged in business of insurance.

ATTENDANCE ROSTER FORM

COMMITTEE MEETINGS

SENATE COMMITTEE ON COMMERCE AND LABOR

DATE: Friday, May 22, 1981

PLEASE PRINT	PLEASE PRINT	PLEASE PRINT	PLEASE PRINT
NAME	ORGANIZATION & ADDRESS		TELEPHONE
Randy Caputo	PIA		
Vigil Anderson	NAA		882-1890
Theresa Vito	(IPFS)		451-3366
Digit Membership	New State Dental Association		735-1115
GLORIA ARMENTRIZ	NV ST BD of ARCH		732-2431
Harry Crumsted	New. Soc. of Architects		731-0363
Dick Farwood	farmers Ins Group		882-1890
Duane E Christian	Nevada Dental Association		882-4122
ROBERT FIELDEN	NV ST BD of ARCH		732-2431
Atten Rodmond	Acting Dir, NV State X-Ray		
Doreia Mason	" " " "		
Dean Okada	Director, Nevada X-Ray		
Kenny Bellenger	(Lobbyist)		