

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

SIXTY-FIRST SESSION
NEVADA STATE LEGISLATURE
MAY 4, 1981

The Senate Committee on Commerce and Labor was called to order by Chairman Thomas R.C. Wilson, at 1:30 p.m., Monday, May 4, 1981, in Room 213 of the Legislative Building, Carson City, Nevada. Exhibit A is the Meeting Agenda. Exhibit B is the Attendance Roster.

COMMITTEE MEMBERS PRESENT:

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

GUEST LEGISLATORS PRESENT:

Assemblyman John M. Vergiels
Assemblyman James J. Banner
Assemblyman Joseph E. Dini
Assemblyman Robert G. Craddock

STAFF MEMBER PRESENT:

Betty Steele, Committee Secretary

ASSEMBLY BILL NO. 38--Provides for jurisdiction of public service commission over small water companies.

Mr. Heber Hardy, commissioner, public service commission, said he would speak to the bill although he was neutral on its proposals. He understood the bill had been drafted at the request of Mr. Joe Dini, chairman of the Assembly Government Affairs Committee who indicated he had a number of calls for assistance regarding the particular problem addressed by the bill. Mr. Hardy said he had some input on the amendments and felt the final draft of the bill was somewhat different from his original understanding of it. He disagreed with the section having the commission set the rates and stated it was his feeling the commission should have full jurisdiction over utilities eventually serving more than 25 customers.

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Mr. Hardy then explained to the committee the responsibilities of a developer or subdivision in an area not already served by a public utility. He stated the present jurisdiction of the commission is only as to whether there is an adequate supply of water and the system is adequate to service the customers of the utility.

A small discussion was devoted to the errors and omissions discovered at the top of page 2 relevant to gross sales of water and sewer service and the correct dollar amount for that provision. It was Mr. Hardy's recommendation that instead of a dollar amount the restriction should be on 25 customers or more to limit the commission's jurisdiction.

In response to Senator Wilson's query as to the policy reason for the bill, Mr. Hardy said he had hoped he would not be asked that question but the policy reason is in section 3. However, certain non-profit water associations were not policed as to the raising of water rates in certain areas, namely Silver Springs, and they had no recourse to appeal. Mr. Hardy said his solution was to give each user one vote rather than those absentee owners who are not paying water rates being manipulated to throw control one way or another.

Senator McCorkle wanted to know why the owners should not all have a vote and Mr. Hardy explained again the problems in the non-profit association in this regard. He said in a situation where the association members would set their own rates, the votes should be in the hands of the users of the water, not just the owners of the lots. The question is as to who has the right to the development and control of the system.

There were questions about the existing undeveloped land in the subdivision and Mr. Hardy said there was a problem regardless of which way the jurisdiction is decided, with regard to present users as well as future users for fair rates and good service. Mr. Hardy emphasized again this was not his bill but a solution by the Assembly Committee to meet a problem they were aware of.

Senator McCorkle pointed out a condition of the subdivision would be that every lot would have to be served with water before any lots could be sold. He wanted to know how that could be reconciled with the present users being able to decide about the use and rates. Mr. Hardy said the problem is who is to determine what the rates and charges shall be and this bill gives jurisdiction to the public service commission for 25 customers or more. He pointed out some discrepancies in the current bill which should be deleted and recommended they be amended out.

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Mr. Hardy said he was not asking for new policy, just to re-affirm present policy from day one of a subdivision's existence, since they will eventually become jurisdictional. He said this would apply to any water company.

Mr. George Peek, representing himself as a developer and also to go on record for the Nevada Association of Realtors who are opposed to Assembly Bill No. 38. Mr Peek said the bill came up in regard to the water company in Silver Springs which he and his father operate. He stated they had put in over \$350 thousand improving the water system in 1979 and 1980. He said the rates were raised from \$16 to \$26 to assist in retiring the amount of money spent in improving the system. Mr. Peek stated the by-laws of the Silver Springs Water Association indicate 1 vote per 1 lot in order to qualify as a non-profit association under IRS regulations.

Mr. Peek proceeded to give the facts and figures to bolster the action in raising the rates at Silver Springs. He concurred with Mr. Hardy also in the understanding that line 37, page 2, was to have been deleted from the bill. Mr. Peek agrees that the users of a particular water service are morally entitled to a right of appeal from some political body if they are not happy with their utility. He pointed out that the cooperatives and non-profit associations do not really need the jurisdiction of the public service commission, rather the local government entity.

There was no further testimony on A.B. No. 38, and Chairman Wilson closed the public hearing on the bill.

ASSEMBLY BILL NO. 252--Clarifies procedures for licensing firms and corporations as agents.

Ms. Patsy Redmond, acting insurance commissioner, stated the bill is simply a clarification of the statutes indicating a person who is authorized to act for a firm or corporation is not required to hold an individual license.

Senator McCorkle asked the purpose of the bill and Ms. Redmond replied the reason for the bill was to clarify some of the language regarding individual's qualifications to act for a corporation and the corporation is then responsible for that person's actions.

Senator Blakemore questioned line 8 and Ms. Redmond said there was another paragraph which clarified the language bracketed out. She said the amendment in the bill was not the amendment the insurance division had proposed, or had submitted to the bill drafter.

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Ms. Redmond received permission from the committee to submit a copy of the insurance division's original amendment to Assembly Bill No. 252. (See Exhibit C.) She stated the present form of the bill is even more unclear than its original language.

As there was no further testimony, Chairman Wilson closed the public hearing on Assembly Bill No. 252.

ASSEMBLY BILL NO. 292--Amends provisions relating to waiting periods, interest and classes of premiums for unemployment compensation.

Mr. Lawrence McCracken, executive director of the employment security department and Mr. Robert Long, chief of unemployment insurance benefits, were present to testify for Assembly Bill No. 292. Mr. McCracken present the committee members with copies of the four proposed changes to NRS Chapter 612, which are Nevada's Unemployment Compensation Laws. (See Exhibit D.) Mr. McCracken expanded on the brief explanations contained in the exhibit and answered questions from the committee members regarding various facets of each section in the exhibit. They went into each section rather thoroughly and appeared satisfied with Mr. McCracken's exposition of changes in the base earnings being charged to an employer's account; the pension offset required by federal law, and the necessity to make it retroactive; providing the department with additional flexibility regarding voluntary quits from employment; and the addition of three additional contribution rate classes to the nine in the current law.

In response to questions from the committee regarding the pension offset, Mr. McCracken presented an amendment, originally made to Assembly Bill No. 296 which is incorporated into A.B. No. 292, which contains the appropriate language suggested by the federal government and approved by the Employment Security Council.

Mr. Long responded to the committee questions with regard to the base period earnings requirement against a base period employer who no longer should be responsible for a particular claimant. The question of the equity of the proposal was debated whether to charge the experience record of one employer or spread it among all employers and there did not seem to be a clear-cut solution. He affirmed this proposal had nothing to do with the payment of benefits to the claimant.

Another aspect of the voluntary quit provision brought the rights of union members into alignment with those of other claimants. Mr. Long indicated that presently, if the unemployment is created before the required 10 weeks have elapsed, claimants are presently disqualified for benefits.

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Mr. McCracken explained the fourth and final change proposed as adding new classes for the contribution rates of employers, with the new lowest rate for those employers with the best experience rating (or lowest employee turnover or quit ratio) and a new higher rating for those employers with relatively the worst experience ratings. He stated this change was approved by most employers, the department and the Employment Security Council.

In response to committee inquiries, Mr. McCracken indicated there were about 30 employers eligible for the lowest rating and approximately 1,000 would go into the 3.6% rating. He said the 3.3 rating would have almost 400 employers. He added these employers were small, medium, and large employers with worse experience ratings, who have the biggest draw on the unemployment fund. He indicated that much more is paid out to the construction industry than they pay in, as negative balance employers. He presented the committee with a chart indicating the breakdown by tax rate, impact of expanded tax schedules on Nevada employers, and distribution of Nevada firms by industry. (See Exhibit E.)

Mr. Pete Kelley, representing the Nevada Retail Association, stated they support Assembly Bill No. 292 because it is not a labor versus management controversy but a combination of a number of bills presented in the Assembly designed to give the base period employer the right to protest when a claim is filed against his account, and he felt it was very important, in addition to the other new provisions, and would improve the system.

Mr. Chuck King of the Central Telephone Company also spoke in support of the bill. He said they saw the bill as an assistance to companies with good experience ratings for employment, by lowering their premiums.

Mr. Norman Anthonisen of Summa Corporation came forward to concur with remarks made by Mr. King and Mr. Kelley and requested that the bill be passed.

There was no further testimony and Chairman Wilson closed the public hearing on Assembly Bill No. 292.

ASSEMBLY BILL NO. 370--Provides disqualifications for receipt of extended benefits as unemployment compensation.

Mr. McCracken presented an explanation of A.B. No. 370 which establishes new criteria for the payment of extended benefits. He stated the bill was necessitated by passage of a new section (Section 1024) of Public Law 96-499, passed in 1980.

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Mr. McCracken indicated there were five subdivisions of Assembly Bill No. 370 required to cope with the federal requirements. They include: failure to apply for, or accept suitable work; the disqualification period; a definition of suitable work; job referral restrictions; and the claimant's job prospects. There was also some clarifying language recommended by the U.S. Department of Labor, to be included as technical amendments. He gave a copy of this information to the committee members. (See Exhibit F.) Mr. McCracken expanded and explained the changes these proposals will make, requiring people to take a minimum wage job if they are on extended benefits, at the behest of federal regulations. Mr. McCracken added this bill would not necessarily save all that much money, but it is necessary to meet federal requirements.

There was no further testimony on A.B. 370 and Chairman Wilson closed the public hearing on it.

Chairman Wilson stated that before the committee can process A.B. 292, he suggested that Mr. McCracken meet with the Senate bill drafter, at the committee's request, to prepare amendments for both A.B. 292 and A.B. 370 and return with the amendments.

ASSEMBLY BILL NO. 414--Changes procedure for nominating persons for appointment to state board of nursing.

Mr. Fred Hillerby, executive director of the Nevada Hospital Association, stated the association had requested the bill because they found in reviewing the appointment procedures for all health professional boards in the state, that this nominating process to was too awkward in its present form. He said the nursing groups also approve the changes embodied in the bill.

He submitted a proposed amendment to A.B. No. 414 making it more possible for more nurses to have the opportunity to take the Nevada practical nursing examination, in order to help alleviate the nursing shortage in this state. (See Exhibit G.)

Senator Raggio stated for the record that his law firm represents the hospital association but he did not feel any conflict on the bill.

Senator Raggio moved to Amend and Do Pass (See Exhibit H.)
Assembly Bill No. 414.

Senator Blakemore seconded the motion.

The motion passed unanimously.

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ASSEMBLY BILL NO. 370

Senator Raggio moved to Amend and Do Pass (See Exhibit I.)
Assembly Bill No. 370.

Senator Don Ashworth seconded the motion.

The motion passed unanimously.

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ASSEMBLY BILL NO. 292

Senator Blakemore moved to Amend and Do Pass (See Exhibit J.)
Assembly Bill No. 292.

Senator Don Ashworth seconded the motion.

The motion passed unanimously.

* * * *

Chairman Wilson stated that on Assembly Bill No. 252, Ms. Redmond was bringing back an amendment.

ASSEMBLY BILL NO. 38

Chairman Wilson than asked the committee's wishes on Assembly Bill No. 38. Senator Don Ashworth stated he had some serious reservations about the bill and its restrictions, due to his experience with a water association in his own community. There was a spirited discussion by all the committee members who mentioned some of the poor examples which had prompted the bill, like Hidden Valley, Virginia Foothills and Lemmon Valley water companies. Reference was made to the small water company owners who were not as ethical nor as efficient as the one Senator Ashworth was a member of. Chairman Wilson suggested deferring discussion on A.B. 38 for the present and continuing with another bill.

ASSEMBLY BILL NO. 115--Authorizes Nevada industrial commission to enter certain agreements relating to rehabilitation.

Assemblyman Vergiels stated some members of private industry came with a proposal to use the unused space in the NIC Charleston facility (NIC rehabilitation center). He said the committee on the Assembly side made some changes in the bill and the NIC budget was being held until this proposal could be considered fully. Assemblyman Vergiels says they wanted to pass a bill

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that would allow physicians to go into the center and set up their own effort, utilizing the unused space in the center, to care for other disabled people needing help, particularly children. Dr. Koch was one of the physicians who helped formulate the concept brought forward by the private enterprise group. It was an effort by the business community to utilize the center as it should have been, instead of 20 to 40% usage as now. Senator Don Ashworth commented this same discussion was held last session and he pointed out the large amount of money lost by such lack of use. Senator Wilson pointed out the money was put up by the employers rather than the state.

Senator Blakemore asked if the utilization could not be accomplished administratively and Assemblyman Vergiels stated it was possible but NIC had been very reluctant to cooperate in such proposals. He said NIC just sits still until it is pushed. Assemblyman Vergiels said many people go to other rehabilitation facilities rather than use the one in Las Vegas, and it sits there, only partially used.

Assemblyman Banner and Assemblyman Vergiels were also present to answer questions on the amendments and the proposal as a whole, indicating the self-insured employers were also interested in making use of the facilities for their injured workers. The open discussion covered the various reservations on leasing the space, maintaining adequate space for NIC cases, etc. They agreed to get together with Mr. Nusbaum and try to reach a compromise on the use of the center.

Chairman Wilson then brought the committee's attention to Assembly Bill No. 38 for further discussion. He stated the question was as to whether to take any action on A.B. 38 and if so, to what extent. Inference was the rate making function would still be under the control of the public service commission. There was still a lot of controversy over the every user having one vote. Senator McCorkle suggested turning control over to the county commissioners. There seemed to be a lack of understanding among the committee members with regard to private water companies and non-profit associations and its status as a private utility versus public utility.

Senator Don Ashworth pointed out the jurisdiction was indicated on line 33, on page 2, in an effort to clarify some of the issues which were delaying action on the bill. Mr. Hardy indicated the reasons for full jurisdiction in the bill, which were supported by Senator Wilson. The committee reached a consensus with regard to full jurisdiction and the definition of "25 user units".

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Senator Close pointed out the necessity of retaining the exemptions as indicated in the original amendment. There was a bit more discussion and then the committee agreed to stay with the original language and strike section 2 of the bill.

Senator Don Ashworth moved to increase the exception from \$5,000 to \$11,000.

Senator Blakemore seconded the motion.

The motion failed.

Assemblyman Dini spoke very strongly about the need for some kind of regulation of the small companies. Senator Wilson pointed out that his area of concern had been taken care of in amending section 1 to cover associations and small companies with 25 or more members. He was not happy with the bill draft in its present form.

Assemblyman Dini indicated the two parts of the bill were first to "get a handle" on the non-profit water companies and secondly to make PSC regulation a little bit stronger than it presently is in the law. Providing for county commissioners to regulate them is already in effect, but needs to be stronger.

Reference to Trans-Sierra and the lack of capital to cover the number of units sold was a main point of dissension with the committee with regard to the raise in water rates with no regulation. Mr. Dini said the rate raisers had already been "grandfathered-in" and there are a lot of areas in trouble already and it will become worse as water becomes in shorter supply. He disagreed with the exception of raising the amount back to \$11,000.

Assemblyman Craddock stated he believed the original intent of the bill was to go with "users" rather than "lots". He indicated that nothing they could do would help those systems which were already overbuilt.

Senator Don Ashworth pointed out the increase in power costs was making it necessary to raise the monetary limit imposed on the smaller companies. Assemblyman Dini could see no reason to add more work to the PSC, and the people need to have a voice in the rates that are being assessed on their properties. There was concern voiced as to who would control the water systems on the one man, one vote plan. He reiterated there should be an appeals process where people can go to complain, even the public service is left out of it. He referred to Mound House Water Company which furnishes water free, because it is not potable but suitable for bathing, laundry, etc.

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Chairman Wilson asked how critical the \$5,000 or \$11,000 figure was to the Assembly subcommittee and was told the \$5,000 figure was most acceptable to the small companies. He then asked if the committee was agreeable to passing the bill and then meeting with the legislative counsel and the public service commission. The members did not agree to this, and no action was taken.

ASSEMBLY BILL NO. 252--Ms. Redmond brought in the amendment.

Senator Blakemore moved to Amend and Do Pass (See Exhibit K.)
Assembly Bill No. 252.

Senator Hernstadt seconded the motion.

The motion passed unanimously.

* * * *

SENATE BILL NO. 462--Increases various fees pertaining to
collection agencies.

The Chairman noted the committee had deferred action on the bill for six weeks. Senator Blakemore noted the only change was on page 2, line 45 from 300 to 150. Senator Ashworth noted that four sections were suggested for repeal and the committee members referred to these covering various requirements for employees of collection agencies, also regulations governing annual reports.

Senator Blakemore moved to Amend and Do Pass (See Exhibit L.)
Senate Bill No. 462.

Senator Don Ashworth seconded the motion.

The motion passed unanimously.

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Chairman Wilson then brought up the matter of a water district bill for Washoe County and stated the bill was going to Government Affairs but needed revision and that he had asked Russ Mc Donald to cut it down to a district bill to simply provide for a governing board composed of public officers would provide limited power of eminent domain for water only in existing subdivisions or under streets and alleys. He asked the committee for the authority to have the bill drawn accordingly and introduced as a committee bill and have it referred it Government Affairs. He stated the BDR number is S-1448.

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Senator Don Ashworth inquired whether the previous bill on eminent domain had been killed and Chairman Wilson suggested they do something with it now, before the other one was re-drawn.

SENATE BILL NO. 522--Authorizes certain public utilities to acquire water rights by eminent domain under specified circumstances.

Senator Don Ashworth moved to Kill
Senate Bill No. 522.

Senator Blakemore seconded the motion.

The motion passed unanimously.

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SENATE BILL NO. 510--Broadens the power of the public service commission to alter boundaries of service areas of public utilities.

Senator Blakemore moved to Indefinitely Postpone
Senate Bill No. 510.

Senator Raggio seconded the motion.

The motion passed unanimously.

* * * *

Senate Bill No. 533--Requires use of simplified language in insurance contracts.

Chairman Wilson asked if they recalled the "Flesch test" and comment was made that Frank Daykin should be made to pass the "Flesch test" on some of these bills.

Senator Don Ashworth asked if it was an insurance division bill and was assured it was. Senator Hernstadt suggested passage and the Vice Chairman should explain it on the floor.

Senator Blakemore moved Do Pass
Senate Bill No. 533.

There was a question as to whether this included Milos Terzich's amendment, and it was agreed it should.

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(Action on S.B. No. 533, continued)

Senator Blakemore amended his motion to (See Exhibit M.)
Amend and Do Pass Senate Bill No. 533.

Senator Hernstadt seconded the motion.

The motion was passed unanimously.

* * * *

Chairman Wilson asked what they wanted to do about the chiropractors' assistants' bill. Senator Hernstadt asked if they were waiting to see what happens to the physical therapists' bill. Senator Don Ashworth stated the Assembly Committee has scheduled the bill for May 18, expecting the session to be over by then.

ASSEMBLY BILL NO. 140 --Provides for chiropractors assistants.

Senator Raggio moved to hold Assembly Bill No. 140

Senator Blakemore seconded the motion.

The motion was passed unanimously.

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SENATE BILL NO. 505--Broadens penalty provided for theft of services of public utilities.

Chairman Wilson thought there some amendments on page 2 of the bill. The question was as to how prove the knowledge was of concern to Senator Hernstadt with regard to subsequent tenants. There was considerable discussion with regard to being classified as a gross misdemeanor or a felony, and the fact that most states already have tougher laws to cover this sort of theft. Senator Hernstadt agreed the whole problem was an evidentiary one, but the bill was based legislation used in other states and submitted by the Nevada Power Company. He said if the committee wished to kill the bill he did not really mind but he pointed out the penalty is consistent with current penalties.

Senator Mc Corkle moved to Amend the value to \$500 and move to pass Senate Bill No. 505.

Senator Hernstadt seconded the motion.

Senator Hernstadt referred to the book "Overload" which indicated that unless the power thieves are caught in the act, there is no way to get a conviction.

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The committee was troubled about prima facie evidence and evidence of possession of stolen goods. Senator McCorkle asked about using the civil law approach rather than the criminal law approach. Senator Close suggested that the legislative counsel be consulted on the problems encountered.

Chairman Wilson asked if the committee was comfortable enough to amend the bill to provide, paragraph 2, lines 28 through 32, shall constitute circumstances from which an inference of guilt may be drawn (jury instructions) as opposed to prima facie evidence. Senator Blakemore suggested asking Frank Daykin to give the committee a paragraph resolving the problems.

Chairman Wilson asked for consensus which was to amend the bill for committee review. Therefore the motion died, for lack of affirmation.

SENATE BILL NO. 509--Consolidates various divisions within department of commerce into division of financial institutions.

Chairman Wilson commented that the bill had been withdrawn by commerce to be handled administratively; committee action needed.

Senator Hernstadt moved to Indefinitely Postpone
Senate Bill No. 509.

Senator Blakemore seconded the motion.

The motion passed unanimously.

SENATE BILL NO. 541--Amends provisions on hearings and appeals relating to industrial insurance.

Senator Hernstadt moved to Kill
Senate Bill No. 541.

Senator Blakemore seconded the motion.

The motion passed unanimously.

* * * *

SENATE BILL NO. 540--Provides for conversion of essential insurance associations into domestic stock insurers.

Chairman Wilson pointed out this bill had not been acted upon yet. He also referred to Ms. Redmond's letter. (See Exhibit N.)

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Chairman Wilson suggested the committee take another look at Senate Bill No. 540, as there were a variety of amendments to it, including adding another section. The committee then went over the various changes in the latest amendment submitted by the insurance division, and finally came to an agreement.

Senator Blakemore moved to Amend and (See Exhibit O.)
Do Pass Senate Bill No. 540.

Senator Raggio seconded the motion.

The motion passed unanimously.

* * * *

SENATE BILL NO. 542--Provides for investigation of certain crimes
by the commissioner of insurance.

Senator Hernstadt stated this bill provided for an insurance fraud unit and resulted from the study of the ACR 29 subcommittee. Chairman Wilson thought there should be another amendment to the bill. It was decided to check further with Ms. Redmond and the insurance division, before taking any action on the bill.

SENATE BILL NO. 547--Provides the term "employment" for purposes
of unemployment compensation does not include
services performed for profitable enterprise
under certain circumstances.

Senator Hernstadt thought there was a need for the bill. Senator Blakemore disagreed. Chairman Wilson stated the bill had been heard the other day and there were a number of problems with it. It was noted that both the administration and the employment security department did not favor the bill. No action was taken on it.

With the Senate bills out of the way, attention was turned to a number of late bill draft requests. They did not want to process them but discovered the committee had requested three of them. Decision was made to approve the requested BDR's as follows:

BDR 54-1820--Requires notice to other claimants of action on bond
or deposit of contractor. (S.B. 634)

BDR 56-1908--Broadens assimilation of federal powers by savings
and loan associations. (S.B. 635)

BDR 57-1368--Requires filing of forms to which rates for
insurance apply. (S.B. 636)

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The following BDR's were not approved for introduction:

BDR 52-1790--Specifies disposition of certain payments made to commissioner of consumer affairs and of certain payments made as civil penalties for deceptive trade practices.

BDR 55-1788--Makes certain changes in reserves required of banks.

BDR 56-1789--Relates to financial organizations; raises limits for certain loans; revises procedures for appeal from decisions of commissioner of savings associations.

BDR 58-1792--Revises procedures for changing rates of public utilities.

The committee agreed the preceding bill draft requests were all submitted too late to process. They might have merit but the session could last until August if they did not draw the line.

There being no further business, the meeting was adjourned at 5:15 p.m.

Respectfully submitted,


Betty Steele, Committee Secretary

APPROVED:


Senator Thomas R. C. Wilson, Chairman

DATE: June 8, 1981

EXHIBITS - MAY 4, 1981 - MEETING

- Exhibit A - is the Meeting Agenda.
- Exhibit B - is the Attendance Roster.
- Exhibit C - is copy of the original amendment to Assembly Bill No. 252, submitted by Ms. Redmond.
- Exhibit D - is memorandum of proposed changes to Assembly Bill No. 292, submitted by Mr. McCracken.
- Exhibit E - is employer tax rate chart submitted by Mr. McCracken.
- Exhibit F - is memorandum from Mr. McCracken with suggested language changes by U.S. Dept. of Labor and employment security to Assembly Bill No. 370
- Exhibit G - is copy of proposed amendment and other changes to Assembly Bill No. 414, submitted by Mr. Hillerby.
- Exhibit H - is copy of Assembly Bill No. 414.
- Exhibit I - is copy of Assembly Bill No. 370.
- Exhibit J - is copy of Assembly Bill No. 292.
- Exhibit K - is copy of Assembly Bill No. 252.
- Exhibit L - is copy of Senate Bill No. 462.
- Exhibit M - is copy of Senate Bill No. 533.
- Exhibit N - is insurance division letter from Ms. Redmond.
- Exhibit O - is copy of Senate Bill No. 540.

REVISED

EXHIBIT A

SENATE AGENDA

COMMITTEE MEETINGS

Committee on Commerce and Labor, Room 213.

Day Monday, Date May 4, 1981, Time 1:30 p.m.

A.B. No. 38--Provides for jurisdiction of public service commission over small water companies.

A.B. No. 252--Clarifies procedure for licensing firms and corporations as agents.

A.B. No. 292--Amends provisions relating to waiting periods, interest and classes of premiums for unemployment compensation.

A.B. No. 370--Providing disqualifications for receipt of extended benefits as unemployment compensation.

A.B. No. 414--Changes procedure for nominating persons for appointment to state board of nursing.

SENATE COMMITTEE ON

Commerce & Labor

DATE: *5/4*

EXHIBIT B

PLEASE PRINT PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME ORGANIZATION & ADDRESS TELEPHONE

Pete Kelley Nevada Retail Ass'n 882-1943

Joe Hanning J. C. Penney Co, Inc (714) 523-6823

Larry McCracken Employment Security

Jim Gibbs ESD

Harry Bradley ESD

W. Lomas ESD 4510

George Atch New Assoc of Realtors 972-0213

Philip ... Public ...

William ...

...

ATTENDANCE ROSTER FOR

COMMITTEE MEETINGS

SENATE COMMITTEE ON

Commerce & Labor

DATE:

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NAME

ORGANIZATION & ADDRESS

TELEPHONE

CHUCK KING

OPEN TEL

383-5501

JOHN CLARK

PSC

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

EXHIBIT C

DONALD W. HEATH, CLU
COMMISSIONER OF INSURANCE

ROBERT LIST
GOVERNOR

JAMES L. WADHAMS
DIRECTOR

May 4, 1981

TO: SENATE
COMMITTEE ON COMMERCE & LABOR

FROM: PATSY REDMOND, *PR*
Acting Commissioner of Insurance

SUBJECT: AB 252 - Amendment

We wish to add the following amendment to AB 252,
Section 1, subsection 2, lines 11 through 15, as follows:

A natural person who is authorized to act for a firm or corporation, and who wishes to also be licensed in his individual capacity, must obtain a separate license in his own name. The commissioner shall charge appropriate fees for each person who is authorized to act for a firm or corporation and who is named on the license or registered with the commissioner.

PR:ms

MEMORANDUM

STATE OF NEVADA
EMPLOYMENT SECURITY DEPARTMENT

102-101017 Mon 5/1/81 re AB-292
Larry McCracken

TO: Senator Thomas R. C. Wilson, Chairman and
Members, Committee on Commerce and Labor DATE: May 1, 1981 EXHIBIT D

FROM: Larry McCracken, Executive Director SUBJECT: AB 292 - First Reprint

This Bill contains four changes to NRS Chapter 612, Nevada's Unemployment Compensation Laws. A brief explanation of each change follows:

1. The first change is found in new language beginning on page 1, lines 3 through 19, and on page 4, lines 30 through 38. This change would provide that in those cases where a single employer accounted for 75% or more of a claimant's total base period wages, any benefits paid to that claimant would not be charged to that employer's account or to the account of any other base period employer(s) if the separation from the employer who paid 75% or more of the base period wages was for voluntarily quitting without good cause or discharge for misconduct. It is estimated that as a result of this change, approximately 16 to 18% of all benefits paid will be non-charged. That is to say, these benefits will be paid but they will not be charged specifically to any individual employer account. At the current rate of payout, the dollar amount of these non-charged benefits would thus approximate eleven to twelve million dollars per year.
2. The second change in this Bill is found in new language beginning on page 2, line 40, and continuing through page 3, line 12. This is the so-called pension offset provision which is now required by federal law found in Section 414 of PL 96-364. This required change was recommended by the Nevada Employment Security Council and was originally included in AB 296. As recommended by the ES Council and drafted in AB 296, this change provided for a total offset against unemployment insurance benefits of any pension to which a claimant was concurrently entitled. The federal law provides that this offset must be for at least 50% of any pension to which a claimant was concurrently entitled. Thus, the ES Council's recommendation, originally drafted in AB 296, went well beyond the minimum federal requirement. In hearings on AB 296 in the Assembly Committee on Labor and Management, the members indicated that they might want to approve only the less stringent requirement, i.e., 50% offset.

Accordingly, the department provided the Committee with the draft language recommended by the U. S. Department of Labor to implement the minimum federal requirement for pension offset against UI benefits. A copy of the memorandum containing this draft language and dated April 1, 1981 is attached for your information. In reviewing the new language on pages 2 and 3 of AB 292 intended to incorporate this change, both department staff and our counterparts in the Regional and National Offices, U. S. Department of Labor, believe that it contains serious deficiencies. Therefore, we strongly recommend that the draft language contained in my memorandum of April 1 be substituted for the language with respect to this provision found in AB 292.

1835

2. Cont'd

Finally, it is also important that this change be made effective retroactive to March 31, 1980. This effective date is part of the federal law requirement imposed on all states and was included in our original draft of this change in AB 296. It is the department's intention in implementing this change retroactively to waive all of the overpayments which will result. The provision for the waiver of such overpayments is found in NRS 612.365. The purpose for establishing these overpayments and then subsequently to waive their recovery is solely to assure technical compliance with federal requirements and has been approved by Department of Labor representatives.

3. The third change in this Bill is found in new language on page 3, lines 19 through 22. This change would provide the department with additional flexibility in applying penalties for persons who voluntarily quit work. It addresses a problem brought to the ES Council by labor representatives which deals primarily with the situation where a person quits a job in order to seek better employment. Under current law, even if this individual is successful in securing better employment, he is subject to disqualification for the prior quit if the job ends before he earns remuneration equal to or exceeding his weekly benefit amount in each of ten weeks. The department is unable to estimate the effect of this change on benefit payout except to say that it would be increased, but not significantly.
4. The fourth and final change proposed in this Bill is found on page 5, lines 16, 26 and 27. This change would add three additional contribution rate classes to the nine which are in the current law. One of these new classes would be at the lowest rate so that employers with the very best experience relatively would pay contributions at the rate of 0.3%. The other two new classes would be at the highest rate so that employers with the very worst experience relatively would pay contributions at the rates of 3.3% and 3.6% on the taxable wage base. This is a very desirable change because it increases the effect of the experience which employers have with respect to benefits paid based upon prior earnings from their employment. It can therefore be expected that the great majority of employers would approve this change with only those having relatively the worst experience being excepted.

bam

Attachment

Assemblyman James J. Tanner, Chairman and
TO Members, Committee on Labor and Management DATE April 1, 1981

FROM Larry McCracken, Executive Director SUBJECT AB 296

This Bill includes a change found on page 2, lines 18 through 26, which would require that any pension or retirement income attributable to any previous work must be offset against unemployment insurance benefits to which a claimant is concurrently entitled.

This change was recommended by the Employment Security (ES) Council. It goes considerably beyond the requirement in federal law that all states must offset at least one-half of pension or retirement payments attributable to base period employment. It is estimated that the partial offset limited to base period employment, which is required by federal law, would reduce benefit payout by about \$1 million per year. The total offset, not limited to base period employment, recommended by the ES Council is estimated to reduce payout by about \$1.5 million per year.

If the Committee decides to amend AB 296 to incorporate the less stringent federal requirement for that presently found on page 2, lines 18 through 26, it is recommended that the following language be substituted therefor:

5. "For any week with respect to which an individual is receiving a pension, which shall include a governmental or other pension, retirement or retired pay, annuity, or any other similar periodic payment; under a plan maintained or contributed to by a base period or chargeable employer, the weekly benefit amount payable to such individual for such week be reduced, but not below zero;
- (a) By one-half the prorated weekly amount of the pension if at least half but less than 100 percent of the contributions to the plan were provided by such individual; or
 - (b) By the entire prorated weekly amount of the pension if subsection (a) or subsection (c) does not apply; or
 - (c) By no part of the pension if the entire contributions to the plan were provided by such individual, or by the individual and an employer (or any other person or organization) who is not a base period or chargeable employer.
 - (d) No reduction shall be made under this section by reason of the receipt of a pension if the services performed by the individual during the base period (or remuneration received for such services) for such employer did not affect the individual's eligibility for, or increase the amount of, such pension, retirement or retired pay, annuity, or similar payment. The conditions specified by this subsection shall not apply to pensions paid under the Social Security Act or the Railroad Retirement Act of 1974 (or the corresponding provisions of prior law). Payments

Assemblyman James J. Banner
April 1, 1981
Page Two

(d) Continued

made under such Acts shall be treated solely in the manner specified by subsections (a), (b) and (c) of this section."

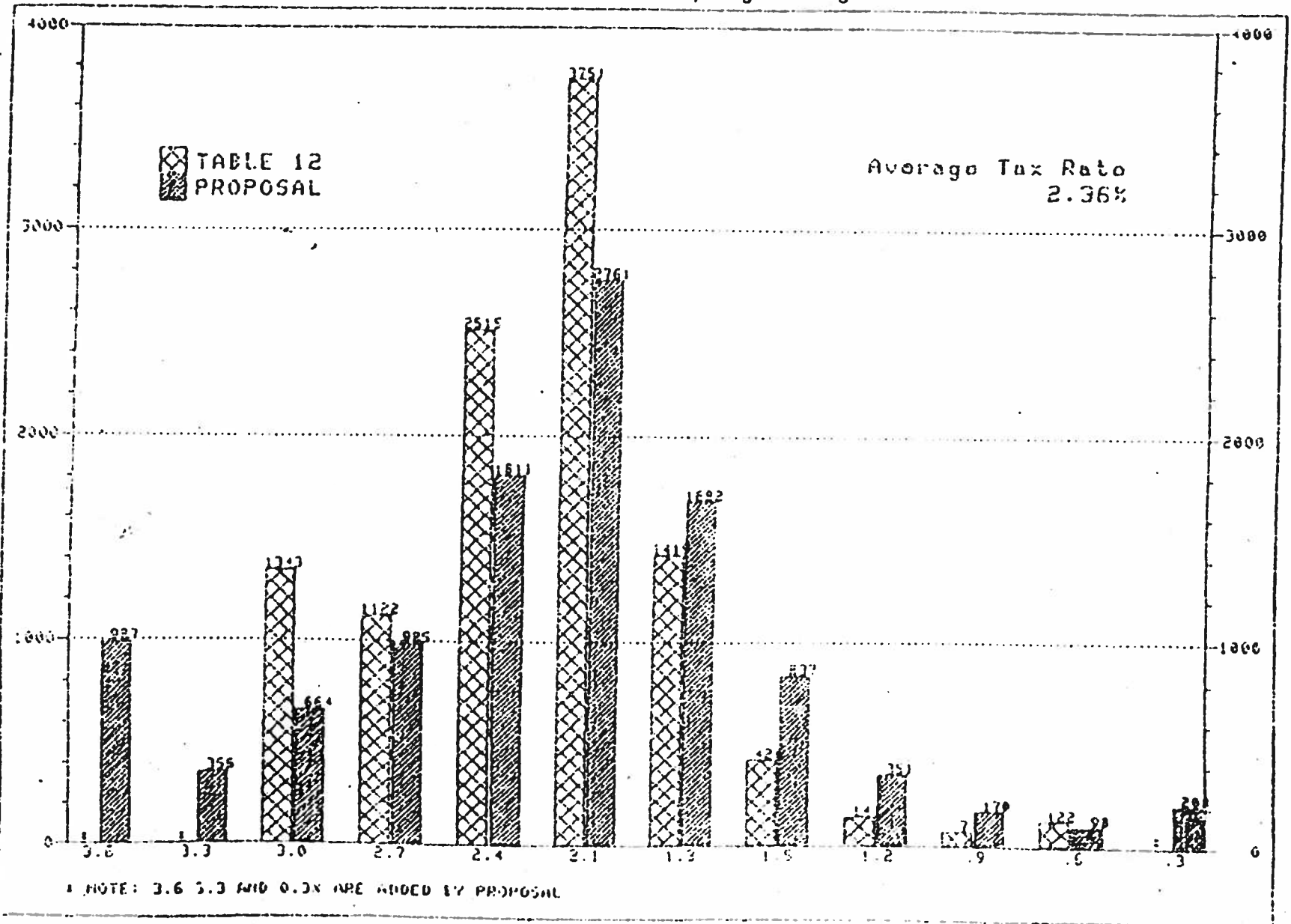
The requirement in federal law that states adopt a so-called "pension offset" is found in Section 414 of Public Law 96-364.

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Distribution Of Nevada Employers By Tax Rate

EXHIBIT E

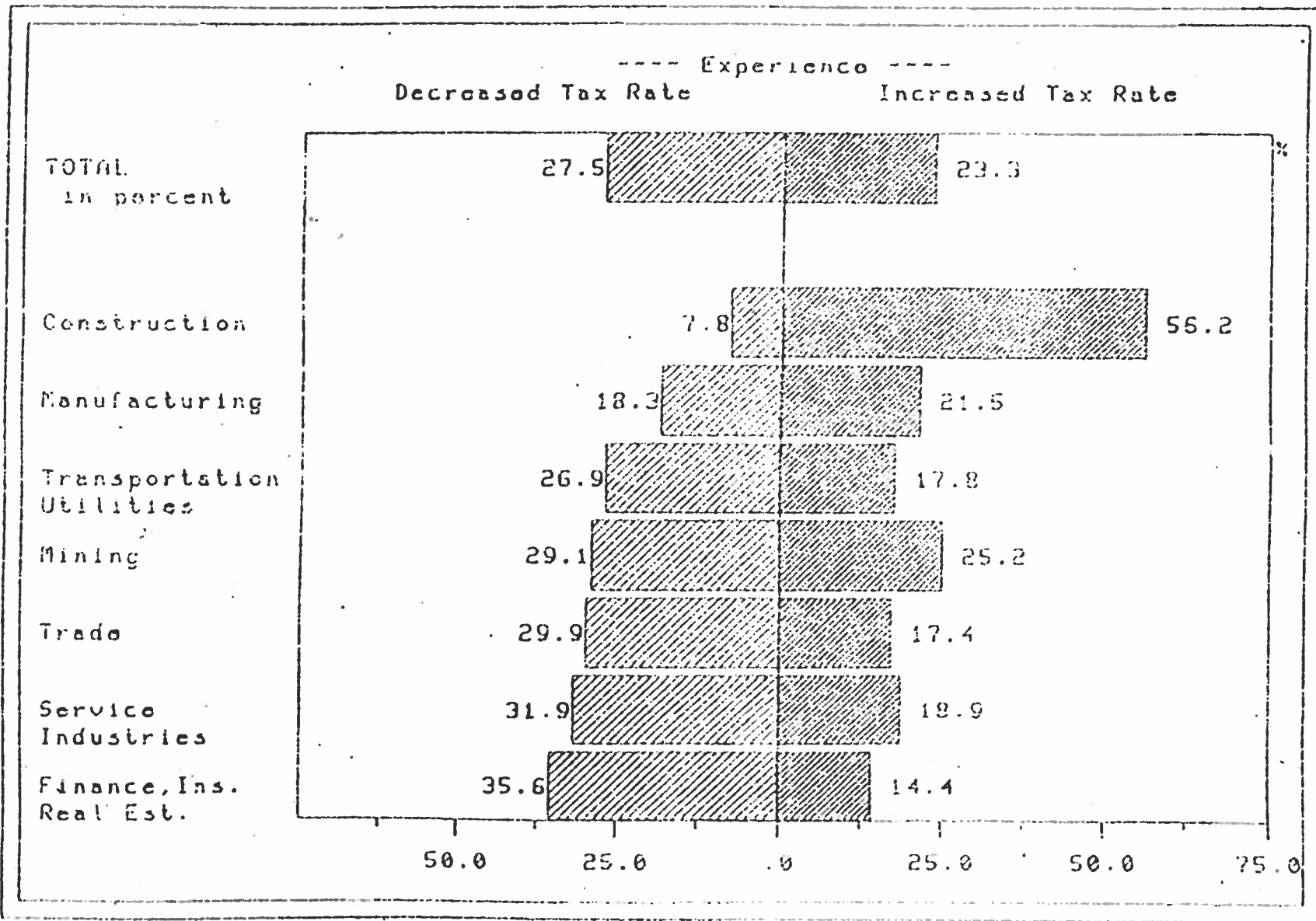


Impact Of Expanded Tax Schedules On Nevada Employers

percentages

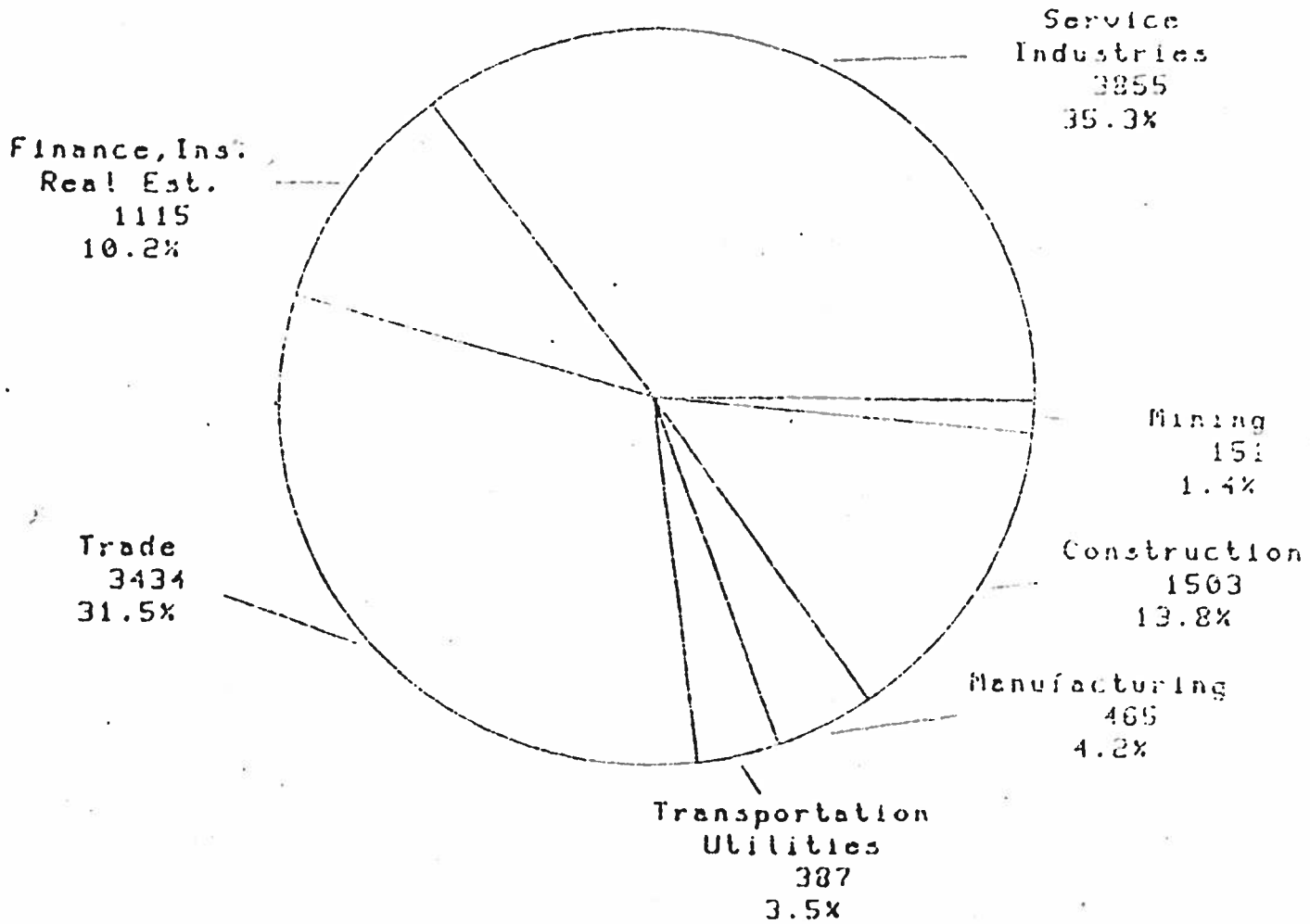
	TOTAL	----- Decreased Tax Rate	Experience No Change	----- Increased Tax Rate
TOTAL FIRMS ELIGIBLE	100.0	27.5	49.2	23.3
Mining	100.0	29.1	45.7	25.2
Construction	100.0	7.8	36.0	56.2
Manufacturing	100.0	18.3	60.2	21.5
Transportation Utilities	100.0	26.9	55.3	17.8
Trade	100.0	29.9	52.7	17.4
Finance, Ins. Real Est.	100.0	35.6	50.0	14.4
Service Industries	100.0	31.9	49.2	18.9

Impact Of Expanded Tax Schedules On Nevada Employers



Distribution Of Nevada Firms By Industry

Total Number Of Eligible Firms : 10910



MEMORANDUM

STATE OF NEVADA

EMPLOYMENT SECURITY DEPARTMENT

TO Senator Thomas R. C. Wilson, Chairman and
Members, Committee on Commerce and Labor

DATE May 4, 1981

FROM Larry McCracken, Executive Director

SUBJECT AB 370

EXHIBIT F

AB 370 establishes new criteria for the payment of Extended Benefits, in accordance with amendments made to Section 1024 of Public Law 96-499 of 1980. AB 370 can be divided into five subdivisions.

Failure to apply for, or accept, suitable work.

Page 1, lines 3 through 11, provide for the disqualification of persons otherwise eligible to receive extended benefits if they fail to accept suitable work or a referral to such work, or they fail to engage in a systematic and sustained search for work and fail to provide tangible evidence of this effort to the Employment Security Department.

Disqualification Period

Page 1, lines 12 through 16, defines the disqualification period as beginning with the first day of the week in which he was found ineligible and may be removed only by subsequent employment in at least four weeks and earnings of not less than four times the average weekly benefit amount.

Disqualifications in the regular state UI program for discharge for misconduct, voluntary quit or refusal of suitable work shall not be considered terminated for purposes of determining eligibility for EB if state law does not require employment to lift the disqualification. Nevada state law now requires subsequent employment to lift the disqualification in discharge for misconduct and voluntary quit but not in refusal of suitable work.

Definition of Suitable Work

Page 1, lines 17 through 22, and page 2, lines 1 through 6, defines suitable work as any work within the person's capabilities that pays a gross weekly wage equal to or higher than the federal or state minimum wage and pays a gross weekly wage that exceeds the person's weekly extended benefit amount.

The suitable work definition in Section 612.390 covering the degree of risk involved to the claimant's health, safety and morals, would still be applicable under AB 370. However, any consideration of prior training, past experience and prior earnings would not be given greater weight than the mere capability of the individual to perform the offered work. The fact that the work offered was not at the claimant's highest skill would not be reason for holding the work unsuitable so long as the work was within the individual's capabilities.

Job Referral Restrictions

Page 2, lines 7 through 10, limit the department to disqualifying claimants for failure to apply for or accept suitable work to those instances when the job is listed with the employment service and the job offer from the employer is in writing.

1844

Senator Thomas R. C. Wilson
May 4, 1981
Page Two

Job Prospects

Page 2, lines 11 through 18, compel the department to determine if the job prospects of each EB claimant are good or not good. If the EB claimant's prospects are adjudged "good," that is, he has a firm job offer to begin within four weeks, the determination of eligibility will remain under state program. If the EB claimant's prospects are adjudged "not good," he will come under the provisions of this section.

This bill, if enacted, will become effective retroactive to March 31, 1981. (See page 3, lines 18 to 20.) Public Law 96-499, which includes the provisions introduced in AB 370, requires states to amend their laws to be effective in the first week beginning after March 31, 1981, or the first week beginning after the end of this session of the Legislature.

It is estimated that the increased severity of the disqualifying provisions of AB 370 would reduce benefit payout in Nevada by approximately \$16,250 per quarter, or \$65,000 if EB were to remain in effect for a period of one year.

Finally, as I testified in the Assembly on this Bill, staff in the Regional Office of the Unemployment Insurance Service, U. S. Department of Labor, have recommended that several clarifying technical amendments be included as follows:

- Page 1, line 14: After "ineligible" add the word "and."
- Page 1, line 18: After the last word "and" add "for which," and delete the last three words on line 19, "for the work."
- Page 2, line 8: After "suitable work" add "as described in this section."
- Page 2, line 20: Add to the end of the sentence ending with the word "work," "as described in this section."

bam

not for use as 2d. list
Fred. Miller
minutes 4/12/49

PROPOSED AMENDMENT TO A.B. 414 (First reprint)

EXHIBIT G

Amend A.B. 414 by adding a new section to read as follows: NRS 632.270 is hereby amended to read as follows:

632.270 Qualifications of applicant to practice as practical nurse.
Each applicant for a license to practice as a practical nurse shall submit to the board written evidence, under oath, that he:

1. Is of good moral character.
2. Has a high school diploma or its equivalent as determined by the state board of education.
3. Is at least 18 years of age.
4. Has successfully completed the prescribed course of study in an accredited school of practical nursing.

~~(A 1949, 1949, A 1955, 547) (FOR SUPPL. 1949, A 1955, 315) (NRS A 1959, 241, 1961, 102, 1963, 615, 1973, 527, 1979, 533)~~

5. Has successfully completed a course of study in an accredited school of professional nursing or who has been duly licensed or registered as a registered nurse under the laws of another jurisdiction.

(REPRINTED WITH ADOPTED AMENDMENTS)

SECOND REPRINT

A. B. 414

ASSEMBLY BILL NO. 414—COMMITTEE ON
HEALTH AND WELFARE

APRIL 1, 1981

Referred to Committee on Health and Welfare

SUMMARY—Changes procedure for nominating persons for appointment
to state board of nursing. (BDR 54-1223)

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 nursing; removing the procedure for nominating persons to the state board of nursing; permitting graduates in professional nursing and registered nurses from other jurisdictions to apply for licensure as practical nurses in this state; 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 632.040 is hereby amended to read as follows:
2 632.040 [1.] All appointments to the board [shall] *must* be made
3 by the governor within 60 days from the time a vacancy occurs.
4 [2. At least 30 days before the expiration of any term of a registered
5 nurse member, the Nevada State Nurses' Association shall submit to the
6 governor a list of its membership qualified for appointment to the board
7 in the number of not less than twice the number of vacancies to be filled.
8 Appointments shall be made by the governor from the list or he may
9 request a new list.
10 3. At least 30 days before the expiration of any term of a licensed
11 practical nurse member, the Nevada Licensed Practical Nurses' Associa-
12 tion shall submit to the governor a list of its membership qualified for
13 appointment to the board in the number of not less than twice the num-
14 ber of vacancies to be filled. Appointments shall be made by the governor
15 from such list or he may request a new list.
16 4. If any vacancy occurs in the membership of the board the list shall
17 be presented to the governor within 30 days after the vacancy occurs.]
18 SEC. 2. NRS 632.270 is hereby amended to read as follows:
19 632.270 Each applicant for a license to practice as a practical nurse
20 shall submit to the board written evidence, under oath, that he:
21 1. Is of good moral character.

- 1 2. Has a high school diploma or its equivalent as determined by the
- 2 state board of education.
- 3 3. Is at least 18 years of age.
- 4 4. **[Has successfully]** *Is qualified by having:*
- 5 (a) *Successfully* completed the prescribed course of study in an accred-
- 6 ited school of practical nursing **[.]** *or professional nursing; or*
- 7 (b) *Been registered or licensed as a registered nurse under the laws of*
- 8 *another jurisdiction.*

(REPRINTED WITH ADOPTED AMENDMENTS)

SECOND REPRINT

A. B. 370

ASSEMBLY BILL NO. 370—ASSEMBLYMAN BANNER
(by request)

MARCH 23, 1981

Referred to Committee on Labor and Management

SUMMARY—Providing disqualifications for receipt of extended benefits as unemployment compensation. (BDR 53-1268)

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 unemployment compensation; providing disqualifications for receipt of extended benefits; 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 612 of NRS is hereby amended by adding
2 thereto a new section which shall read as follows:
3 1. *Except as provided in subsection 4, a person is not eligible to*
4 *receive extended benefits for any week of unemployment in his eligi-*
5 *bility period if the executive director finds that during the period he*
6 *failed to:*
7 (a) *Accept an offer of suitable work or failed to apply for any suitable*
8 *work to which he was referred by the executive director;*
9 (b) *Actively engage in a systematic and sustained effort to obtain*
10 *work; or*
11 (c) *Furnish tangible evidence that he had made such efforts.*
12 2. *Any person found ineligible for extended benefits pursuant to sub-*
13 *section 1 must also be denied benefits beginning, with the first day of the*
14 *week after the week in which he was found ineligible, until he has been*
15 *subsequently employed for 4 weeks and has earned remuneration equal to*
16 *not less than four times the weekly amount of the extended benefit.*
17 3. *As used in this section, "suitable work" means any work which is*
18 *within the person's capabilities and for which the gross average weekly*
19 *remuneration:*
20 (a) *Exceeds the sum of:*
21 (1) *The amount, if any, of supplemental unemployment benefits (as*
22 *defined in 26 U.S.C. § 501) payable to the person for the week; and*

1 (2) *The person's weekly amount of extended benefits as determined*
2 *pursuant to NRS 612.3776; and*

3 (b) *Is not less than the higher of:*

4 (1) *The minimum wage provided in 29 U.S.C. § 206, without regard*
5 *to any exemption; or*

6 (2) *Any applicable state or local minimum wage.*

7 4. *No person may be denied extended benefits for failure to apply for*
8 *or accept suitable work if:*

9 (a) *The position was not offered to the person in writing and was not*
10 *listed with the employment service;*

11 (b) *The failure does not result in a denial of benefits pursuant to NRS*
12 *612.390 to the extent that the criteria for suitability in that section are*
13 *not inconsistent with the provisions of this section; or*

14 (c) *The person furnishes evidence satisfactory to the executive director*
15 *that his prospects for obtaining work in his customary occupation within*
16 *a reasonably short period are good. If the evidence is deemed satisfactory,*
17 *the determination of whether work is suitable for him must be made pur-*
18 *suant to NRS 612.390.*

19 5. *The executive director shall refer any person entitled to extended*
20 *benefits to any available suitable work.*

21 SEC. 2. NRS 612.3774 is hereby amended to read as follows:

22 612.3774 A person is eligible to receive extended benefits with
23 respect to any week of unemployment in his eligibility period only if the
24 executive director finds that with respect to such week:

25 1. He is an "exhaustee" as defined in subsection 11 of NRS 612.377;

26 [and]

27 2. He has satisfied the requirements of this chapter for the receipt of
28 regular benefits that are applicable to persons claiming extended bene-
29 fits [.] ; and

30 3. He is not [subject to disqualification] *disqualified* for the receipt
31 of [any] benefits [.] *because he voluntarily left work, was discharged*
32 *for misconduct or failed to apply for or accept suitable work.*

33 SEC. 3. NRS 612.390 is hereby amended to read as follows:

34 612.390 [1. An individual shall] 1. *Except as provided in section*
35 *I of this act, a person must be disqualified for benefits if the executive*
36 *director finds that he has failed, without good cause, either to apply for*
37 *available, suitable work when so directed by the employment office or the*
38 *executive director or to accept suitable work when offered him. [Such dis-*
39 *qualification shall continue.] The disqualification continues for the week in*
40 *which [such] the failure occurred and for not more than 15 consecutive*
41 *weeks thereafter occurring within the current benefit year, or within the*
42 *current and following benefit year, as determined by the executive direc-*
43 *tor according to the circumstances in each case.*

44 2. In determining whether or not any work is suitable for [an indi-
45 vidual,] *a person, the executive director shall consider the degree of risk*
46 *involved to his health, safety and morals, his physical fitness and prior*
47 *training, his experience and prior earnings, his length of unemployment*
48 *and prospects for securing local work in his customary occupation.*

49 3. [Notwithstanding any other provisions of this chapter, no] *No*
50 *work shall be deemed suitable and benefits [shall] must not be denied*

1 under this chapter to any otherwise eligible [individual] person for
2 refusing to accept new work under any of the following conditions:

3 (a) If the position offered is vacant due directly to a strike, lockout or
4 other labor dispute.

5 (b) If the wages, hours or other conditions of the work offered are
6 substantially less favorable to the [individual] person than those prevail-
7 ing for similar work in the locality.

8 (c) If as a condition of being employed the [individual] person would
9 be required to join a company union or to resign from or refrain from
10 joining any bona fide labor organization.

11 SEC. 4. Each provision of section 1 of this act expires by limitation
12 on the date on which it is no longer required to be in effect by federal
13 law. The executive director shall promptly certify to the legislative coun-
14 sel any provision which so expires and identify the provision of federal
15 law which causes it to expire.

16 SEC. 5. This act shall become effective upon passage and approval
17 and shall operate retroactively to and including March 31, 1981.

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

A. B. 292

ASSEMBLY BILL NO. 292—ASSEMBLYMAN BANNER
(by request)

MARCH 5, 1981

Referred to Committee on Labor and Management

SUMMARY—Amends provisions relating to waiting periods, interest and classes of premiums for unemployment compensation. (BDR 53-983)

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 unemployment compensation; changing the procedure and providing exceptions for charging benefits against 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 612 of NRS is hereby amended by adding
2 thereto a new section to read as follows:
3 1. *When the department has determined that a claimant has earned*
4 *75 percent or more of his wages during his base period from one*
5 *employer, it shall notify the employer of its determination and advise him*
6 *him that he has a right to protest the charging of benefits to his account*
7 *pursuant to subsection 4 of NRS 612.550.*
8 2. *If the employer provides evidence within 10 days after the notice*
9 *required by subsection 1 was mailed which satisfies the executive director*
10 *that the claimant left his employment voluntarily without good cause or*
11 *was discharged for misconduct connected with his employment, the exec-*
12 *utive director may order that the benefits not be charged against the*
13 *employers record for experience rating.*
14 3. *The employer may appeal the ruling of the executive director as*
15 *to the cause of the termination of the claimant's employment in the same*
16 *manner as appeals may be taken from determinations relating to claims*
17 *for benefits.*
18 4. *No determination made pursuant to this section constitutes a basis*
19 *for disqualifying a claimant to receive benefits.*
20 SEC. 2. NRS 612.375 is hereby amended to read as follows:
21 612.375 An unemployed person is eligible to receive benefits with
22 respect to any week only if the executive director finds that:

1 1. He has registered for work at, and thereafter has continued to
2 report at, an office of the employment security department in such man-
3 ner as the executive director may prescribe, except that the executive
4 director may by regulation waive or alter either or both of the require-
5 ments of this subsection for persons attached to regular jobs and [as to
6 such] in other types of cases or situations with respect to which he finds
7 that compliance with [such] those requirements would be oppressive or
8 inconsistent with the purposes of this chapter.

9 2. He has made a claim for benefits in accordance with the provisions
10 of NRS 612.450 and 612.455.

11 3. He is able to work, and is available for work; but no claimant
12 [shall] may be considered ineligible with respect to any week of unem-
13 ployment for failure to comply with the provisions of this subsection if
14 [such] his failure is due to an illness or disability which occurs during an
15 uninterrupted period of unemployment with respect to which benefits are
16 claimed and no work has been offered the claimant which would have
17 been suitable [prior to] before the beginning of [such] the illness and
18 disability. No otherwise eligible person [shall] may be denied benefits
19 for any week in which he is engaged in training approved by the execu-
20 tive director by reason of any provisions of this chapter relating to avail-
21 ability for work or failure to apply for, or a refusal to accept, suitable
22 work.

23 4. [Except as provided in subsection 5, he] He has within his base
24 period been paid wages from employers equal to or exceeding [one and
25 one-half] $1\frac{1}{2}$ times his total wages for employment by employers during
26 the quarter of his base period in which [such] his total wages were
27 highest; but if a person fails to qualify for a weekly benefit amount of
28 one twenty-fifth of his high-quarter wages but can qualify for a weekly
29 benefit amount of \$1 less than one twenty-fifth of his high-quarter wages,
30 his weekly benefit amount [shall] must be \$1 less than one twenty-fifth
31 of his high-quarter wages; but no person may receive benefits in a benefit
32 year unless, subsequent to the beginning of the next-preceding benefit
33 year during which he received benefits, he performed service, whether or
34 not in "employment" as defined in this chapter and earned remuneration
35 for [such] that service in an amount equal to not less than [three] 3
36 times his basic weekly benefit amount as determined for [such] the
37 next-preceding benefit year.

38 5. [Any wages which are paid for employment immediately preced-
39 ing retirement shall not be included as wages in determining the total
40 wages paid during a claimant's base period.] Except as otherwise pro-
41 vided in this subsection, a person may not receive benefits for any week
42 in which he is receiving a pension or other payment for retirement, includ-
43 ing retirement from any public or federal employment, or an annuity or
44 other similar periodic payment, paid by a plan which is maintained by a
45 base period employer or an employer whose account is chargeable with
46 benefit payments to the person, or to which such an employer has contrib-
47 uted. If the person contributed more than half of the amount contrib-
48 uted to the plan, but less than the entire amount, the benefits to which
49 he would otherwise be entitled must be reduced by half of the amount of

1 *the pension or other payment which he is receiving. The benefit amount*
2 *may not be reduced if:*

3 (a) *All of the contributions to the plan from which the person is receiv-*
4 *ing a pension or other periodic payment were made by him or by an*
5 *employer other than a base period employer or an employer to whose*
6 *account the benefit payments to the person are chargeable; or*

7 (b) *Unless the payments are received pursuant to a provision of the*
8 *Social Security Act or a Railroad Retirement Act, the services performed*
9 *by the person during the base period, or the compensation received by the*
10 *person for those services, did not have any effect on the eligibility of*
11 *the person for the pension or other payment, or increase the amount of the*
12 *payments.*

13 SEC. 3. NRS 612.380 is hereby amended to read as follows:

14 612.380 A person is ineligible for benefits for the week in which he
15 has voluntarily left his last or next to last employment: **[without]**

16 1. *Without* good cause, if so found by the executive director, and
17 until he earns remuneration in covered employment equal to or exceed-
18 ing his weekly benefit amount in each of 10 weeks.

19 2. *To seek better employment and for all subsequent weeks until he*
20 *secures better employment or until he earns remuneration in covered*
21 *employment equal to or exceeding his weekly benefit amount in each of 10*
22 *weeks, if so found by the executive director.*

23 SEC. 4. NRS 612.550 is hereby amended to read as follows:

24 612.550 1. As used in this section:

25 (a) "Average actual duration" means the number of weeks obtained
26 by dividing the number of weeks of benefits paid for weeks of total
27 unemployment in a consecutive 12-month period by the number of first
28 payments made in the same 12-month period.

29 (b) "Average annual payroll" for each calendar year means the
30 annual average of total wages paid by an employer subject to contribu-
31 tions for the 3 consecutive calendar years immediately preceding the
32 computation date. The average annual payroll for employers first qualify-
33 ing as eligible employers **[shall]** *must* be computed on the total amount
34 of wages paid, subject to contributions, for not less than 10 consecutive
35 quarters and not more than 12 consecutive quarters ending on December
36 31, immediately preceding the computation date.

37 (c) "Beneficiary" means a person who has received a first payment.

38 (d) "Computation date" for each calendar year means June 30 of the
39 preceding calendar year.

40 (e) "Covered worker" means a person who has worked in employ-
41 ment subject to this chapter.

42 (f) "First payment" means the first weekly unemployment insurance
43 benefit paid to a person in his benefit year.

44 (g) "Reserve balance" means the excess, if any, of total contributions
45 paid by each employer over total benefit charges to his experience rating
46 record.

47 (h) "Reserve ratio" means the percentage ratio that the reserve
48 balance bears to the average annual payroll.

49 (i) "Total contributions paid" means the total amount of contribu-
50 tions, due on wages paid on or before the computation date, paid by an

1 employer not later than the last day of the second month immediately
2 following the computation date.

3 (j) "Unemployment risk ratio" means the ratio obtained by dividing
4 the number of first payments issued in any consecutive 12-month period
5 by the average monthly number of covered workers in employment as
6 shown on the employment security department records for the same
7 12-month period.

8 2. The executive director shall, as of the computation date for each
9 calendar year, classify employers in accordance with their actual pay-
10 rolls, contributions and benefit experience, and shall determine for each
11 employer the rate of contribution which applies to him for each calendar
12 year in order to reflect his experience and classification.

13 No employer's contribution rate may be reduced below 3 percent,
14 unless there have been 12 consecutive calendar quarters immediately pre-
15 ceding the computation date throughout which he has been subject to this
16 chapter and his account as an employer could have been charged with
17 benefit payments, except that an employer who has not been subject to
18 the law for a sufficient period to meet this requirement may qualify for
19 a rate less than 3 percent if his account has been chargeable throughout
20 a lesser period not less than the 10-consecutive-calendar-quarter period
21 ending on the computation date.

22 3. Any employer who qualifies under subsection 9 and receives the
23 experience record of a predecessor employer [shall] *must* be assigned
24 the contribution rate of his predecessor.

25 4. Benefits paid to a person up to and including the computation
26 date [shall] *must* be charged against the [experience rating] records, for
27 *experience rating*, of his base period employers in the same percentage
28 relationship that wages reported by individual employers represent to
29 total wages reported by all base period employers, [but:] *except that:*

30 (a) *If one of the base period employers has paid 75 percent or more*
31 *of the wages paid to the person during his base period, and except as pro-*
32 *vided in section 1 of this act, the benefits, less a proportion equal to the*
33 *proportion of wages paid during the base period by employers who make*
34 *reimbursement in lieu of contributions, must be charged to the records for*
35 *experience rating of that employer. The proportion of benefits paid which*
36 *is equal to the part of the claimant's wages for the base period paid by an*
37 *employer who makes reimbursement must be charged to the record of*
38 *that employer.*

39 (b) No benefits paid to a multistate claimant based upon entitlement
40 to benefits in more than one state may be charged to any employer's
41 experience rating record when no benefits would have been payable
42 except for NRS 612.295.

43 [(b)] (c) Except for employers who have been given the right to
44 make reimbursement in lieu of contributions, extended benefits paid to a
45 person [shall] *must* not be charged against the accounts of his base
46 period employers.

47 5. The executive director shall, as of the computation date for each
48 calendar year, compute the reserve ratio for each eligible employer and
49 shall classify those employers on the basis of their individual reserve
50 ratios. The contribution rate assigned to each eligible employer for the

1 calendar year [shall] must be determined by the range within which his
2 reserve ratio falls.

3 The executive director shall, by regulation, prescribe the contribution
4 rate schedule to apply for each calendar year by designating the ranges
5 of reserve ratios to which [shall] must be assigned the various contribu-
6 tion rates provided in subsection 6 of this section. The lowest contribution
7 rate [shall] must be assigned to the designated range of highest reserve
8 ratios and each succeeding higher contribution rate [shall] must be
9 assigned to each succeeding designated range of lower reserve ratios,
10 except that, within the limits possible, the differences between reserve
11 ratio ranges [shall] must be uniform.

12 6. Each employer eligible for a contribution rate based upon
13 experience and classified in accordance with this section [shall] must
14 be assigned a contribution rate by the executive director for each calendar
15 year according to the following classes:

16	Class 1.....	[0.6]	0.3 percent
17	Class 2.....	[0.9]	0.6 percent
18	Class 3.....	[1.2]	0.9 percent
19	Class 4.....	[1.5]	1.2 percent
20	Class 5.....	[1.8]	1.5 percent
21	Class 6.....	[2.1]	1.8 percent
22	Class 7.....	[2.4]	2.1 percent
23	Class 8.....	[2.7]	2.4 percent
24	Class 9.....	[3.0]	2.7 percent
25	Class 10.....		3.0 percent
26	Class 11.....		3.3 percent
27	Class 12.....		3.6 percent

28 7. On November 30 of each year, the executive director shall deter-
29 mine:

30 (a) The highest of the unemployment risk ratios experienced in the
31 109 consecutive 12-month periods in the 10 years ending on the com-
32 putation date;

33 (b) The potential annual number of beneficiaries found by multiplying
34 the highest unemployment risk ratio by the average monthly number of
35 covered workers in employment as shown on the records of the employ-
36 ment security department [records] for the 12 months ending on the
37 computation date;

38 (c) The potential annual number of weeks of benefits payable found
39 by multiplying the potential number of beneficiaries by the highest
40 average actual duration experienced in the 109 consecutive 12-month
41 periods in the 10 years ending on the computation date; and

42 (d) The potential maximum annual benefits payable found by multi-
43 plying the potential annual number of weeks of benefits payable by the
44 average payment made to beneficiaries for weeks of total unemployment
45 in the 12 months ending on November 30. If the executive director finds
46 on November 30 preceding any such year that the balance in the unem-
47 ployment compensation fund is less than the potential maximum annual
48 benefit payable, a 0.5 percent solvency assessment [shall] must be added
49 to the contribution rate of each class described in subsection 6 and to
50 the contribution rate of the employers described in NRS 612.540.

1 8. The executive director shall issue an individual statement, item-
2 izing benefits charged during the 12-month period ending on the com-
3 putation date, total benefit charges, total contributions paid, reserve
4 balance and the rate of contributions to apply for [such] that calendar
5 year, for each employer whose account is in active status on the records
6 of the employment security department on January 1 of each year and
7 whose account is chargeable with benefit payments on the computation
8 date of [such] that year.

9 9. The experience record of an employer may be transferred to a
10 successor employer as of the effective date of the change of ownership if:

11 (a) The successor employer acquires the entire or a severable and
12 distinct portion of the business, or substantially all of the assets, of the
13 employer;

14 (b) The successor employer notifies the employment security depart-
15 ment of the acquisition in writing within 90 days [from] after the date
16 of the acquisition;

17 (c) The employer and successor employer submit a joint application
18 to the executive director requesting the transfer; and

19 (d) The joint application is approved by the executive director.
20 The joint application [shall] must be submitted within 1 year after the
21 date of issuance by the department of official notice of eligibility to
22 transfer.

23 10. Whenever an employer has paid no wages in employment for [a
24 period of] 8 consecutive calendar quarters following the last calendar
25 quarter in which he paid wages for employment, the executive director
26 shall terminate his experience rating account, and the account [shall]
27 must not thereafter be used in any rate computation.

28 11. The executive director [has the power to] may adopt reason-
29 able accounting methods to account for those employers which are in a
30 category for providing reimbursement in lieu of contributions. [category.]

31 SEC. 5. NRS 612.415 is hereby repealed.

32 SEC. 6. 1. Sections 1 and 4 of this act shall become effective on Jan-
33 uary 1, 1982.

34 2. The remaining sections of this act shall become effective on July
35 1, 1981.

(REPRINTED WITH ADOPTED AMENDMENTS)

SECOND REPRINT

A. B. 252

ASSEMBLY BILL NO. 252—ASSEMBLYMAN BANNER

MARCH 2, 1981

Referred to Committee on Commerce

SUMMARY—Clarifies procedure for licensing firms and corporations as agents. (BDR 57-1005)

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; clarifying the procedure for licensing firms and corporations as agents; 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 683A.140 is hereby amended to read as follows:
- 2 683A.140 1. A firm or corporation [shall] *may* be licensed only as
- 3 an agent or broker, resident or nonresident, or *as* a managing general
- 4 agent.
- 5 2. For licensing as an agent or broker, each general partner and
- 6 each [individual] *natural person* to act for the firm, or each [individual]
- 7 *natural person* to act for the corporation, [shall] *must* be named in the
- 8 license or registered with the commissioner, and [shall] *must* qualify as
- 9 [though he were] an individual licensee. [The commissioner shall charge
- 10 and the insurer or licensee shall pay a full additional license fee for each
- 11 respective individual in excess of one named in the license or registered
- 12 with the commissioner.] *A natural person who is authorized to act for a*
- 13 *firm or corporation and who also wishes to be licensed in an individual*
- 14 *capacity must obtain a separate license in his own name. The commis-*
- 15 *sioner shall charge appropriate fees for each person who is licensed to*
- 16 *act for a firm or corporation and who is named on the license or regis-*
- 17 *tered with the commissioner.*
- 18 3. [An individual] *A natural person* who is not a resident of this
- 19 state as provided in paragraph (a) of subsection 1 of NRS 683A.130
- 20 [shall] *must* not be so named or registered as to the license of a resident
- 21 agent or resident broker, and shall not exercise the license powers thereof.
- 22 4. A license as a resident agent or resident broker [shall] *must* not
- 23 be issued to a firm or corporation unless it maintains a principal place of
- 24 business in this state, and the transaction of business under the license is

- 1 specifically authorized in the firm's partnership agreement or the corpora-
- 2 tion's articles.
- 3 5. The licensee shall promptly notify the commissioner of all changes
- 4 among its members, directors and officers, and among other [individuals]
- 5 persons designated in or registered as to the license.

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

S. B. 462

SENATE BILL NO. 462—COMMITTEE ON
COMMERCE AND LABOR

MARCH 26, 1981

Referred to Committee on Commerce and Labor

SUMMARY—Increases various fees pertaining to collection agencies,
banks and related organizations. (BDR 55-1465)

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 superintendent of banks; increasing assorted
fees; 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 658.096 is hereby amended to read as follows:
2 658.096 1. The superintendent shall charge and collect the following
3 examination and survey fees in connection with his official duties:
4 (a) For examination of state banks:
5 (1) A fee of \$100 for each parent bank, payable on June 30 and
6 December 31 of each year.
7 (2) A fee of \$25 for each branch bank, payable on June 30 and
8 December 31 of each year.
9 (3) Based upon the total assets of all banks, payable semi-
10 annually on the basis of the call report of condition as of June 30 and
11 December 31 of each year, a fee of [6] 10 cents per \$1,000 for the first
12 \$500,000,000, 4 cents per \$1,000 for the next \$500,000,000, and 2
13 cents per \$1,000 for amounts over \$1,000,000,000.
14 (b) For surveys of new branch bank sites or new bank applications:
15 (1) \$100 per day, plus per diem expenses and travel allowance, for
16 the examiner-in-charge.
17 (2) \$50 per day, plus per diem expenses and travel allowance, for
18 each assistant of the examiner-in-charge.
19 (c) For a special bank examination:
20 (1) \$100 per day, plus per diem expenses and travel allowance, for
21 the examiner-in-charge.
22 (2) \$50 per day, plus per diem expenses and travel allowance, for
23 each assistant of the examiner-in-charge.

1 (d) For examination of trust departments of state banks:

2 (1) \$125 per day, plus per diem expenses and travel allowance, for
3 the examiner-in-charge.

4 (2) \$50 per day, plus per diem expenses and travel allowance, for
5 each assistant of the examiner-in-charge.

6 2. All money collected under this section must be paid into the state
7 general fund.

8 SEC. 2. NRS 671.050 is hereby amended to read as follows:

9 671.050 1. Every application for a license required under this chap-
10 ter [shall] *must* be in writing, signed by the applicant, and in the form
11 prescribed by the superintendent.

12 2. The application [shall] *must* contain:

13 (a) The name and principal business address of the applicant and, if
14 incorporated, the date and place of its incorporation;

15 (b) The name and address of each of the applicant's branch offices,
16 subsidiaries or affiliates, if any, which will be operated under the license;

17 (c) The name and addresses, business and residential, of the proprietor
18 or partners of the applicant or, if the applicant is a corporation or associ-
19 ation, of each of the directors, trustees and principal officers, and of any
20 stockholder who owns 20 percent or more of the applicant's stock; and

21 (d) Such other pertinent information as the superintendent requires.

22 3. The application [shall] *must* be accompanied by:

23 (a) A surety bond or securities as required by this chapter; and

24 (b) A certified financial statement, satisfactory to the superintendent,
25 showing that the applicant's net worth exceeds \$100,000, unless the
26 applicant's surety bond or securities is in at least twice the minimum
27 principal sum required by NRS 671.100; and

28 (c) A license fee of [~~\$100~~] \$200 which is refundable if the applica-
29 tion for the license is denied and an investigation fee of \$100 which is
30 nonrefundable.

31 SEC. 3. NRS 671.070 is hereby amended to read as follows:

32 671.070 1. A license issued pursuant to this chapter expires 1 year
33 after the date of its issuance, unless it is earlier surrendered, suspended or
34 revoked.

35 2. The license may be renewed from year to year upon the approval
36 of the superintendent if the licensee files an application conforming to the
37 requirements for an initial application at least 60 days before the expira-
38 tion of his current license.

39 3. An application for the renewal of the license [shall] *must* be
40 accompanied by a fee of [~~\$100.~~] \$200. No investigation fee may be
41 charged for the renewal of the license.

42 SEC. 4. NRS 649.295 is hereby amended to read as follows:

43 649.295 1. A nonrefundable investigation fee of \$100 must accom-
44 pany each new application for a collection agency license.

45 2. A fee of [~~\$100~~] \$300 must be charged for each collection agency
46 license issued and [~~\$50~~] \$150 for each annual renewal of such a license.

47 3. A fee of \$10 must be charged for each duplicate or location trans-
48 fer license issued.

49 4. A nonrefundable investigation fee of \$75 must accompany each

1 application for a manager's certificate unless the applicant is the holder of
2 or an applicant for a collection agency license.

3 5. A fee of \$20 must be charged for each manager's certificate issued
4 and for each annual renewal of such a certificate.

5 6. A fee of \$30 must be charged for the reinstatement of a manager's
6 certificate.

7 7. [A registration fee of \$10 must accompany each application for
8 the registration of an employee of a collection agency.

9 8.] A fee of \$5 must be charged for each day an application for the
10 renewal of a license or certificate, or a required report, is filed late,
11 unless the fee or portion thereof is excused by the superintendent for
12 good cause shown.

13 [9.] 8. For each examination the superintendent shall charge and
14 collect from the licensee a reasonable fee for each man-hour expended in
15 conducting the examination and in preparing and typing the examination
16 report, but the total fee must not exceed \$800 for any regular examina-
17 tion or investigation unless some irregularity is disclosed during the
18 course of the regular examination warranting special or additional
19 investigation or examination. If such an irregularity is disclosed, the
20 licensee shall pay for the additional investigation required by reason of
21 the irregularity at a reasonable rate for each man-hour so required.

22 [10.] 9. All money received by the superintendent under this chap-
23 ter must be deposited in the state treasury for credit to the appropriate
24 account within the state general fund, for use of the banking division to
25 carry out the provisions of this chapter. At the end of each fiscal year,
26 any remaining balance lapses within the state general fund.

27 SEC. 5. NRS 649.345 is hereby amended to read as follows:

28 649.345 1. Each licensed collection agency shall file with the super-
29 intendent [a semiannual] *an annual* written report [, one] in January,
30 [and one in July,] signed and sworn to by its manager. Such report
31 [shall] *must* include:

32 (a) The total sum of money due to all creditors as of the close of the
33 last business day of the preceding month.

34 (b) The total sum on deposit in customer trust fund accounts and
35 available for immediate distribution as of the close of the last business
36 day of the preceding month, the title of the trust account or accounts, and
37 the name of the bank or banks where the moneys are deposited.

38 (c) The total amount of creditors' or forwarders' share of moneys col-
39 lected [in excess of] *more than* 60 days [prior to the close of] *before*
40 the last business day of the preceding month and not remitted by [such]
41 *that* date.

42 (d) When the total sum under paragraph (c) exceeds \$10, the name
43 of each creditor or forwarder and the respective share of each in [such]
44 *that* sum.

45 (e) Such other information, audit or reports as the superintendent may
46 require.

47 2. The filing of any report required by this section which is known by
48 the collection agency to contain false information or statements consti-
49 tutes grounds for the suspension of the agency's license or the manager's
50 certificate, or both.

1 **SEC. 6.** NRS 675.100 is hereby amended to read as follows:

2 675.100 1. At the time of making the application, the applicant
3 shall pay to the superintendent ~~the sum of~~ \$100 as a fee for investigat-
4 ing the application, and ~~the sum of \$200~~ \$500 as a license fee when
5 granted for the period ending on the last day of the current calendar
6 year.

7 2. If the license is granted after June 30 in any year the license fee
8 ~~shall be~~ is \$100.

9 **SEC. 7.** NRS 675.140 is hereby amended to read as follows:

10 675.140 On or before December 20 of each year, each licensee shall
11 pay to the superintendent ~~the sum of \$200~~ \$500 for each license held
12 by him as a license fee for the succeeding calendar year.

13 **SEC. 8.** NRS 649.255, 649.265, 649.275 and 649.285 are hereby
14 repealed.

(REPRINTED WITH ADOPTED AMENDMENTS)

SECOND REPRINT

S. B. 533

SENATE BILL NO. 533—SENATOR WAGNER

APRIL 13, 1981

Referred to Committee on Commerce and Labor

SUMMARY—Requires use of simplified language in insurance contracts.
(BDR 57-1175)

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 contracts; requiring the use of simplified language and creating a standard for evaluating its use in policies; 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 687B 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. 1. *The provisions of sections 2 to 5, inclusive, of this act:*
4 (a) *Apply to all policies, certificates or contracts of life or health insur-*
5 *ance, including credit life or health insurance, delivered or issued for*
6 *delivery in this state, including policies, certificates or contracts issued by*
7 *fraternal benefit societies and hospital, medical or dental service corpora-*
8 *tions, health maintenance organizations and other similar organizations,*
9 *and certificates issued pursuant to a policy of group insurance delivered*
10 *or issued for delivery in this state, except:*
11 (1) *Any policy which is a security subject to federal jurisdiction;*
12 (2) *Any policy covering the lives of a group of 1,000 or more per-*
13 *sons as of its date of issuance, other than a group policy for credit life*
14 *insurance or credit health insurance and any certificate issued pursuant to*
15 *any group policy;*
16 (3) *Any group annuity which serves to finance pension, profit-*
17 *sharing or deferred compensation plans;*
18 (4) *Any form used in connection with, as a conversion from, as an*
19 *addition to or in exchange for a policy delivered or issued for delivery on*
20 *a form approved or permitted to be issued before July 1, 1983.*
21 (b) *Are not intended to increase any risk assumed by an insurer.*
22 (c) *Do not supersede the provisions of this Title or other law applica-*
23 *ble to the delivery or issuance of policies of insurance.*

1 (d) Are not intended to restrict or discourage the development of new
2 policies and provisions.

3 (e) Do not require standardization of policy forms or of provisions of
4 policies.

5 2. Any policy written in a language other than English shall be
6 deemed to comply with section 3 of this act if the insurer certifies that it
7 is translated from a policy written in English which complies with that
8 section.

9 3. The provisions of sections 2 to 5, inclusive, of this act apply to
10 renewals on or after July 1, 1983, of policies delivered or issued for
11 delivery before that date.

12 SEC. 3. 1. Except as provided by section 2 of this act, a policy must
13 not be delivered or issued for delivery in this state on or after July 1,
14 1983, unless:

15 (a) The text of the policy achieves a score of at least 40 on the Flesch
16 test of reading ease or an equivalent score on any comparable test which
17 is approved by the commissioner;

18 (b) It is printed, except for pages which contain specifications, sched-
19 ules or tables, in not less than 10-point type, one point leaded;

20 (c) The style, arrangement and overall appearance of the policy give no
21 undue prominence to any portion of the text of or endorsements or riders
22 to the policy; and

23 (d) It contains a table of contents or an index of the principal sections
24 of the policy if it contains more than 3,000 words or has more than three
25 pages.

26 2. The score for the Flesch test of reading ease must be calculated in
27 the following manner:

28 (a) If a form contains 10,000 words or less of text, the entire text must
29 be used as a basis for calculating the score. If it contains more than
30 10,000 words, two samples, which are separated from each other by at
31 least 20 printed lines, of 200 words per page must be used as the basis
32 for calculating the score.

33 (b) The number of words and sentences used in the basis for the calcu-
34 lation must be counted and the total number of words divided by the total
35 number of sentences. This figure must be multiplied by 1.015.

36 (c) The number of syllables must be counted and the total divided by
37 the total number of words. This figure must be multiplied by 84.6.

38 (d) The results of the calculations made pursuant to paragraphs (b) and
39 (c) must be added together and the total must be subtracted from 206.-
40 835.

41 (e) The result of the calculation made pursuant to paragraph (d) is the
42 score for the policy.

43 3. For the purposes of performing the calculations required by sub-
44 section 2:

45 (a) A contraction, hyphenated word or numbers and letters when sepa-
46 rated by spaces must be counted as one word;

47 (b) A sequence of words which ends with a period, semicolon or colon,
48 except for headings and captions, must be counted as a sentence;

1 (c) Where a dictionary shows two or more equally acceptable pronounci-
2 ations of a word, the pronunciation containing fewer syllables may be
3 used.

4 4. As used in this section, "text" includes all printed matter except:

5 (a) The name and address of the insurer, the name, number or title of
6 the policy, the table of contents or index, captions and subcaptions and
7 pages which contain specifications, schedules and tables; and

8 (b) Any language of the policy which is drafted in a particular manner
9 so as to meet the requirements of:

10 (1) Any federal or state law or regulation or any interpretation of a
11 law or regulation by a federal or state agency;

12 (2) Any collective bargaining agreement;

13 (3) Usage of medical terms; and

14 (4) Definitions contained in the policy,

15 if the insurer so identifies this language and certifies in writing that it is
16 excepted by this paragraph.

17 5. An insurer may score riders, endorsements, applications and other
18 forms as separate forms or as part of the policy with which they are used.

19 SEC. 4. 1. An insurer shall file a copy of the policy with the com-
20 missioner accompanied by a certificate signed by an officer of the insurer
21 stating that the policy meets the score required for reading ease or stating
22 that the score is lower than the minimum required and requesting that it
23 be approved in accordance with subsection 2. Upon the request of the
24 commissioner, the insurer shall furnish additional information to verify
25 the accuracy of the certification.

26 2. The commissioner may approve a policy which has a score lower
27 than required whenever he finds that a lower score:

28 (a) Provides a more accurate reflection of the readability of a policy;

29 (b) Is necessitated by the nature of a particular type or class of policy;

30 or

31 (c) Is caused by language in the policy which is drafted in a particular
32 manner so as to meet the requirements of any state law, regulation or
33 interpretation of that law or regulation by a state agency.

34 SEC. 5. A policy which complies with subsection 1 of section 3 of this
35 act must be approved by the commissioner, notwithstanding any other
36 provision of law which specifies the content of a policy, if the policy pro-
37 vides the policyholder and claimant with protection at least equal to that
38 to which they are entitled under those other provisions.



ROBERT LIST
GOVERNOR

JAMES L. WADHAMS
DIRECTOR

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

DONALD W. HEATH, CLU
COMMISSIONER OF INSURANCE

April 28, 1981

Senate Committee on Labor
and Commerce
Nevada State Legislature
Capital Complex
Carson City, Nevada 89710

Re: SB 540

Dear Chairman Wilson and Committee Members:

The immediate impact of Senate Bill 540 will be to allow the Nevada Medical Liability Insurance Association to convert to a domestic stock insurer.

The Nevada Medical Liability Insurance Association is an essential insurance association formed in 1975 pursuant to NRS 686B.180 and Nevada Insurance Division Regulation PC-19. In 1975, the Nevada insurance market for medical malpractice coverage had diminished to a point where most physicians had problems related to both cost and availability. Currently, there is a reasonably active market for medical malpractice insurance as evidenced by the fact that there are at least three insurers licensed in Nevada who aggressively market this form of insurance.

As of December 31, 1980, the Nevada Medical Liability Insurance Association had slightly in excess of \$8.5 million in assets. This \$8.5 million represents premiums paid by Nevada physicians to the Nevada Medical Liability Insurance Association together with investment income attributable to those premiums. Senate Bill 540 is designed to give the participating physician equitable stock ownership in the domestic stock insurer into which the Nevada Medical Liability Insurance Association will be converted. Thus, the Nevada physicians will have an opportunity through this stock ownership to exercise control over the assets represented by their premium contributions and the investment income attributable thereto.

Senate Committee on Labor
and Commerce

Re: SB 540

April 28, 1981

Page 2

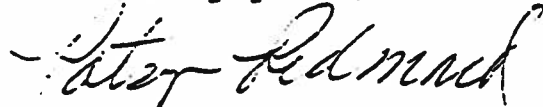
The President of the Nevada Medical Liability Insurance Association, Robert A. Byrd, and the Chairman of the Board, Donald W. Winne, acknowledge that their Board of Directors is in favor of SB 540 as worded in the amendment which I passed out at the April 22, 1981, hearing.

It is important that the wording of the statute remain the same as the proposed amendment. The first draft of SB 540 included a formula that neither met the criteria nor would be workable in a conversion situation. There were also language problems which changed the intent of the proposed legislation.

The amendment, as presented, is broad enough to apply to any future essential insurance association which is formed pursuant to NRS 686B.180 and would be a sound addition to the Nevada Insurance Code.

Please feel free to call me if you have any further questions.

Sincerely yours,



PATSY REDMOND,
Acting Commissioner of
Insurance.

PR:ms

(REPRINTED WITH ADOPTED AMENDMENTS)
SECOND REPRINT

S. B. 540

SENATE BILL NO. 540—COMMITTEE ON
COMMERCE AND LABOR

APRIL 14, 1981

Referred to Committee on Commerce and Labor

SUMMARY—Provides for conversion of essential insurance associations into domestic stock insurers. (BDR 57-1529)

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; providing for the conversion of essential insurance associations into domestic stock insurers; establishing a method to distribute shares of stock to insureds; 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 686B of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 8, inclusive, of this act.
3 SEC. 2. *As used in sections 3 to 8, inclusive, of this act, unless the*
4 *context otherwise requires, "insured" means any person who has main-*
5 *tained at least 1 year of coverage with an essential insurance association.*
6 SEC. 3. 1. *An essential insurance association shall, whenever*
7 *requested to do so by the commissioner, file a notice of intent to qualify*
8 *as a domestic stock insurer. In the absence of a request by the com-*
9 *missioner, an essential insurance association may file such a notice when-*
10 *ever it considers it appropriate.*
11 2. *The notice must be filed with the commissioner at least 4 months*
12 *before the date the association is to become a domestic stock insurer and*
13 *must contain:*
14 (a) *An application prepared pursuant to chapter 680A of NRS for a*
15 *certificate of authority to transact business in Nevada as a domestic stock*
16 *insurer;*
17 (b) *A valuation of capital and surplus according to both market and*
18 *amortized value based on the association's annual financial statement for*
19 *the previous year;*
20 (c) *The value and number of shares of stock to which each insured is*
21 *entitled; and*
22 (d) *The terms of any proposal offering money or its equivalent in lieu*
23 *of issuing fractional shares.*

1 SEC. 4. 1. At the time the association files a notice of intent to
2 qualify as a domestic stock insurer, it must give notice of its intent to all
3 participating insurers and all insureds in a form approved by the com-
4 missioner. The notice to each insured must state the total amount of stock
5 to be issued and the amount of shares to which he is entitled.

6 2. Any participating insurer or insured may, within 30 days after the
7 date of the notice, apply to the division for a hearing concerning the
8 association's ability to qualify as a domestic insurer, the valuation of cap-
9 ital and surplus or the proposed number and distribution of shares of
10 stock.

11 SEC. 5. The association shall determine the percentage of stock to
12 which each insured is entitled as follows:

13 1. The amount of gain or loss from operations, including an equitable
14 allocation of investment income attributable to operations, is calculated
15 for each of the following groups:

16 (a) Insureds who have not paid a capital stabilization charge;

17 (b) Insureds who have paid this charge for a given policy year; and

18 (c) Insureds who have paid a single charge to cover all policy years of
19 participation in the association.

20 2. For each calendar year the association has been in operation, the
21 amount of gain or loss from operations, including an equitable allocation
22 of investment income attributable to each group, is divided by the number
23 of insured months in that group.

24 3. For each group in which an insured participated in any calendar
25 year, his number of insured months in that group is multiplied by the
26 amount of income per insured month attributable to that group, as deter-
27 mined in subsection 2.

28 4. For each insured, the results of the calculations performed under
29 subsection 3 for each group in which the insured was a member during
30 a particular calendar year are added.

31 5. For each insured, the total amount he paid in capital stabilization
32 charges is computed.

33 6. For each insured, the sum of the results of the calculations per-
34 formed under subsections 4 and 5 are divided by the total surplus of the
35 association as shown in its financial statement for the year preceding its
36 conversion to a domestic stock insurer, to obtain that insured's percentage
37 of ownership of the total stock to be distributed.

38 SEC. 6. An association must comply with the provisions of NRS
39 680A.120 to qualify as a domestic stock insurer. Any paid-in capital in
40 excess of the minimum amount required may be shown as surplus.

41 SEC. 7. Upon determining that an association has complied with sec-
42 tions 3 to 6, inclusive, of this act and all other requirements applicable
43 to domestic stock insurers, the commissioner may issue to the association
44 a certificate of authority to transact business as a domestic stock insurer
45 to become effective the next following January 1.

46 SEC. 8. The provisions of NRS 78.505 to 78.521, inclusive, 81.130,
47 81.140, 81.280, 81.510 and 81.520 do not apply to the conversion of an
48 essential insurance association to a domestic stock insurer as provided in
49 sections 3 to 7, inclusive, of this act.