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

SIXTY-FIRST SESSION
NEVADA STATE LEGISLATURE
May 6, 1981

The Senate Committee on Commerce and Labor was called to order by Chairman Thomas R. C. Wilson, at the hour of 2:04 p.m., Wednesday, May 6, 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 E. Blakemore, Vice Chairman
Senator Donald W. Ashworth
Senator Melvin D. Close, Jr.
Senator William H. Hernstadt
Senator Clifford E. McCorkle
Senator William J. Raggio

Guest Legislator:

Senator Joe Neal

Staff Member Present:

Betty Steele, Committee Secretary

Senate Bill No. 621--Places requirements on policies of health insurance purporting to supplement medicare.

Chairman Wilson asked if there were proponents in the hearing room to testify on the bill.

Senator Hernstadt remarked that S.B. 621 was his bill and that after a thorough review of its contents he declared it was an unnecessary piece of legislation and requested it withdrawn.

Senate Bill No. 621

(Exhibit C)

Senator Don Ashworth moved that S.B. No. 621 be "Indefinitely Postponed".

Senator McCorkle seconded the motion.

The motion carried unanimously.

Senate Bill No. 624--Revises requirements for counter-signatures on policies of insurance.

Chairman Wilson opened the hearing for testimony.

Ms. Patsy Redmond, acting commissioner of insurance, insurance division, department of commerce, testified in support of S.B. 624. Ms. Redmond provided a copy of a memorandum she had written to the committee under the date of May 6, 1981 (Exhibit D). She prefaced her remarks by reviewing its contents and suggested an amendment to section 1, subsection 6, of the bill to read as follows:

6. An insurer may use an endorsement to the policy for the sole purpose of effecting the countersignature required under this section, only if:

(a) The endorsement is attached to the policy to which it applies; and

(b) The policy insures persons or property in this state and one or more other states.

Senator Blakemore stated that he was aware that agents counter-sign insurance policies in this state for other companies located elsewhere, and that the difficulty arises when a policy is transmitted from another state back to Nevada, which is both lawful and workable at the present time. He asked the purpose of the amendment and the circumstances prompting such action.

Ms. Redmond said it was a measure to expand on the present law to include renewals and endorsements which were not previously covered. Ms. Redmond then introduced Ms. Alice Graham, market conduct examiner, insurance division, department of commerce, to speak further to the issue.

Senator Blakemore commented that a similar request was presented to the legislature several sessions ago and he needed additional information on the concept in order to clarify the request.

Ms. Graham testified the amendment was primarily for clarification purposes. She said it will enable renewal policies to be included. Continuing, she said that quite often a policy is written for 3 years, but the premium is collected on a yearly basis. The countersigning agent may miss the second and third year premium insofar as collecting a countersignature fee because the renewal endorsement is not sent to him by the company. By including that section into law countersignature agents would collect fees to which they were initially entitled.

Senator Blakemore asked if it would alter the countersigning agent's duties from current requirements? Ms. Graham replied no; however, she continued to expand on the second portion of the amendment which is to increase the threshold for the waiver of a countersignature fee. Agents are given the flexibility of waiving or not waiving a fee, she said.

Senator Close questioned the need for such flexibility in waiving a fee. Ms. Graham said it was to protect the agent's rights to a fee.

Ms. Redmond stated that it is a law, basically, to protect Nevada agents. She believes the agents are in favor of the option to waive or not waive the fee (there are two rates: \$25 and \$250).

Ms. Graham then commented that the third portion of the amendment, subsection 6, would eliminate a great deal of processing procedures.

Senator Close asked for the purpose of the exception on subsection 6, line 23, which provides that an insurer may use an endorsement to the policy for the purpose of taking care of the countersignature when it is attached to the policy and when the property is in more than one state. More specifically, he asked, why must the property be in more than one state before an endorsement is used? Ms. Graham deferred the question to Mr. Bob Evans, associate actuary, insurance division, department of commerce.

Mr. Evans replied that all policies have to be countersigned by a resident agent. He said that section pertains to "house cleaning" measures, i.e., copy of a policy may be transmitted together with an endorsement in place of the original policy.

Chairman Wilson asked why it wouldn't be used within the State of Nevada? Mr. Evans said it wasn't used because the original policy is readily available to an agent thus eliminating the necessity of reproducing a copy of the original policy for transmission to another state.

Chairman Wilson called for additional testimony on S.B. 624; there being none, the hearing was closed.

Senate Bill No. 625--Limits certain exemption from examination for licensing of insurance agents, brokers and solicitors.

Chairman Wilson opened the hearing on S.B. 625 by acknowledging Ms. Patsy Redmond, acting insurance commissioner, insurance division, department of commerce.

Ms. Redmond testified that S.B. 625 was basically a "house cleaning" bill due in part to confusion as to whether the exemption applies to nonresident as well as to a resident agents. She said the exemption should apply to resident agents only.

Chairman Wilson asked for the section of the law that contains the referenced operative language. Ms. Redmond referred the committee to page 1, subsection 4, and page 2, line 7.

Chairman Wilson called for additional testimony or discussion from the committee; there being none, the hearing was closed on S.B. 625.

Senate Bill No. 626--Makes uniform the minimum age of eligibility for licensing as insurance agent, broker or solicitor.

Chairman Wilson opened the hearing on S.B. 626, and deferred the floor to Ms. Patsy Redmond, acting insurance commissioner, division of insurance, department of commerce.

Ms. Redmond remarked that the purpose of the bill was to uniform the age requirement to 18 (rather than 21). She further suggested an amendment to the bill, explaining that when the legislative counsel drafts insurance legislation, the word "individual" is replaced with the word "person", and the

word "person" in insurance vernacular means "corporation", and so on, as well as a singular person. Therefore, it was requested that "natural" person be used to differentiate the dual terms.

The chairman called for committee questions or further testimony; there being none, the hearing was closed on S.B. 626.

Senate Bill No. 627--Removes requirement that commissioner of insurance give notice to other principals when life or health agent adds a principal.

Chairman Wilson opened the hearing on S.B. 627 and deferred the floor to Ms. Patsy Redmond, acting insurance commissioner, insurance division, department of commerce.

Ms. Redmond testified the purpose of the bill was to deregulate that portion of the law which deals with appointment notification of agent.

The chairman called for committee questions or further testimony on the bill; there being none, the hearing was closed.

Senate Bill No. 623--Requires pharmacist to substitute generic drug for prescribed drug in certain circumstances.

Chairman Wilson opened the hearing on S.B. 623.

Mr. Keith McDonald, medicaid unit, welfare division, department of human resources, appeared in support of S.B. 623 which, in essence, expands on the existing policy with respect to physicians' prescriptions of generic drugs for welfare or Nevada Industrial Commission (NIC) patients.

Senator McCorkle asked the purpose of the bill. Mr. McDonald explained that it is not now a requirement that generic drugs be used in place of brand name drugs when such prescriptions are paid for by governmental agencies, i.e., NIC, department of human resources, welfare division and federal agencies as well. Such legislation, he said, would mandate the use of generic drugs entirely. He continued by stating welfare recipients in the State of Nevada receive approximately 200,000 prescriptions a year at a cost of \$1,400,000 to the state medicaid unit of the welfare division of the department of human resources. It is estimated that passage of S.B. 623 would result in approximately a 20 percent savings to state and federal agencies.

Mr. Joe Midmore appeared before the committee representing the state board of pharmacy. Mr. Midmore asked Mr. McDonald what would happen if a pharmacist did not have a particular generic drug in stock. Mr. McDonald said the pharmacist would not be in violation if he filled the prescription with a brand name drug, but the consumer should be advised in order to give him an option of seeking the generic drug elsewhere.

Mr. Midmore concluded his testimony by stating that the state board of pharmacy would not object to the bill as long as it is required that a physician request a generic drug by signature on the prescription form. Mr. McDonald was in agreement.

Chairman Wilson called for additional testimony or committee comments; there being none, the hearing on S.B. 623 was closed.

Assembly Bill No. 344--Makes various changes to law governing practice of dentistry and dental hygiene.

Chairman Wilson called for testimony on the bill.

Dr. Duane Christian, president, Nevada Dental Association, appeared before the committee in support of A.B. 344. He believes it is requisite legislation that will accomplish updating the dental Practice Act, and it would provide the funds for the board to perform its duties in a more efficient and expeditious manner. Dr. Christian deferred further testimony to Dr. Peter M. DiGrazia, president, Nevada State Board of Dental Examiners (NSBDE).

Dr. DiGrazia greeted the committee and prefaced his testimony by reading a statement (see Exhibit E). The bill was reviewed section-by-section by the committee, and Dr. DiGrazia responded to pertinent committee questions concerning the amendments.

Section 1 did not contain substantive changes so Dr. DiGrazia referred the committee to section 2, noting that dental hygienists are included in licensure processing as required by dentists in the State of Nevada. Additionally, section 2 provides an update to the constitutionality of the Practice Act insofar as advertising is concerned.

Dr. DiGrazia then noted that one of the major amendments to the bill is to add one hygienist to the NSBDE, limiting his or her votes to issues relating to hygiene matters only.

Chairman Wilson asked if the bylaws of the Practice Act were changed by including a hygienist on the board of NSBDE. Dr. DiGrazia replied no, explaining that the hygienist will only speak to the issues relating to hygiene matters. In another vein, he said hygienists are required by law to be under the supervision of a dentist (they cannot work independently).

Continuing, Dr. DiGrazia referred the committee to page 2, line 49, which changes "willful negligence" to "* * * more than one act by a dentist or dental hygienist indicating substandard care in the practice of dentistry or dental hygiene."

Senator Close interjected that the terminology "substandard care" should be defined in greater detail; that there has to be more than an indication of "substandard care" before a license can be revoked. He further pursued the term "substandard care" by asking if it meant negligent care? . . . or less than negligent care? . . . or more than negligent care? He said he was not familiar with the term "substandard care" against which someone's performance could be judged. Dr. DiGrazia stated the intent behind the term is due to advice by the board's attorney. He said the term "willful negligence" is a term that is not substantial enough to hold up in court and the term "substandard care" was suggested.

Senator Hernstadt commented the term was vague, particularly when the end result may be a licensure revocation due to malpractice.

Senator Raggio prefaced his remarks by stating that he was abstaining from voting on the bill due to a conflict of interest (i.e., his wife is on the NSBDE and his law partner is the attorney for the board). He continued that the State of Nevada has adopted the local rule with reference to professional care insofar as physicians are concerned and suggested the same rule should apply to the dental profession. He agreed "willful negligence" was an obsolete term.

Chairman Wilson said the terminology would be taken under advisement.

Senator McCorkle questioned the term on page 3, line 13 "* * * practicing under the name of a dentist who has not been in active practice for more than 1 year." He asked why it was restricted to more than 1 year of practice? Dr. DiGrazia stated that it was standard language in other Practice Acts. Dr. Christian added it applies to a dentist who is no longer affiliated with a firm, or if a dentist is deceased. In essence, it is a 1 year grace period in which to change the name of a dental firm for advertising purposes, and so on.

Senator Hernstadt suggested that it possibly involves advertising insofar as the telephone directory is concerned and other legal adjustments which must be made.

Moving forward, Dr. DiGrazia stated that sections 3 and 4 pertain primarily to "house cleaning" measures and didn't contain any substantive changes to the law.

Senator Raggio asked for the purpose of the deletion of subparagraph (e) of subsection 2 of section 4, which reads "* * * prevent a dental hygienist or dental assistant from performing such intraoral tasks as may be assigned by a licensed dentist employing him." Dr. DiGrazia said it contraindicates other areas of the Practice Act, further explaining that that particular clause was used frequently by defense attorneys in license revocation suits and NSBDE attorneys felt it would be best to delete that section of the law.

Dr. DiGrazia then spoke to section 5 which deletes the "biennial" requirement for licensure thus amending Nevada Revised Statute (NRS) 631.100 to read as follows: "* * * as used in this chapter 'renewal certificate' means the certificate of renewal of a license issued by the board."

Continuing, Dr. DiGrazia said, section 6 changes the number of members of the NSBDE from eight to 10 members, specifying that the additional two seats are now filled by dental hygienists, who may vote on issues pertaining to hygiene matters.

Referring to section 7, Dr. DiGrazia commented that it contains the definition of the eligibility requirements for hygienists to be on the NSBDE.

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Chairman Wilson inquired if dental hygienists have a separate board. Dr. DiGrazia replied no. Hygienists are licensed by the NSBDE. Entrance examinations are given twice a year, he said.

Senator Raggio inquired what the number of NSBDE membership was in the State of Nevada. Dr. DiGrazia said there are 432; Clark County, being the largest in population, has 160. Senator Raggio pursued the representation revision indicating four must be from Clark County, three from Washoe, Carson and Douglas, one from White Pine. He felt the board was imbalanced with the majority of NSBDE members from Clark County. Dr. DiGrazia stated that after many sessions of negotiations, Clark County convinced the board to include that revision on the basis of population. He said it met with considerable resistance, but that was the ultimate declaration. Senator Raggio echoed his lack of understanding concerning the rearrangement.

Chairman Wilson called for further testimony on section 7; there being none, the committee moved forward to chapter 9 (chapter 8 was deleted).

Dr. DiGrazia stated section 9 pertained to the number of members present at a meeting which would constitute a quorum. Additionally, the membership was increased from three to five dentists, and one member as a dental hygienist to vote on matters relating to dental hygiene only.

Chairman Wilson called for committee discussion on section 9; there being none, the committee moved forward to section 10.

Chairman Wilson referred the committee to page 6, line 11, section 10. He asked Dr. DiGrazia what the standard board salary and per diem rates were. Prefacing his remarks he said the rates are not presently adequate but felt the rates should be fairly uniform with those used by other boards. Senator Ashworth said he thought the current rates were now \$80 or \$100 per day. Dr. DiGrazia stated the board was currently receiving \$65, which is considerably lower than boards most and was not sufficient to cover costs due to today's inflationary rates.

Senator Ashworth commented that during the 1979 legislative session there was a concerted effort to move all boards to biennial licensing in order to decrease the cost or relicensure process; however, in referring to page 6, section 11, line 29, he notes that procedure has been reversed by the NSBDE. The matter was referred to Dr. DiGrazia for response.

Dr. DiGrazia stated the board needed the income on an annual basis explaining licensees are currently paying \$50 on a biennial basis so they are not only requesting licensure to be changed back to annual status but are also requiring the license fee to be increased from \$50 up to and not to exceed \$200. He said the board is in dire need of the additional capital in order to perform its required functions.

Chairman Wilson asked Dr. DiGrazia if the board had the ability to assess legal costs of proceedings lodged against a deficient dentist. Dr. DiGrazia said it was not in the present law but is contained in the proposed amendments currently under discussion by the committee.

Senator Ashworth referred Dr. DiGrazia to page 7, section 11, lines 3 thru 10, asking if the language contained therein was a general provision. (Section 11, subsection 3, reads "The license of a person who does not actively practice in this state for 1 year automatically reverts to inactive status at the time the license renewal fee is next payable following the 1-year period. If a person whose license has reverted to inactive status continues to actively practice outside this state, his license must be reinstated to active status if he pays the license fee for active licensees. If a person whose license has reverted to inactive status does not continue to practice, his license may be reinstated to active status only upon the motion of the board.") Dr. DiGrazia replied affirmatively. Senator Ashworth continued by asking what procedures are required for a dentist to regain active status? Dr. DiGrazia replied that a dentist who wished to regain active status would present current credentials attesting to his or her good standing and proof that he or she is educationally current in all dental techniques. He continued by stating that the NSBDE does not have reciprocity with other states insofar as examination and licensure is concerned; however, as long as a dentist has previously passed the Nevada examination, he or she may reenter active status by providing the required credentials, and so on, as outlined above.

Dr. Christian interjected by stating that dentists who are inactive pay a lessor licensure fee than those in active status.

Senators Close, Ashworth and Hernstadt discussed the pros and cons of the proposed amendment pertaining to inactive status.

Chairman Wilson called for additional testimony on section 11; there being none, the committee moved forward to section 12.

Dr. DiGrazia remarked that section 12 relates to specialty licenses noting that there are no significant changes to the section unless the committee had specific questions on the subject he could address.

Section 13, he continued, relates to the eligibility qualifications necessary for a dentist to take the examination. He noted that the language in subsection 4, lines 36 thru 41, are being deleted because the Council on Dental Education of the American Dental Association no longer exists.

Section 14 permits the board, under its rules and regulations, to determine what supervision is required, direct or indirect, in relation to dental hygienists' roles in dental offices. Chairman Wilson asked for the distinction between "direct" as opposed to "indirect" supervision. Dr. DiGrazia responded by stating that "indirect", as the board interprets it, means a dentist does not have to be physically present for the hygienist to perform his or her dental hygiene duties. He further noted that the board would like to have the latitude to deem supervision determined by the rules and regulations.

Section 15 contained no substantive changes and the committee moved forward to section 16.

Dr. DiGrazia said the basic purpose of section 16 is changing the biennial renewal of licenses back to an annual basis as discussed earlier in testimony.

Section 18 contained no substantive changes and the committee moved forward to section 19.

Dr. DiGrazia commented that section 19 pertains to the degree of punishment lodged against a person practicing illegal dentistry, noting specifically that NRS 632.400, subsection 1, paragraph (a) has been changed to "* * * is guilty of a gross misdemeanor,"

and (b) "* * * is liable for any costs incurred in the investigation and during the hearing, if ordered by the board. The board may assign that person specific duties as a condition of renewing his license."

In that regard, Chairman Wilson asked if the schedule of fees in section 11 were adequate to cover all costs of investigation and disciplinary requirements. Dr. DiGrazia replied that it wouldn't completely cover the costs. He cited the present budget figures (i.e., the budgetary needs of January 1, 1981 to July 1, 1982, which includes examiners' salaries, secretarial services, office expenses, telephone costs, and so on, for a total of \$35,570.) The budget does not include legal or investigative fees. Dr. DiGrazia noted that the average legal fees run approximately \$12,000. Therefore, in order to encompass legal fees the budget would have to be in the neighborhood of \$47,000. He said the Nevada State Dental Association has offered to assist them in paying such fees, but because it would be in conflict for them to pursue that avenue, the new budget was proposed (license fees required annually instead of biennially). The total budget should be approximately \$104,300 in order to perform necessary legal work in addition to the general budget needs. Dr. DiGrazia advised that one of the major expenses of the board is travel and per diem because there are only two facilities in the State of California in which to conduct examinations thus resulting in large expenditures for travel and per diem costs for the board.

Chairman Wilson called for further testimony on the bill; there being none, the hearing was closed on A.B. 344. The committee moved action on the following bills:

Senate Bill No. 624

(Exhibit F)

Senator McCorkle moved that S.B. 624 be referred out of committee with an "Amend, and Do Pass As Amended" commendation.

Senator Ashworth seconded the motion.

The motion carried unanimously.

Senate Bill No. 625

(Exhibit G)

Senator Ashworth moved that S.B. 625 be referred out of committee with a "Do Pass" recommendation.

Senator Blakemore seconded the motion.

The motion carried unanimously.

Senate Bill No. 626

(Exhibit H)

Senator Ashworth moved that S.B. 626 be referred out of committee with an "Amend, and Do Pass As Amended" recommendation.

Senator McCorkle seconded the motion.

The motion carried unanimously.

Senate Bill No. 627

(Exhibit I)

Senator Ashworth moved that S.B. 627 be referred out of committee with a "Do Pass" recommendation.

Senator Hernstadt seconded the motion.

The motion carried unanimously.

Senate Bill No. 622--Specifies minimum services which must be provided by service stations.

Chairman Wilson opened the hearing for discussion on S.B. 622.

Senator Joe Neal appeared before the committee to testify on the bill. He said the purpose of the bill was to set minimum standards of service to be performed by service stations. He said he introduced the bill at the request of a constituent.

Senator McCorkle expressed his view that if such standards are set, gasoline rates would increase in order to cover the cost of the additional service. The committee was in agreement.

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Chairman Wilson called for additional testimony on the bill; there being none, the hearing was closed on S.B. 622.

Senate Bill No. 622

(Exhibit J)

Senator McCorkle moved to "Indefinitely Postpone"
S.B. 622.

Senator Close seconded the motion.

The motion carried. Senator Blakemore voted nay.

Assembly Bill No. 344

(Exhibit K)

The committee discussed various amendments to the bill.

Senator Blakemore moved that any reference to geographical location, as noted in section 8 of the bill, be removed.

Senator Hernstadt seconded the motion.

The motion carried. Senator Close voted nay. Senator Ashworth was absent during the vote.

Senator Hernstadt moved to refer A.B. 344 out of committee with an "Amend, and Do Pass As Amended" recommendation.

Senator Blakemore seconded the motion.

The motion carried. Senator Raggio abstained from voting.

Chairman Wilson opened the floor for further discussion on the tips bills (S.B. 242 and S.B. 243). He also requested additional input on A.B. 407 (which provides certain increases in compensation under industrial insurance for permanent partial disability) and A.B. 433 (which increases compensation under industrial insurance for certain claimants and reduces certain compensation by amount of federal benefits under social security) in order to determine what priorities, if any, the committee should place on the aforementioned bills, and to ascertain the aggregate impact if such legislation is enacted.

Mr. Claude "Blackie" Evans, secretary and treasurer, AFL-CIO, appeared before the committee in support of A.B. 407, A.B. 433, S.B. 242 and S.B. 243. Mr. Evans testified that A.B. 407 and A.B. 433 were NIC bills; that A.B. 407 (increase for permanent partial impairment), if passed, would create a premium impact to the cost of \$6.5 million. The percentage of disability must be determined by a physician and for each 1 percent of impairment the claimant will be compensated by monthly payments of 0.5 percent of the claimant's average monthly wage for injuries sustained before July 1, 1981, and 0.6 percent for injuries sustained on or after July 1, 1981, he said.

Mr. Evans concluded his remarks on A.B. 407 by stating that the labor management advisory board has agreed to the provisions of the bill by a vote of 7 to 2. He believes the bill is very important and he urged the committee's approval of the bill.

A.B. 433 (increases pension) was discussed at length. Mr. Evans and Mr. Harvey Whittemore, lobbyist, conveyed their thoughts to the committee. Mr. Evans stated that A.B. 433 has also received approval from the labor management advisory board; that there are monies available from the surplus fund (\$8 million); that there would not be an increase in rates to the employer; and, that organized labor agreed to an offset by Social Security to accomplish the increase.

Mr. Whittemore stated there was no opposition to S.B. 433, and he basically supports the bill. He said the assembly had many hearings on the bill dealing particularly with the source of funds, but that has been resolved.

Senator Hernstadt conveyed to the committee that there should be a definite distinction made between the tips bills (S.B. 242 and 243) and A.B. 407 and 433. He said the tips bills apply only to employers who have tip earning employees while the other two bills apply across-the-board to all employers.

Mr. Whittemore stated that tip earners will increase the state's average monthly wage which is going to increase the amount of benefits every employer pays. Senator Hernstadt agreed that the tip earners will increase the state's average monthly wage insofar as unemployment was concerned, but that he was referring to NIC benefits.

Mr. Whittemore stated that NIC impacts all employers.

Senator Hernstadt conceded that it did raise the average wage, but he felt it was fair because the tip earners, in reality, were receiving that as part of their incomes.

Senator McCorkle remarked that in his opinion it would have a big impact on the average wage because it was going to be computed into their income by the Internal Revenue Service (IRS). If they do not declare it voluntarily they may find themselves in a great deal of trouble with IRS, he said.

Mr. Evans echoed that was already the case. He said casino workers are already paying taxes on their tip income to IRS. If an employee doesn't declare anything he or she will be suspect because a coworker may declare \$500.

Chairman Wilson said it wasn't his intention to reopen the hearing on the merits of the tips bills, but merely wanted additional information on A.B. 407 and A.B. 433. He closed the hearing to further discussion.

Senate Bill No. 542--Provides for investigations of certain crimes by commissioner of insurance.

Chairman Wilson opened the hearing on S.B. 542.

George Vargas, Esq., representing the American Insurance Association, testified that S.B. 542 is an insurance bill with particular reference to fraud. He said the insurance industry and the department of commerce have agreed to the amendments which were submitted to the committee. Mr. Vargas stated that a similar amendment was introduced in A.B. 467 which passed the assembly and has been assigned to the senate committee on judiciary for hearings. He suggested that the fraud amendment introduced in A.B. 467 is ineffective and requested Senator Close to reject that portion of A.B. 467 when it is heard by the senate committee on judiciary, and requested the senate commerce committee to approve S.B. 542, instead.

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Senator Hernstadt suggested deleting the fraud section of A.B. 467 but leaving the increased penalties for arson in the law.

Mr. Vargas noted that the section he was referring to in A.B. 467 is section 4 which is all new language. To give some background, he said the model arson bill was initially given to Chairman Robert E. Robinson of the assembly committee on judiciary early in the session for drafting. To his knowledge, that bill was never completed, therefore, in order to have it written in law, an amendment was prepared which included the model arson into A.B. 71, but he said its track record didn't look very good so another attempt to put it into law was to insert it into S.B. 542."

Chairman Wilson asked if S.B. 542 was approved by both industry and the department of commerce. Mr. Vargas replied that it was. The committee reviewed the amendments section-by-section.

Mr. Vargas explained that there was a mandatory reporting of fraud or arson by insurance companies to federal agencies which has been adopted in approximately 40 states.

Senator Raggio asked what the model act referred to. Mr. Vargas said it referred to arson primarily; however, it included fraud in the law due to a 1980 study which revealed the dollar value of claims investigated in arson cases was approximately \$838,000, and approximately \$450,000, in fraud. He felt the fraud element was equally as important as the arson element.

Senator Raggio said he felt the bill was necessary and he had no quarrel with the legislation; however, he questioned if the legislature had the authority to list the U.S. Attorney's Office and the Federal Bureau of Investigation (FBI) as requesting agencies.

Mr. Vargas said it was proper by explaining that if this bill passes, the law will mandate the insurance companies to report a fire of suspicious origin. He said the legislature had full authority over insurance companies who are writing policies in the State of Nevada.

Senator Close suggested that rather than requiring all local and federal agencies to be notified of a fire of suspicious nature that one agency be designated. It was suggested that the insurance division of the department of commerce be the designated agency.

There being no further discussion, Chairman Wilson closed the hearing on S.B. 542.

Senate Bill No. 542

(Exhibit L)

Senator Hernstadt moved to refer S.B. 542 out of committee with an "Amend, and Do Pass" recommendation.

Senator Blakemore seconded the motion.

The motion carried.

S. B. 534--Includes additional lines of insurance which may be sold under agents' limited license.

Chairman Wilson opened the hearing on S.B. 534 and referred the floor to Ms. Patsy Redmond, acting insurance commissioner, division of insurance, department of commerce, to speak to the issue.

Ms. Redmond stated the amendment (Exhibit M) addresses the limits of licensing section that the department of commerce would like to change. She said the amendment was rewritten to be assured that fixed annuities were included. She further explained that item 4 includes a provision whereby the chairman may require an appropriate examination for the application of a limited license.

Senator Blakemore requested Ms. Redmond to explain what a limited license was. Ms. Redmond said it pertains to a person who might be in an automobile dealership and is selling insurance in conjunction with selling an automobile, and so on.

Senator Blakemore asked about a person who is selling insurance in a like manner in a bank. Ms. Redmond said that new legislation would cover that individual as well. Senator Blakemore asked what an examination involved? Ms. Redmond said the insurance division of the department of commerce now gives an education testing service examination which tests minimum competency of an individual; they also include test questions concerning the department of commerce laws pertaining to insurance laws. Ms. Redmond continued by saying that the reason it is specified "by regulation" in the law is if a specific test is inadequate for a prospective insurance agent, it is then permissible to have a special test written for that individual.

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There being no further testimony on S.B. 534, the hearing was closed. Chairman Wilson noted there would be no action taken on S.B. 534 presently and adjourned the meeting.

Transcribed by:

Janice L. Thomas

Janice L. Thomas
Research Secretary

Date: April 7, 1982

SENATE COMMITTEE ON COMMERCE AND LABOR
May 6, 1981 Hearing
EXHIBIT CONTENTS

- Exhibit A - Meeting agenda.
- Exhibit B - Meeting attendance roster.
- Exhibit C - Senate Bill 621.
- Exhibit D - Memorandum by Patsy Redmond, Acting Commissioner of Insurance, dated May 6, 1981, re: S.B.624.
- Exhibit E - Verbatim opening statement by Dr. Peter M. DiGrazia, concerning Assembly Bill 344.
- Exhibit F - Senate Bill 624.
- Exhibit G - Senate Bill 625.
- Exhibit H - Senate Bill 626.
- Exhibit I - Senate Bill 627.
- Exhibit J - Senate Bill 622.
- Exhibit K - Assembly Bill 344.
- Exhibit L - Senate Bill 542.
- Exhibit M - Memorandum from Patsy Redmond, Acting Commissioner of Insurance, dated May 6, 1981, re: Senate Bill 534.

SENATE AGENDA

COMMITTEE MEETINGS

Committee on Commerce and Labor, Room 213.

Day Wednesday, Date May 6, 1981, Time 1:30 p.m.

S.B. No. 621--Places requirements on policies of health insurance purporting to supplement medicare.

S.B. No. 624--Revises requirements for countersignatures on policies of insurance.

S.B. No. 625--Limits certain exemption from examination for licensing of insurance agents, brokers and solicitors.

S.B. No. 626--Makes uniform the minimum age of eligibility for licensing as insurance agent, broker or solicitor.

S.B. No. 627--Removes requirement that commissioner of insurance give notice to other principals when life or health agent adds a principal.

S.B. No. 623--Requires pharmacist to substitute generic drug for prescribed drug in certain circumstances.

S.B. No. 622--Specifies minimum services which must be provided by service stations.

A.B. No. 344--Makes various changes to law governing practice of dentistry and dental hygiene.

ATTENDANCE ROSTER FORM

COMMITTEE MEETINGS

SENATE COMMITTEE ON

Commerce & Labor

DATE: 5/6

PLEASE PRINT PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME ORGANIZATION & ADDRESS TELEPHONE

Duane E Christian Nevada Dental Association 882-4122

Robert M. D. Garcia Nev. State ^{President} Dental Association 786-2077

Maudie (Blackie) Davis Sec. - Treas. - AFL-CIO

George Vargas American Insur. Assoc

Harvey Wittmann New Resort Association

John Redmond Acting Commissioner, New Insur. Div

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Geo. W. VARGAS AMER INS. ASSN (53542) 786-6000

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SENATE BILL NO. 621—SENATOR HERNSTADT

APRIL 30, 1981

Referred to Committee on Commerce and Labor

SUMMARY—Places requirements on policies of health insurance purporting to supplement medicare. (BDR 57-1596)

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 policies of health insurance; providing for requirements for policies of health and group health insurance which purport to supplement coverage provided under medicare; providing penalties; and providing other matters properly relating thereto.

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

1 SECTION 1. Chapter 679B of NRS is hereby amended by adding
2 thereto a new section which shall read as follows:

3 *The commissioner shall adopt regulations governing policies of health*
4 *insurance and group health insurance which supplement or purport to*
5 *supplement coverage provided pursuant to the Health Insurance for the*
6 *Aged Act, 42 U.S.C. 1395, et seq. The regulations must be at least as*
7 *stringent as those adopted as a model by the National Association of*
8 *Insurance Commissioners and which are in effect on the effective date of*
9 *this act.*

10 SEC. 2. Chapter 689A of NRS is hereby amended by adding thereto
11 a new section which shall read as follows:

12 1. *No person may sell, offer for sale or advertise for sale any policy*
13 *of health insurance which is designed or is purported to be designed to be*
14 *a supplement to coverage provided pursuant to the Health Insurance for*
15 *the Aged Act, 42 U.S.C. 1395, et seq., unless the policy:*

16 (a) *Meets or exceeds standards set forth in regulations adopted by the*
17 *commissioner relating to policies of health insurance designed to supple-*
18 *ment coverage provided by the Health Insurance for the Aged Act; and*

19 (b) *Is provided at a rate of premium which may reasonably be expected*
20 *to result in payment of 60 percent or more of the premiums as benefits to*
21 *insured persons, based on estimates derived from actual experience of*
22 *claims.*

23 2. *Any person who violates the provisions of subsection 1 shall be*
24 *punished:*

1 (a) If the offender is a natural person, by imprisonment in the state
2 prison for not less than 1 year nor more than 6 years, or by a fine of not
3 more than \$5,000, or by both fine and imprisonment; or

4 (b) If the offender is not a natural person, by a fine of not more than
5 \$25,000.

6 SEC. 3 Chapter 689B of NRS is hereby amended by adding thereto a
7 new section which shall read as follows:

8 1. No person may sell, offer for sale or advertise for sale any group
9 policy of health insurance which is designed or is purported to be
10 designed to be a supplement to coverage provided pursuant to the Health
11 Insurance for the Aged Act, 42 U.S.C. 1395, et seq., unless the policy:

12 (a) Meets or exceeds standards set forth in regulations adopted by the
13 commissioner relating to group policies of health insurance designed to
14 supplement coverage provided by the Health Insurance for the Aged
15 Act; and

16 (b) Is provided at a rate of premium which may reasonably be expected
17 to result in payment of 75 percent or more of the premiums as benefits to
18 insured persons, based on estimates derived from actual experience of
19 claims.

20 2. Any person who violates the provisions of subsection 1 shall be
21 punished:

22 (a) If the offender is a natural person, by imprisonment in the state
23 prison for not less than 1 year nor more than 6 years, or by a fine of not
24 more than \$5,000, or by both fine and imprisonment; or

25 (b) If the offender is not a natural person, by a fine of not more than
26 \$25,000.

27 SEC. 4. This act shall become effective upon passage and approval.



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

ROBERT LIST
 GOVERNOR

(702) 885-4270

Patsy Redmond, Acting
 COMMISSIONER OF INSURANCE

JAMES L. WADHAMS
 DIRECTOR

May 6, 1981

TO: COMMITTEE ON COMMERCE AND LABOR
 FROM: PATSY REDMOND, Acting
 COMMISSIONER OF INSURANCE
 RE: SENATE BILL 624

* * * * *

Senate Bill 624 provides three revisions to NRS 680A.300 which were recommended by the Insurance Division. Each revision is proposed to alleviate difficulties experienced by resident agents in the countersigning process.

The first is in subsection 1 with the inclusion of renewal policies. This will clarify the necessity of countersigning renewal policies or endorsements. There have been instances in the past where countersignature fees or commissions have not been paid to countersigning resident agents when renewals were negotiated by non-resident agents.

The second, in subsection 5, increases the threshold for the waiver of a fee or commission from a \$25 to a \$250 premium. The Southern Nevada Agents Association requested that the Insurance Division propose the increase to relieve resident agents from the burden of collecting fees which amount to less than the cost of collection. The waiver is at the discretion of the countersigning agent.

It is recommended that the attached amendment be considered for the revision proposed in subsection 6. The revision clarifies the use of endorsements as a practical remedy when a policy insures risks in a number of states as well as Nevada. In using the word authenticate, confusion could arise between the countersignature required under this statute and the execution of policies by officers of insurance companies under NRS 687B.160. The latter provision controls the validation or authenticity of contracts. The amendment is also proposed to distinguish the term endorsement. In the insurance industry, an endorsement is a form attached to and a part of a policy; it does not refer to a signature. Additionally, it should be required that the endorsement be attached to the policy at the time of countersignature to avoid an insurer's submitting only the endorsement to the countersignature agent, and attaching the endorsement only upon or after delivery to the insured. If the countersigning agent does not receive the policy he cannot comply with record keeping responsibilities called for under other sections of the law.

PR:AAG:kk



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May 6, 1981

TO: COMMITTEE ON COMMERCE AND LABOR
 FROM: PATSY REDMOND, Acting
 COMMISSIONER OF INSURANCE
 RE: SENATE BILL 624

* * * * *

Amendment of Section 1, Subsection 6, to read
 as follows:

6. An insurer may use [a form of] an endorsement
 [whose] to the policy for the sole purpose [is to authenticate
 the policy by a countersignature,] of effecting the counter-
 signature required under this section, only if:

- (a) The [form] endorsement is attached to the policy
 to which it applies; and
- (b) The policy insures persons or property in this
 state and one or more [than one state] other states.

PR:AAG:kk

*Mid May 68 - AB-34
testimony - Peter DiGrazia*

PETER M. DIGRAZIA, D.M.D., F.A.G.D.
1625 LAKESIDE DRIVE
RENO, NEVADA 89500

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I AM PRESIDENT OF THE NSPDE AS WELL AS VICE-PRESIDENT OF THE AMERICAN ASSOCIATION OF DENTAL EXAMINERS. I HAVE BEEN A MEMBER OF THIS BOARD FOR 8 YEARS. I WOULD LIKE TO EXPLAIN THE NEED TO PASS AB344.

THE NSPDE EXISTS TO PROTECT THE PEOPLE OF OUR STATE FROM POOR QUALITY AND ILLEGAL DENTAL PRACTICES. WE ACCOMPLISH THIS FUNCTION THROUGH TWO MAJOR AVENUES. ONE IS OUR BOARD EXAMINATIONS GIVEN TWICE YEARLY TO DENTAL AND HYGIENE CANDIDATES IN DENTAL SCHOOLS IN CALIFORNIA. SECONDLY WE MUST INVESTIGATE SUBSTANDARD CARE AND OTHER VIOLATIONS OF OUR PRACTICE ACT.

WITH PRESENT LEGISLATION AND FEE STRUCTURES SET IN 1961 WE FIND IT IMPOSSIBLE TO ADEQUATELY PERFORM OUR FUNCTIONS. OUR FINANCES ARE SUCH THAT AT THE PRESENT LEVEL OF ACTIVITY, WE WOULD BE SOME \$15,000.00 IN THE RED BY NEXT YEAR. AS YOU ARE AWARE, THE NSPDE IS SELF SUPPORTING AND WITH THE PASSAGE OF AB344 NOT ONLY WILL WE REMAIN SELF SUPPORTING BUT WE WILL AGAIN HAVE THE ABILITY TO PROPERLY CONDUCT OUR BUSINESSES AND POLICE THE DENTAL PROFESSION. IN ADDITION, THE BILL WOULD GIVE US INCREASED PENALTIES FOR THE ILLEGAL PRACTICE OF DENTISTRY AND ADD TWO

HYGIENISTS TO THE BOARD OF DENTAL EXAMINERS. I AM PLEASED TO REPORT ALL OF ORGANIZED DENTISTRY IS IN FAVOR OF AB344 AS AMENDED AND WE ENTHUSIASTICALLY ASK YOU TO RECOMMEND A DO PASS RESOLUTION.

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

S. B. 624

SENATE BILL NO. 624—COMMITTEE ON
COMMERCE AND LABOR

APRIL 30, 1981

Referred to Committee on Commerce and Labor

SUMMARY—Revises requirements for countersignatures on policies
of insurance. (BDR 57-1362)

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; revising requirements for countersignatures on
policies of insurance; and providing other matters properly relating thereto.

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

- 1 SECTION 1. NRS 680A.300 is hereby amended to read as follows:
2 680A.300 1. Except as provided in NRS 680A.310, no authorized
3 insurer [shall] *may* make, write, place, *renew* or cause to be made, [or]
4 placed [.] *or renewed*, any policy [.] or duplicate policy [or contract]
5 of insurance of any kind upon persons, property or risks resident, located
6 or to be performed in this state, except through its duly appointed and
7 licensed agents resident [of] *in* this state, any one of whom shall counter-
8 sign the [same.] *policy*.
9 2. Where two or more insurers jointly issue a single policy, the policy
10 may be countersigned, on behalf of all insurers appearing thereon, by a
11 licensed agent resident in this state of any one [such] insurer.
12 3. In any case where it is necessary to execute an emergency bond
13 and a commissioned agent authorized to execute [such] *the* bond is not
14 present, a manager or other employee of the insurer having authority
15 under a power of attorney may execute [such] *the* bond in order to pro-
16 duce a valid contract between the insurer and the obligee. [; but the
17 bond shall] *The bond must* subsequently be countersigned by a resident
18 commissioned agent, who shall make and retain an adequate office record
19 of the transaction.
20 4. Nothing contained in this section [shall be construed as prevent-
21 ing] *prevents exercise of* the free and unlimited right to negotiate con-
22 tracts by licensed nonresident agents or brokers outside this state,
23 [provided] *if* the policies, endorsements or evidence of [such] *those*

1 contracts covering properties or insurable interests in this state are coun-
2 tersigned by a resident agent of this state. Every such policy or contract
3 [shall] must be countersigned by a resident agent.

4 5. On [such] business produced by a licensed nonresident agent or
5 broker, which is countersigned by a resident commissioned agent of this
6 state, there [shall] must be a division of the usual [customary] commis-
7 sion between the licensed nonresident producing agent or broker and the
8 resident countersigning commissioned agent which [shall] must produce
9 for the latter a commission of at least 5 percent of the premium. [; but
10 no countersignature] No commission or fee [shall be] is required as to
11 policies [or contracts] with an annual premium of [\$25] \$250 or less.
12 The insurer issuing any [such] policy [, contract] or bond [shall be] is
13 responsible for payment to the countersigning agent of the [countersigna-
14 ture] fee or commission [.] for the countersignature. Where the licensed
15 nonresident agent or broker or the insurer assuming the risk desires the
16 resident commissioned agent to render additional services during the life
17 of a policy, [then] the compensation to the countersigning commissioned
18 resident agent [shall be] is a matter of contract between the parties in
19 interest.

20 6. An insurer may use an endorsement to the policy for the sole pur-
21 pose of countersigning the policy, as required in this section, only if:

- 22 (a) The endorsement is attached to the policy to which it applies; and
23 (b) The policy insures persons or property in this state and one or more
24 other states.

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

S. B. 625

SENATE BILL NO. 625—COMMITTEE ON
COMMERCE AND LABOR

APRIL 30, 1981

Referred to Committee on Commerce and Labor

SUMMARY—Limits certain exemption from examination for licensing of insurance agents, brokers and solicitors. (BDR 57-1364)

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 licensing of insurance agents, brokers and solicitors; limiting a certain exemption from the examination to applicants who have held residents' licenses; shortening the time within which a former licensee may be licensed without examination; 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.180 is hereby amended to read as follows:
2 683A.180 Except as provided in subsection 4 of NRS 683A.270
3 (continuation, expiration of license), NRS 683A.170 does not apply to
4 and no such examination [shall be] is required of:
5 1. Applicants with respect to life and health or life or health insur-
6 ance who hold the *designation of* chartered life underwriter (C.L.U.).
7 [designation.] Applicants [will be required to] *must* show such proof
8 of holding the [chartered life underwriter (C.L.U.)] designation as
9 may be required by the commissioner.
10 2. Applicants with respect to property, casualty and surety insur-
11 ance (or any combination thereof) who hold the *designation of* char-
12 tered property [,] and casualty underwriter (C.P.C.U.). [designation.]
13 Applicants [will be required to] *must* show such proof of holding the
14 [chartered property, casualty underwriter (C.P.C.U.)] designation as
15 may be required by the commissioner.
16 3. Any applicant for a license [covering] *which would cover* the
17 same kind or kinds of insurance [as to which the applicant] *as those*
18 *for which he* was licensed under a similar license in this state, other than
19 a temporary license, within [1 year (exclusive of up to 2 years of service
20 as a member of the Armed Forces of the United States)] *6 months* next

1 preceding the date of application, unless the previous license was
2 revoked, suspended or continuation thereof refused by the commissioner.

3 4. Any applicant for an agent's license who is currently licensed as
4 a *resident* broker or solicitor for the same kind or kinds of insurance, or
5 has been so licensed within [1 year] 6 months next preceding the date
6 of the application unless [such] the previous license was revoked, sus-
7 pended or continuation thereof refused by the commissioner, and if a
8 solicitor, has had at least 1 year of experience under his solicitor's license
9 satisfactory to the commissioner.

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

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

23 7. Applicants with respect to variable annuities who are, or within
24 the next preceding [12] 6 months have been, licensed or registered as
25 securities broker-dealers under laws administered by the Securities and
26 Exchange Commission or any successor agency of the Federal Govern-
27 ment.

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

30 9. Title insurance agents.

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

S. B. 626

SENATE BILL NO. 626—COMMITTEE ON
COMMERCE AND LABOR

APRIL 30, 1981

Referred to Committee on Commerce and Labor

SUMMARY—Makes uniform the minimum age of eligibility for licensing as insurance agent, broker or solicitor. (BDR 57-1367)

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; making uniform the minimum age of eligibility for licensing as an insurance agent, broker or solicitor; 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.130 is hereby amended to read as follows:
2 683A.130 1. For the protection of the people of this state, the com-
3 missioner shall not issue, continue or permit to exist any agent's, broker's
4 or solicitor's license except in compliance with this chapter. Any [individ-
5 ual] *natural person* for whom such a license is issued, continued or per-
6 mitted to exist must:
7 (a) Be a bona fide resident of, and reside within, this state. This para-
8 graph does not apply to:
9 (1) An agent brought into this state by an insurer to replace an
10 agent disabled, deceased or terminated; or
11 (2) A licensed nonresident agent or nonresident broker of this state
12 who otherwise qualifies for a license and is licensed as a resident within
13 60 days after he becomes a bona fide resident of this state. This subpara-
14 graph does not otherwise apply to nonresident agents and nonresident
15 brokers.
16 (b) [If for a license as a general lines agent or as a broker, be not less
17 than 21 years of age; if for a license as a life agent or health agent or as a
18 solicitor, be not less than] *Be at least 18 years of age.*
19 (c) If for an agent's license, have been appointed an agent by an
20 authorized insurer, subject to the issuance of the license.
21 (d) If for a solicitor's license, be the bona fide employee for a licensed

1 resident agent or a licensed resident broker as a solicitor, or be so
2 employed subject to the issuance of the license.

3 (e) If for a broker's license, have had experience [either] as an agent,
4 solicitor, managing general agent, adjuster or broker [.] or have had
5 other special experience, education or training, all of sufficient content
6 and duration reasonably necessary for competence in fulfilling the respon-
7 sibilities of a broker.

8 (f) Be competent, trustworthy and financially responsible.

9 (g) Pass any examination required for the license under this chapter.

10 2. The commissioner shall not differentiate between persons entitled
11 to act as agents, on the basis that [such] the persons are engaged in other
12 businesses to which the insurance agency is incidental or supplemental.

CHAPTER.....

AN ACT relating to life and health insurance; removing a requirement that the commissioner of insurance give certain notices to other principals when a life or health agent adds a principal; and providing other matters properly relating thereto.

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

SECTION 1. NRS 683A.250 is hereby amended to read as follows:
683A.250 [1. Except as provided in subsection 2, a] *An agent for life or health insurance [agent] may concurrently be licensed [as] to represent as many life or health insurers as duly file appointments of [the licensee] him with the commissioner and pay the appointment fee.*

[2. Upon the filing of each appointment of the licensee or proposed licensee by a life or health insurer the commissioner shall promptly give written notice of the pending appointment to all other life or health insurers, as the case may be, as to whom the licensee has been licensed in this state within the 24 months next preceding, and shall allow such other insurers a reasonable period as specified in the notice within which to respond. If the commissioner finds that the applicant or licensee has a debit balance with any such other insurer which is not adequately secured or otherwise provided for to the obligee insurer's satisfaction, and that such indebtedness is either acknowledged by the applicant or licensee or the insurer has secured a judgment therefor, the commissioner shall not effectuate the new appointment until after such debit balance has been adequately secured, or otherwise so provided for.]

S. B. 622

SENATE BILL NO. 622—SENATOR NEAL

APRIL 30, 1981

Referred to Committee on Commerce and Labor

SUMMARY—Specifies minimum services which must be provided by service stations. (BDR 52-1654)

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 service stations; specifying the minimum services which must be provided; 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 598 of NRS is hereby amended by adding
2 thereto a new section which shall read as follows:
3 *A business which sells gasoline to the public, pumped into the tanks*
4 *of motor vehicles, shall also sell motor oil and provide air and water for*
5 *motor vehicles.*

29

(REPRINTED WITH ADOPTED AMENDMENTS)

THIRD REPRINT

A. B. 344

ASSEMBLY BILL NO. 344—COMMITTEE ON COMMERCE

MARCH 13, 1981

Referred to Committee on Commerce

SUMMARY—Makes various changes to law governing practice of dentistry and dental hygiene. (BDR 54-1126)

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 dentistry, adding dental hygienists to the board of dental examiners of Nevada; authorizing the board to adopt regulations specifying places in which a hygienist may practice; increasing the penalty for the illegal practice of dentistry; increasing certain 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 631.030 is hereby amended to read as follows:
2 631.030 As used in this chapter, "dental hygiene" means the per-
3 formance of [prophylactic, preventive and other intraoral procedures]
4 educational, preventive and therapeutic services as well as any related
5 and required extraoral procedures that a dentist is authorized to assign
6 to a dental hygienist in his employ.
- 7 SEC. 2. NRS 631.050 is hereby amended to read as follows:
8 631.050 1. As used in this chapter, "dishonorable or unprofessional
9 conduct" includes:
10 (a) Conviction of a felony or misdemeanor involving moral turpitude,
11 or conviction of any criminal violation of this chapter;
12 (b) Employing, directly or indirectly, any student or any suspended
13 or unlicensed dentist or dental hygienist to perform operations of any
14 kind in treating or correction of the teeth or jaws, except as provided in
15 this chapter;
16 (c) The publication or circulation, directly or indirectly, of any fraud-
17 ulent, false or misleading statement as to the skill or method of practice
18 of any dentists;
19 (d) [The use of advertising in which reference is made to any anes-
20 thetic, drug, formula, material, medicine, method or system used or to
21 be used; the advertising of the performance of any dental operation
22 without causing pain; the advertising of any free dental service or

1 examination as an inducement to secure dental patronage; the adver-
2 tising of price, cost, charge, fee or terms of credit for the services per-
3 formed or to be performed, or for material used or to be used, by any
4 person engaged as principal or agent in the practice of dentistry; the
5 advertising of a guarantee for any dental services; or the advertising of
6 artificial teeth or dentures with or without the use of any representation
7 of a tooth, teeth, bridgework or denture, or of any portion of the human
8 head, or the exhibition or use of specimens of dental work, large display
9 signs, glaring light signs, electric or neon, or any signs, posters or other
10 media calling attention of the public to any person engaged in the practice
11 of dentistry. Any person taking up or retiring from the practice of den-
12 tistry, changing his place of business or business telephone, or who
13 intends to absent himself from, or return to, his place of business may
14 advertise that fact in a newspaper for not more than 3 successive publi-
15 cations, which advertisement may not exceed 2 column inches;] *The*
16 *use of advertising which is false or misleading;*

17 (e) The claiming or inferring of professional superiority over neigh-
18 boring practitioners;

19 (f) The giving of a public demonstration of methods of practice any
20 place other than the office where the licensee is known to be regularly
21 engaged in his practice;

22 (g) Fraud or misrepresentation in connection with the securing of a
23 license;

24 (h) Willful or repeated violations of the rules of the board of health;

25 (i) Division of fees or agreeing to split or divide the fees received for
26 services with any person for bringing or referring a patient, without the
27 knowledge of the patient or his legal representative, but this [may]
28 *must* not be construed to forbid licensed dentists from practicing in a
29 partnership and sharing professional fees, to forbid a licensed dentist from
30 employing another licensed dentist or dental hygienist, or to forbid a
31 licensed dentist from rendering services as a member of a nonprofit pro-
32 fessional service corporation;

33 (j) Employing, procuring, inducing, aiding or abetting a person not
34 licensed or registered as a dentist to engage in the practice of dentistry;
35 but the patient practiced upon may not be deemed an accomplice,
36 employer, procurer, inducer, aider, or abettor within the meaning of
37 this chapter;

38 (k) Professional connection or association with, or lending his name
39 to, anyone who is engaged in the illegal practice of dentistry; professional
40 connection or association with any person, firm, or corporation holding
41 himself, themselves, or itself out in any manner contrary to this chapter;

42 (l) Use of the name "clinic," "institute," or other title or designation
43 that may suggest a public or semipublic activity;

44 (m) Failure to pay license fees;

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

49 (o) [Willful negligence] *More than one act by the dentist or dental*

1 *hygienist constituting substandard care in the practice of dentistry or*
2 *dental hygiene;*

3 (p) Practice by a dental hygienist in any place not authorized by this
4 chapter;

5 (q) Practicing while his license is suspended or without a renewal cer-
6 tificate;

7 (r) Practicing under a ~~[[false or assumed name; or]]~~ *name, other than*
8 *a lawful assumed or fictitious name, that is false or misleading;*

9 (s) Repeated malpractice, which may be evidenced by claims of mal-
10 practice settled against the practitioner ~~[[.]]~~; *or*

11 (t) *Practicing under the name of a dentist who has not been in active*
12 *practice for more than 1 year.*

13 2. The enumeration of the acts in subsection 1 must not be construed
14 as a complete definition of dishonorable or unprofessional conduct, or as
15 authorizing or permitting the performance of other and similar acts, or as
16 limiting or restricting the board from holding that other or similar acts
17 constitute unprofessional or dishonorable conduct.

18 SEC. 3. NRS 631.060 is hereby amended to read as follows:

19 631.060 ~~[[Any person shall be]]~~ *A person is guilty of the illegal prac-*
20 *tice of dentistry or dental hygiene who:*

21 1. ~~[[Shall sell or barter, or offer]]~~ *Sells or barter or offers to sell or*
22 *barter, any diploma or document conferring or purporting to confer any*
23 *dental degree, or any certificate or transcript made or purporting to be*
24 *made pursuant to the laws regulating the licensing and registration of*
25 ~~[[dentists; or] dentists or dental hygienists;~~

26 2. ~~[[Shall purchase or procure]]~~ *Purchases or procures by barter any*
27 *such diploma, certificate or transcript, with intent that [[the same shall]*
28 *it be used as evidence of the holder's qualifications to practice dentistry,*
29 *or in fraud of the laws regulating [such] that practice; [or]*

30 3. ~~[[Shall, with]]~~ *With fraudulent intent, [alter] alters in a material*
31 *regard any such diploma, certificate or transcript; [or]*

32 4. ~~[[Shall use or attempt]]~~ *Uses or attempts to use any [such]*
33 *diploma, certificate or transcript, which has been purchased, fraudulently*
34 *issued, counterfeited or materially altered, either as a license or color of*
35 *license to practice dentistry, or in order to procure registration as a*
36 ~~[[dentist; or] dentist or a dental hygienist;~~

37 5. ~~[[Shall practice]]~~ *Practices dentistry under a false or assumed*
38 *name; [or]*

39 6. ~~[[Shall assume]]~~ *Assumes the degree of "Doctor of Dental Sur-*
40 *gery" or "Doctor of Dental Medicine" or [shall append] appends the*
41 *letters "D.D.S." or [D.M.D.]" "D.M.D." or "R.D.H." to his name, not*
42 *having [duly] conferred upon him, by diploma from an accredited dental*
43 *or dental hygiene college or school legally empowered to confer the*
44 ~~[[same,] title, the right to assume [such title; or shall assume] the title;~~
45 *or assumes any title or [append] appends any letters to his name with*
46 *the intent to represent falsely that he has received a dental degree or*
47 *license; [or]*

48 7. ~~[[Shall,]]~~ *Willfully makes, as an applicant for examination, license*
49 *or registration under this chapter, [willfully make] a false statement in*
50 *a material regard in an affidavit required by this chapter; [or]*

1 8. [Shall, within] *Within* 10 days after demand made by the secre-
2 tary of the board, [fail] *fails* to furnish to the board the names and
3 addresses of all persons practicing or assisting in the practice of dentistry
4 in the office of the person at any time within 60 days [prior to] *before*
5 the notice, together with a sworn statement showing under and by what
6 license or authority the person and his employee are and have been
7 practicing dentistry, but the affidavit [shall] *must* not be used as evidence
8 against [such] *the* person in any proceeding under this chapter; [or]

9 9. [Shall practice] *Practices* dentistry or dental hygiene in this state
10 without a license; or

11 10. [Shall aid or abet] *Aids or abets* another in violating any of
12 the provisions of this chapter.

13 SEC. 4. NRS 631.090 is hereby amended to read as follows:

14 631.090 1. Any person shall be deemed to be practicing dentistry
15 who:

16 (a) Uses words or any letters or title in connection with his name
17 which in any way represents him as engaged in the practice of dentistry,
18 or any branch thereof; [or]

19 (b) Advertises or permits to be advertised by any medium that he can
20 or will attempt to perform dental operations of any kind; [or]

21 (c) [Shall diagnose, profess] *Diagnoses, professes* to diagnose or
22 [treat or profess] *treats or professes* to treat any of the diseases or lesions
23 of the oral cavity, teeth, gums or the maxillary bones; [or]

24 (d) [Shall extract] *Extracts* teeth; [or]

25 (e) [Shall correct] *Corrects* malpositions of the teeth or jaws; [or]

26 (f) [Shall take] *Takes* impressions; [or]

27 (g) [Shall supply] *Supplies* artificial teeth as substitutes for natural
28 teeth; [or]

29 (h) [Shall place] *Places* in the mouth and [adjust such substitutes;
30 or] *adjusts artificial teeth*;

31 (i) Does any practice included in the clinical dental curricula of
32 accredited dental colleges; [or]

33 (j) Administers or prescribes such remedies, medicinal or otherwise, as
34 [shall be] *are* needed in the treatment of dental or oral diseases; or

35 (k) [Shall use] *Uses* X-ray radiation for dental treatment or dental
36 diagnostic purposes.

37 2. Nothing in this section [shall:] :

38 (a) [Prevent] *Prevents* a dental assistant, dental hygienist or X-ray
39 technician from making radiograms or X-ray exposures for diagnostic
40 purposes [only] upon the direction of a licensed dentist.

41 (b) [Prohibit] *Prohibits* the performance of mechanical work, on
42 inanimate objects only, by any person employed in or operating a dental
43 laboratory upon the written work authorization of a licensed dentist.

44 (c) [Prevent] *Prevents* students from performing dental procedures
45 that are part of the curricula of an accredited dental school or college
46 or an accredited school of dental hygiene or an accredited school of
47 dental assisting.

48 (d) [Prevent] *Prevents* a licensed dentist from another state or coun-
49 try from appearing as a clinician for demonstrating certain methods of
50 technical procedures before a dental society or organization, convention

1 or dental college or an accredited school of dental hygiene or an accred-
2 ited school of dental assisting.

3 [(e) Prevent a dental hygienist or dental assistant from performing
4 such intraoral tasks as may be assigned by a licensed dentist employing
5 him.]

6 SEC. 5. NRS 631.100 is hereby amended to read as follows:

7 631.100 As used in this chapter, "renewal certificate" means the
8 [biennial] certificate of renewal of a license issued by the board.

9 SEC. 6. NRS 631.120 is hereby amended to read as follows:

10 631.120 The board of dental examiners of Nevada, consisting of
11 [eight] 10 members appointed by the governor, is hereby created.

12 SEC. 7. NRS 631.130 is hereby amended to read as follows:

13 631.130 1. The governor shall appoint:

14 (a) Seven members who are graduates of accredited dental schools or
15 colleges, are residents of Nevada and have ethically engaged in the prac-
16 tice of dentistry in Nevada for a period of 5 years.

17 (b) Two members who:

18 (1) Are graduates of accredited schools or colleges of dental
19 hygiene;

20 (2) Are residents of Nevada; and

21 (3) Have been actively engaged in the practice of dental hygiene in
22 Nevada for a period of at least 5 years before their appointment to the
23 board.

24 (c) One member who is a representative of the general public.

25 2. The members who are dental hygienists may participate only in
26 examinations for the licensing of dental hygienists and vote only on mat-
27 ters relating to the practice of dental hygiene.

28 3. The member who is a representative of the general public [shall]
29 must not participate in preparing, conducting or grading any examination
30 required by the board.

31 SEC. 8. NRS 631.140 is hereby amended to read as follows:

32 631.140 1. The seven members of the board who are dentists and
33 the member who is a representative of the general public must be
34 appointed from areas of the state as follows:

35 (a) Three of [the members of the board shall be from Washoe County.]
36 those members must be from Carson City, Douglas County or Washoe
37 County.

38 [Three of the members of the board shall] (b) Four of those mem-
39 bers must be from Clark County.

40 [Two of the members of the board shall be from the state at large,
41 including Washoe County and Clark County.] (c) One of those mem-
42 bers may be from any county of the state.

43 2. One of the two members of the board who are dental hygienists
44 must be appointed from Clark County; the other must be appointed from
45 some other county of the state.

46 SEC. 9. NRS 631.170 is hereby amended to read as follows:

47 631.170 1. [Examination meetings.] The board shall meet at least
48 twice a year for the purpose of examining applicants. The dates of the
49 examinations [shall] must be fixed by the board. The board may con-
50 duct examinations outside of [the State of Nevada,] this state, and for

1 this purpose may use the facilities of dental colleges, but all examinations
2 [shall] must be conducted by board members.

3 2. [Other meetings.] The board [shall] may also meet at such other
4 times and places and for such other purposes as it may deem proper.

5 3. [Quorum. Three members of the board shall constitute a
6 quorum.] A quorum consists of:

7 (a) For matters relating to dental hygiene, five members who are
8 dentists and one member who is a dental hygienist.

9 (b) For all other matters, five members who are dentists.

10 SEC. 10. NRS 631.180 is hereby amended to read as follows:

11 631.180 1. Each member of the board [shall receive:] is entitled
12 to receive [(a) A salary of] not more than [\$40] \$80 per day as fixed
13 by the board, while engaged in the business of the board [.

14 (b) Actual expenses for subsistence and lodging, not to exceed \$25
15 per day, and actual expenses for transportation while traveling on busi-
16 ness of the board.], and the per diem allowance and travel expenses pro-
17 vided by law for state officers and employees.

18 2. The board shall deposit in banks or savings and loan associations
19 in [the State of Nevada] this state all fees which it receives.

20 3. All expenses of the board [shall] must be paid from the fees
21 received by the board, and no part thereof [shall] may be paid from
22 the state general fund. [of the state treasury.]

23 SEC. 11. NRS 631.210 is hereby amended to read as follows:

24 631.210 1. The fees which [shall] must be charged by the board
25 for the performance of the duties imposed upon it by this chapter [shall
26 be] are as follows:

27	Examination fee for license to practice dentistry.....	[\$100]	\$150
28	Examination fee for license to practice dental hygiene.....		75
29	[Biennial license renewal fee for dentists under age 65.....		50
30	Biennial license renewal fee for dentists aged 65 or older.....		10
31	Biennial license renewal fee for dental hygienists.....		30
32	Dental specialist license.....		100
33	Reinstatement fee for forfeited dental hygiene or dental		
34	license.....		100
35	Reinstatement fee for suspended dental license.....		100
36	Such other fees as may be authorized by law.]		
37	Application fee for a specialist license.....		125
38	Annual license renewal fee for a general dentist or		
39	specialist, not to exceed.....		200
40	Annual license renewal fee for a dental hygienist, not		
41	more than.....		75
42	Annual license renewal fee for an inactive dentist.....		100
43	Annual license renewal fee for a retired or disabled		
44	dentist.....		25
45	Annual license renewal fee for an inactive dental hygienist....		25
46	Annual license renewal fee for a retired or disabled dental		
47	hygienist.....		25
48	Reinstatement fee for a suspended or revoked license to		
49	practice dentistry or dental hygiene.....		200

1 2. All fees [shall be] are payable in advance and [shall] must not
2 be refunded.

3 3. The license of a person who does not actively practice in this state
4 for 1 year automatically reverts to inactive status at the time the license
5 renewal fee is next payable following the 1-year period. If a person whose
6 license has reverted to inactive status continues to actively practice outside
7 this state, his license must be reinstated to active status if he pays the
8 license fee for active licensees. If a person whose license has reverted to
9 inactive status does not continue to practice, his license may be reinstated
10 to active status only upon the motion of the board.

11 SEC. 12. NRS 631.250 is hereby amended to read as follows:

12 631.250 1. The board [is empowered to] may issue a specialty
13 license authorizing a licensed dentist to announce, hold himself out and
14 practice as a specialist in a special area of dentistry for which there is
15 a certifying specialty board approved by the Council on Dental Educa-
16 tion of the American Dental Association.

17 2. No licensee [shall] may announce or hold himself out to the pub-
18 lic as a specialist or practice as a specialist unless he has successfully
19 completed the educational requirements currently specified for qualifica-
20 tion in [such] the special area by the certifying specialty board.

21 3. A licensed dentist who has successfully completed [such] those
22 educational requirements, has passed the general dentistry examination
23 and has been issued a specialty license under this section may commence
24 specialty practice immediately in [such] the special area without:

25 (a) Examination by the certifying specialty board.

26 (b) Certification as a diplomate of the certifying specialty board.

27 4. A dentist to whom a specialty license has been issued [shall]
28 must limit his practice to the specialty.

29 SEC. 13. NRS 631.290 is hereby amended to read as follows:

30 631.290 Any person is eligible to take an examination for a license
31 to practice dental hygiene in [the State of Nevada] this state who:

32 1. Is of good moral character;

33 2. Is over 18 years of age;

34 3. Is a citizen of the United States or is lawfully entitled to remain
35 and work in the United States; and

36 4. Is a [high school graduate; and

37 5. Has successfully completed:

38 (a) Training in an accredited school of dental hygiene; or

39 (b) A training program conducted by a branch of the Armed Forces
40 of the United States approved by the Council on Dental Education of
41 the American Dental Association.] graduate of an accredited school of
42 dental hygiene.

43 SEC. 14. NRS 631.310 is hereby amended to read as follows:

44 631.310 1. The holder of a license or current renewal certificate to
45 practice dental hygiene [shall have the right to] may be employed to
46 practice dental hygiene in this state in the following places: [only:]

47 (a) In the office of any licensed dentist.

48 (b) In a clinic or in clinics in the public schools of this state as an
49 employee of the health division of the department of human resources.

1 (c) In a clinic or in clinics in a state institution as an employee of the
2 institution.

3 (d) In a clinic established by a hospital approved by the board as an
4 employee of the hospital where service is rendered only to patients of
5 [such] the hospital, and under the direct supervision of a member of the
6 dental staff.

7 (e) In an accredited school of dental hygiene.

8 (f) In other places if specified in a regulation adopted by the board.

9 2. A dental hygienist in private practice [shall] may practice only
10 under the supervision of a dentist licensed in the State of Nevada [.] ,
11 unless otherwise provided in a regulation adopted by the board.

12 SEC. 15. NRS 631.313 is hereby amended to read as follows:

13 631.313 1. A licensed dentist may assign to a person in his employ
14 who is a dental hygienist or dental assistant such intraoral tasks as may
15 be permitted by [a rule or regulation adopted by] regulation of the
16 board.

17 2. The performance of [any such task shall] these tasks must be
18 under the supervision of the licensed dentist who made the assignment.

19 3. No such assignment [shall be] is permitted that requires:

20 (a) Diagnosis, treatment planning, prescribing of drugs or medica-
21 ments, or authorizing the use of restorative, prosthodontic or orthodontic
22 appliances.

23 (b) Surgery on hard or soft tissues within the oral cavity or any other
24 intraoral procedure that may contribute to or result in an irremediable
25 alteration of the oral anatomy.

26 (c) Administration of general anesthetics other than by [a registered
27 nurse licensed to practice professional nursing pursuant to the provisions
28 of chapter 632 of NRS and employed by the licensed dentist.] an
29 anesthetist or anesthesiologist licensed in this state.

30 SEC. 16. NRS 631.330 is hereby amended to read as follows:

31 631.330 1. [License renewal shall be biennial.] Licenses must be
32 renewed annually. Each holder of a license to practice dentistry or
33 dental hygiene [shall,] must, upon payment of the fee provided [.] in
34 NRS 631.210, be granted a renewal certificate which will authorize con-
35 tinuation of [such] the practice for [the biennial] a 1-year period.

36 2. The [biennial renewal license fee shall] annual renewal fee must
37 be paid on or before June 30. Failure to pay [such] the fee to the board
38 by June 30 of each year [shall automatically suspend] automatically sus-
39 pends the license and [the same shall] it may be reinstated only upon
40 payment of the reinstatement fee [as provided] specified in NRS 631.210
41 in addition to the [biennial license] annual fee due thereon.

42 SEC. 17. NRS 631.340 is hereby amended to read as follows:

43 631.340 1. Any person who has obtained from the board a license
44 certificate to practice dental hygiene or dentistry or any special branch
45 of dentistry in [the State of Nevada, and who shall fail] this state, and
46 who fails to obtain a renewal certificate, [shall,] must, before resuming
47 the practice in which he was licensed, make application to the secretary
48 of the board, under such rules as the board may prescribe, for the resto-
49 ration of [such] the license to practice.

1 2. Upon [such] application being made, the secretary shall deter-
2 mine whether [such] the applicant possesses the qualifications prescribed
3 for the granting of a license to practice in his particular profession, and
4 whether the applicant continues to possess a good moral character and
5 is not otherwise disqualified to practice in [the State of Nevada.] *this*
6 *state*. If the secretary so determines, he shall thereupon issue [such] the
7 license, and thereafter [such person shall have the right to make applica-
8 tion biennially] *the person may make application annually* for a renewal
9 certificate, as provided in this chapter.

10 SEC. 18. NRS 631.350 is hereby amended to read as follows:

11 631.350 The board may refuse to issue a license to any person, or
12 may revoke or suspend the license or renewal certificate issued by it, of
13 any person, *or may fine a person it has licensed*, upon proof satisfactory
14 to the board that [such] the person has:

15 1. Engaged in the illegal practice of dentistry or dental hygiene; or

16 2. [Been guilty of] Engaged in unprofessional conduct. [as defined
17 in this chapter.]

18 SEC. 19. NRS 631.400 is hereby amended to read as follows:

19 631.400 1. Any person who [shall engage] *engages* in the illegal
20 practice of dentistry in this state, [as defined in this chapter,] or who
21 practices or offers to practice dental hygiene in this state without a
22 certificate, or who, having [such] a certificate, practices dental hygiene
23 in a manner or place not permitted by the provisions of this chapter [,
24 shall be] :

25 (a) *Is guilty of a gross misdemeanor.*

26 (b) *Is liable for any costs incurred in the investigation and during the*
27 *hearing, if ordered by the board. The board may assign that person*
28 *specific duties as a condition of renewing his license.*

29 2. Whenever any person has engaged or is about to engage in any
30 acts or practices which constitute or will constitute an offense against this
31 chapter, the district court of any county, on application of the board, may
32 issue an injunction or other appropriate order restraining [such] the
33 conduct. Proceedings under this subsection [shall be] *are* governed by
34 Rule 65 of the Nevada Rules of Civil Procedure, except that no bond or
35 undertaking [shall be] *is* required in any action commenced by the board.

36 SEC. 20. NRS 631.010 and 631.140 are hereby repealed.

37 SEC. 21. The governor shall appoint two persons qualified under
38 paragraph (b) of subsection 1 of NRS 631.130 to the board of dental
39 examiners of Nevada as follows:

40 1. One member to a term ending October 30, 1983.

41 2. One member to a term ending October 30, 1984.

⊙

(REPRINTED WITH ADOPTED AMENDMENTS)

SECOND REPRINT

S. B. 542

SENATE BILL NO. 542—COMMITTEE ON
COMMERCE AND LABOR

APRIL 14, 1981

Referred to Committee on Commerce and Labor

SUMMARY—Provides for investigations of certain crimes by commissioner of insurance. (BDR 57-1324)

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; authorizing the commissioner of insurance to investigate certain crimes relating to insurance; providing for assessments of insurers to support the investigations; providing for the exchange of information among certain agencies and insurers investigating fires; designating the commissioner's investigators as peace officers; permitting an authorized insurer to reinsure all its risks in certain circumstances; and providing other matters properly relating thereto.

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

- 1 SECTION 1. Chapter 679B of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 7, inclusive, of this act.
3 SEC. 2. *The commissioner may:*
4 1. *Investigate any alleged act or practice which violates a provision*
5 *of chapters 683A or 686A of NRS or which has the effect of defrauding*
6 *or attempting to defraud an insurer.*
7 2. *In the course of an investigation which he conducts pursuant to*
8 *this section, personally or by a designated employee of the division,*
9 *administer oaths, subpoena witnesses and compel their attendance and*
10 *testimony and require the production of papers, books, records and*
11 *other evidence which he deems to be relevant to the investigation.*
12 3. *Travel or direct his employees to travel outside the state to*
13 *carry on his investigation, or designate officials of the jurisdiction in*
14 *which information necessary to the investigation is located to inquire*
15 *into the matter on his behalf.*
16 4. *Carry out requests from officials of other jurisdictions for aid in*
17 *inquiring into insurance matters which are under investigation by those*
18 *officials.*

1 5. Designate employees of the division to serve as investigators and
2 carry out the commissioner's powers under this section.

3 6. Adopt regulations for the administration of this section and sec-
4 tions 3 to 7, inclusive, of this act.

5 SEC. 3. 1. Any insurer or representative of an insurer who has
6 reason to believe that a fraudulent claim has been made or is about to be
7 made, including a claim resulting from arson, shall, within 60 days after
8 receiving the claim or information concerning a claim which is about to
9 be made, file with the commissioner on a form prescribed by the com-
10 missioner any available information about the claim which is required by
11 the commissioner.

12 2. The commissioner shall review each such report and take any
13 action necessary to determine whether there is probable cause to believe
14 that the claim is fraudulent and that further investigation is warranted.

15 3. If the commissioner finds that there is probable cause, he shall
16 investigate the claim to determine whether the facts surrounding the
17 alleged fraudulent claim indicate that a fraud, deceit or intentional mis-
18 representation of a material fact exists.

19 SEC. 4. 1. Papers, books, records and other information relating to
20 an investigation of insurance fraud which is being conducted by the com-
21 missioner is confidential until the commissioner determines that to reveal
22 such information would not compromise an investigation which he is con-
23 ducting or cause unwarranted injury to the person who is the subject of
24 the investigation.

25 2. Confidential information which is in the hands of the commissioner
26 is not subject to subpoena by any court or other public body unless:

27 (a) The commissioner consents to the production of the information in
28 response to the subpoena; or

29 (b) A court which has issued the subpoena or has received a petition
30 to enforce it finds that production of the information will not unneces-
31 sarily hinder an investigation which is being conducted by the commis-
32 sioner.

33 SEC. 5. 1. Each sheriff, chief of police or other head of a law
34 enforcement agency who has in his custody any papers, books, records
35 and other information relating to an investigation of insurance fraud being
36 conducted by the commissioner shall, upon the commissioner's request,
37 furnish him that information, and shall assist and cooperate with the com-
38 missioner and his investigators.

39 2. The commissioner shall, subject to the provisions of section 4 of
40 this act, furnish any papers, books, records and other information, includ-
41 ing complaints and reports of such investigations, to any sheriff, chief of
42 police or head or officer of a law enforcement agency of this state who
43 requests that information, and shall assist and cooperate with all law
44 enforcement agencies.

45 SEC. 6. 1. The commissioner shall set an annual fee, not to exceed
46 \$500, in order to meet the annual expenses incurred in the administering
47 and conducting of investigations pursuant to sections 2 to 7, inclusive, of
48 this act and assess this fee to each authorized insurer.

49 2. The commissioner shall deposit the proceeds of this fee in the
50 state treasury for credit to the commissioner's investigative fund, which is

1 hereby created as a special revenue fund. The commissioner may author-
2 ize the expenditure of the money in that fund only to pay the expenses
3 incurred pursuant to sections 2 to 7, inclusive, of this act.

4 3. Payments from that fund must be made as other claims against
5 the state are paid.

6 SEC. 7. No insurer, employee or representative of an insurer, law
7 enforcement officer, law enforcement agency or employee of a law
8 enforcement agency or employee of the insurance division, or the com-
9 missioner, is subject to any liability in a civil action or penalty in a crim-
10 inal proceeding solely because he filed a report or released information
11 pursuant to sections 2 to 6, inclusive, of this act.

12 SEC. 8. Chapter 686A of NRS is hereby amended by adding thereto
13 the provisions set forth as sections 9 to 12, inclusive, of this act.

14 SEC. 9. As used in sections 9 to 12, inclusive, of this act, unless the
15 context otherwise requires, "agency" means the:

16 1. State fire marshal when he is authorized or required to investigate
17 fires in the jurisdiction in which the fire took place;

18 2. District attorney of the county in which the fire took place;

19 3. Chief of the fire department in whose jurisdiction the fire took
20 place;

21 4. Commissioner of insurance;

22 5. Federal Bureau of Investigation, the United States Attorney for
23 the District of Nevada and any other federal agency when the fire is
24 within the jurisdiction of the agency to investigate;

25 6. Sheriff of the county in which the fire took place; and

26 7. Chief of police of the municipality in which the fire took place.

27 SEC. 10. 1. An agency may require an insurer to provide any infor-
28 mation relating to a fire which the agency has the jurisdiction to investi-
29 gate.

30 2. An agency shall make a written request to the insurer for the
31 information.

32 3. Information required by an agency may include, without limita-
33 tion:

34 (a) Pertinent information about the policy which covered the property
35 which was damaged or destroyed, including applications;

36 (b) Records of payments of premiums, if the records are available to
37 the insurer;

38 (c) Information relating to previous claims made by the insured; and

39 (d) Information relating to the investigation of the loss, including state-
40 ments of any person, material submitted as proof of loss and other evi-
41 dence.

42 SEC. 11. If an insurer has reason to believe that a fire which has
43 caused a loss in which it has an interest may have been attributable to a
44 cause other than accident or natural occurrence, it shall notify an agency
45 in writing of its reasons for believing the cause of the fire to be other than
46 accidental or natural, and provide the agency with any information which
47 it has obtained in the course of its investigation.

48 SEC. 12. 1. An insurer which provides information to an agency pur-
49 suant to section 10 or 11 of this act:

1 (a) Is entitled to receive, upon completion of the investigation or prose-
2 cution, whichever occurs later, any relevant information relating to the
3 loss which the agency has in its possession; and

4 (b) Shall hold the information which it has received in confidence, and
5 not release it except to another agency, except when the information is to
6 be used in a criminal prosecution or a civil action.

7 2. An agency which receives information from another agency or an
8 insurer shall:

9 (a) Hold the information which it has received in confidence, and not
10 release it except to another agency or to an insurer pursuant to paragraph

11 (a) of subsection 1;

12 (b) Provide an insurer which requests information relating to a fire
13 which has resulted in a loss with that information upon completion of the
14 investigation or prosecution, whichever occurs later;

15 (c) Provide evidence and the testimony of its personnel, if necessary, in
16 any litigation in which an insurer is named as a party if it has provided
17 information to the insurer or received information from the insured.

18 3. An agency or insurer, and any officer, agent or employee of an
19 agency or insurer, which provides information pursuant to sections 10 or
20 11 of this act or this section is immune from any liability in a civil action
21 for damages resulting from the release of the information.

22 SEC. 13. NRS 680A.200 is hereby amended to read as follows:

23 680A.200 1. The commissioner may [, in his discretion,] refuse to
24 continue or may suspend, limit or revoke an insurer's certificate of author-
25 ity if he finds after a hearing thereon, or upon waiver of hearing by the
26 insurer, that the insurer has:

27 (a) Violated or failed to comply with any lawful order of the commis-
28 sioner; or

29 (b) Willfully violated or willfully failed to comply with any lawful reg-
30 ulation of the commissioner; or

31 (c) Violated any provision of this code other than those for violation
32 of which suspension or revocation is mandatory.

33 In lieu of such suspension or revocation, the commissioner may [, in
34 his discretion,] levy upon the insurer, and the insurer shall pay forthwith,
35 an administrative fine of not more than \$2,000.

36 2. The commissioner shall suspend or revoke an insurer's certificate
37 of authority on any of the following grounds, if he finds after a hearing
38 thereon that the insurer:

39 (a) Is in unsound condition, or is being fraudulently conducted, or is
40 in such condition or using such methods and practices in the conduct of
41 its business as to render its further transaction of insurance in this state
42 currently or prospectively hazardous or injurious to policyholders or to
43 the public.

44 (b) With such frequency as to indicate its general business practice in
45 this state:

46 (1) Has without just cause failed to pay, or delayed payment of,
47 claims arising under its policies, whether the claim is in favor of an
48 insured or is in favor of a third person with respect to the liability of an
49 insured to such third person; or

50 (2) Without just cause compels insureds or claimants to accept less

1 than the amount due them or to employ attorneys or to bring suit against
2 the insurer or such an insured to secure full payment or settlement of
3 such claims.

4 (c) Refuses to be examined, or if its directors, officers, employees or
5 representatives refuse to submit to examination relative to its affairs, or to
6 produce its books, papers, records, contracts, correspondence or other
7 documents for examination by the commissioner when required, or refuse
8 to perform any legal obligation relative to the examination.

9 (d) Has reinsured all its risks in their entirety in another insurer [.] ,
10 *except as permitted in NRS 681A.110.*

11 (e) Has failed to pay any final judgment rendered against it in this
12 state upon any policy, bond, recognizance or undertaking as issued or
13 guaranteed by it, within 30 days after the judgment became final or within
14 30 days after dismissal of an appeal before final determination, whichever
15 date is the later.

16 3. The commissioner may, [in his discretion and] without advance
17 notice or a hearing thereon, immediately suspend the certificate of author-
18 ity of any insurer as to which proceedings for receivership, conserva-
19 torship, rehabilitation or other delinquency proceedings have been
20 commenced in any state by the public insurance supervisory officer of
21 such state.

22 SEC. 14. NRS 681A.110 is hereby amended to read as follows:

23 681A.110 1. An insurer may reinsure all or any part of an individ-
24 ual risk or of a particular class of risks in any other insurer, *or all of its*
25 *risks in an authorized insurer*, or accept such reinsurance from any other
26 insurer [;] , but no domestic insurer [shall] *may* so reinsure with an
27 unauthorized insurer unless the unauthorized insurer accepting the rein-
28 surance is authorized to transact insurance in another state conforming to
29 the same standards of solvency as would be required of such insurer if, at
30 the time [such] *the* reinsurance is effected, it was so authorized in this
31 state, or unless, in the case of a group of individual, unincorporated alien
32 insurers, it has assets held in trust for the benefit of its United States
33 policyholders in a sum not less than \$50,000,000, and is authorized to
34 transact insurance in at least one state, or unless with the commissioner's
35 approval in advance. With the commissioner's approval, a domestic
36 insurer may reinsure all or substantially all of its risks in any other insurer,
37 or similarly reinsure the risks of any other insurer, as provided in NRS
38 693A.370 (bulk reinsurance).

39 2. No credit [shall] *may* be taken for the reserve or unearned pre-
40 mium liability on account of any such reinsurance unless the insurer
41 accepting the reinsurance is authorized to transact insurance in this state
42 or in another state conforming to the same standards of solvency as
43 would be required of [such] *that* insurer if, at the time such reinsurance
44 is effected, it was so authorized in this state, or unless, in the case of a
45 group of individual, unincorporated alien insurers, it has assets held in
46 trust for the benefit of its United States policyholders in a sum not less
47 than \$50,000,000, and is authorized to transact insurance in at least one
48 state.

49 3. Credit [shall] *must* be allowed as an asset or as a deduction from
50 liability, to any ceding insurer for reinsurance lawfully ceded to an

1 assuming insurer qualified therefor under subsection 2 [;], but no such
2 credit [shall] may be allowed in any case unless the reinsurance is pay-
3 able by the assuming insurer on the basis of the liability of the ceding
4 insurer under the contracts reinsured without diminution because of the
5 insolvency of the ceding insurer.

6 4. Upon request of the commissioner an insurer shall promptly
7 inform the commissioner in writing of the cancellation or any other mater-
8 rial change of any of its reinsurance treaties or arrangements.

9 5. This section does not apply to wet marine and transportation
10 insurance.

11 SEC. 15. NRS 169.125 is hereby amended to read as follows:

12 169.125 "Peace officer" includes:

13 1. The bailiff of the supreme court and bailiffs of the district courts,
14 justices' courts and municipal courts;

15 2. Sheriffs of counties and of metropolitan police departments and
16 their deputies;

17 3. Constables and their deputies when carrying out their official
18 duties [.] ;

19 4. Personnel of the Nevada highway patrol when exercising the
20 police powers specified in NRS 481.150 and 481.180;

21 5. The inspector or field agents of the motor carrier division of the
22 department of motor vehicles when exercising the police powers specified
23 in NRS 481.049;

24 6. Members of and all inspectors employed by the public service
25 commission of Nevada when exercising those enforcement powers con-
26 ferred by chapters 704 to 706, inclusive, of NRS;

27 7. Marshals and policemen of cities and towns;

28 8. Parole and probation officers;

29 9. Special investigators employed by the office of any district attor-
30 ney or the attorney general;

31 10. Arson investigators for fire departments specially designated by
32 the appointing authority;

33 11. Members of the University of Nevada System police department;

34 12. The state fire marshal and his assistant and deputies;

35 13. The brand inspectors of the state department of agriculture when
36 exercising the enforcement powers conferred in chapter 565 of NRS;

37 14. Arson investigators for the state forester firewarden specially
38 designated by the appointing authority;

39 15. The deputy director, superintendents, correctional officers and
40 other employees of the department of prisons when carrying out any
41 duties prescribed by the director of the department of prisons;

42 16. Division of state parks employees designated by the administrator
43 of the division of state parks in the state department of conservation and
44 natural resources when exercising police powers specified in NRS
45 407.065;

46 17. Security officers employed by the board of trustees of any school
47 district;

48 18. The executive, supervisory and investigative personnel of the
49 Nevada gaming commission and the state gaming control board when
50 exercising the enforcement powers specified in NRS 463.140 or when

- 1 investigating a violation of a provision of chapter 205 of NRS in the
2 form of a crime against the property of a gaming licensee;
- 3 19. The director, division chiefs, investigators, agents and other
4 sworn personnel of the department of law enforcement assistance;
- 5 20. Field dealer inspectors of the vehicle compliance and enforce-
6 ment section of the registration division of the department of motor
7 vehicles when exercising the police powers specified in NRS 481.048;
- 8 21. Vehicle emission control officers of the vehicle emission control
9 section of the registration division of the department of motor vehicles
10 when exercising the police powers specified in NRS 481.0481;
- 11 22. The personnel of the Nevada department of wildlife when
12 exercising those enforcement powers conferred by Title 45 and chapter
13 488 of NRS;
- 14 23. Security officers of the legislature of the State of Nevada when
15 carrying out duties prescribed by the legislative commission;
- 16 24. Group supervisors of the Nevada girls training center and the
17 Nevada youth training center when carrying out any duties prescribed by
18 the superintendents of their respective institutions;
- 19 25. Security officers employed by a city or county when carrying out
20 duties prescribed by ordinance; [and]
- 21 26. Security officers of the buildings and grounds division of the
22 department of general services when carrying out duties prescribed by
23 the director of the department of general services [.] ; and
- 24 27. *Investigators employed by the commissioner of insurance when*
25 *carrying out duties pursuant to sections 2 to 7, inclusive, of this act.*

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Wed 5/6 - SB-534
minutes

TO Senate, Committee on Commerce and Labor

Memo

FROM Patsy Redmond, Acting Insurance Commissioner
Nevada Insurance Division

DATE 5-6-81

SUBJECT SB 534

Lines 22 and 23 of Section 1 of 683A.180 should remain as it is presently stated in the law.

Lines 25-43 pertaining to 683A.260 should be changed to read:

1. The Commissioner may issue a limited agent's license to applicants, an applicant qualified therefore under this chapter and representing public carriers, who in the course of such representation soliciter or self his representation solicits or sells insurance incidentally to the transportation of persons or to the storage or transportation of property. , and limited to insurance so transacted. No person so licensed shall hold concurrently another license under this chapter.
2. The fee for a limited license is specified in NRS 680B.101 (fee schedule.)
2. The Commissioner may issue a limited license to applicants qualified under this chapter and where insurance activities are limited to the solicitation and sale of credit life, credit health, credit property and casualty.
3. The Commissioner may issue a limited license to applicants qualified under this chapter and where solicitation and sale is limited to fixed annuities.
4. The Commissioner may require, by regulation, an appropriate examination for the applicant of a limited license.
5. A person to whom a license is issued pursuant to this chapter may not concurrently hold another license authorized by this chapter.