# NEVADA LEGISLATURE
# JOINT INTERIM STANDING COMMITTEE ON COMMERCE AND LABOR

**(Section 6 of Assembly Bill 443, Chapter 392, *Statutes of Nevada 2021*, at page 2505)**

**MINUTES**

**May 3, 2022**

The fourth meeting of the Joint Interim Standing Committee on Commerce and Labor for the 2021–2022 Interim was held on Tuesday, May 3, 2022, at 9 a.m. in Room 4401, Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. The meeting was videoconferenced to Room 4100, Legislative Building, 401 South Carson Street, Carson City, Nevada.

The agenda, minutes, meeting materials, and audio or video recording of the meeting are available on the Committee's meeting page. The audio or video recording may also be found at https://www.leg.state.nv.us/Video/. Copies of the audio or video record can be obtained through the Publications Office of the Legislative Counsel Bureau (LCB) (publications@lcb.state.nv.us or 775/684-6835).

## COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Assemblywoman Sandra Jauregui, Chair
Senator Patricia (Pat) Spearman, Vice Chair
Senator Roberta Lange
Senator James A. Settelmeyer
Assemblywoman Beatrice (Bea) Duran
Assemblywoman Elaine Marzola

## COMMITTEE MEMBERS ATTENDING VIA REMOTELY:

Assemblywoman Melissa Hardy
Assemblywoman Heidi Kasama

**LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:**

Marjorie Paslov Thomas, Senior Principal Policy Analyst, Research Division
Cesar Melgarejo, Senior Policy Analyst, Research Division
Crystal Rowe, Research Policy Assistant, Research Division
Bryan Fernley, Legislative Counsel, Legal Division
Jaimarie Mangoba, Principal Program Analyst, Fiscal Analysis Division

*Items taken out of sequence during the meeting have been placed in agenda order.*
[Indicate a summary of comments.]

## AGENDA ITEM I—OPENING REMARKS

***Chair Jauregui:***

Welcome everyone to the fourth meeting of the Joint Interim Standing Committee on Commerce and Labor.

[Chair Jauregui reviewed meeting protocol and information related to providing public comment.]

## AGENDA ITEM II—PUBLIC COMMENT

***Chair Jauregui:***

We will move to public comment and begin with those present here in Las Vegas. Is there anyone in Las Vegas wishing to give public comment? Seeing no one. We will go to Carson City. Is there anyone in Carson City wishing to give public comment?

Broadcast and Production Services (BPS), could we please check the telephone lines for anyone wishing to give public comment?

***BPS:***

Chair, the public line is open and working, but there are no callers at this time.

***Chair Jauregui:***

Committee members, and those who are listening in, I would like to remind you there will be another public comment period at the end of the meeting. You can also submit your public comment via email, mail, or fax.

## AGENDA ITEM III—APPROVAL OF THE MINUTES FOR THE MEETING ON APRIL 5, 2022

***Chair Jauregui:***

We can now move on to Agenda Item III, which is approval of the minutes for the meeting on April 5, 2022. Are there any questions regarding the meeting minutes? I would entertain a motion to approve the minutes of the committee meeting on April 5, 2022.

> VICE CHAIR SPEARMAN MOVED TO APPROVE THE MINUTES OF THE APRIL 5, 2022, MEETING.
>
> THE MOTION WAS SECONDED BY SENATOR SETTELMEYER.
>
> THE MOTION PASSED UNANIMOUSLY.

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## AGENDA ITEM IV—OVERVIEW OF THE DIVISION OF INSURANCE OF THE DEPARTMENT OF BUSINESS AND INDUSTRY, THE REGULATION OF INSURANCE, AND CURRENT ISSUES AND TRENDS AFFECTING INSURANCE IN NEVADA

***Chair Jauregui:***

We can move on to Agenda Item IV. Our agenda today focuses on topics related to insurance. At our first interim meeting, it was noted, the Legislature provides the regulatory framework in which the Division of Insurance (DOI), Department of Business and Industry (B&I), operates by establishing laws that grant the specific regulatory authority and approves operating budgets. The insurance market in Nevada is divided into four segments: (1) health insurance; (2) property and casualty insurance; (3) life insurance and annuities, including accident and limited health products; and (4) title insurance. Over 15 measures relating to health insurance and other forms of insurance were passed by the 2021 Legislature.

First, we will hear from the DOI, which serves many critical roles in our state, including licensing insurance companies and agents, regulating policies and rates, and serving consumers through education and complaint resolution. We have Commissioner Richardson with us to present. Commissioner Richardson, when you are ready, please begin.

***Barbara Richardson, Commissioner of Insurance, DOI, B&I:***

Good morning, Chair Jauregui, Vice Chair Spearman, and members of the Committee. I was asked by the Chair to spend some time discussing the role of the Nevada DOI, the types of products and industries we regulate, the status of Division regulations, issues we expect to address in our 2023 bill draft requests (BDR), and other general issues the Legislature may want to be aware of (Agenda Item IV).

The insurance industry is the second largest financial sector in the United States. This accounts for roughly 37 percent of the gross domestic product produced by financial institutions. While financial industries—such as banking and securities—are primarily regulated by the federal government, the insurance industry has always been predominantly regulated by the states. Insurance risks and hazards often vary between states from natural exposures, such as weather and earthquakes, to unique industries such as Nevada's mining and gaming. The federal government has maintained its localized understanding of the insurance industry and believes that those risks, for localization of the risk themselves, makes the states the best suited to regulate the industry.

The Nevada DOI is responsible for the regulation of insurance sold in Nevada. We are first and foremost a consumer protection agency. Our primary focuses are twofold: (1) the solvency of carriers doing business in Nevada, to ensure the company is able to make good on the promises they have made to the consumers; and (2) market regulation, which is to provide an adequate competitive marketplace for Nevada consumers. This includes making sure policyholders and claimants are treated fairly.

The premiums written by insurers doing business in Nevada are approximately $20 billion per year. These have grown by 77 percent in the past ten years. We have roughly 1,600 traditional insurers and 161 captive insurers authorized and regulated by the Division to engage the business of insurance in Nevada. The number of insurance producers licensed in Nevada has also grown by approximately 30 percent in the past year to over 220,000. This number includes over 25,000 Nevada resident producers.

We have seen a huge spike following the Coronavirus Disease of 2019 (COVID-19). This dramatic increase, we believe, has been since the beginning of March 2020 and is the effect of COVID-19 on the economy itself.

In general, insurance premium taxes are the fourth largest source of revenue to the State General Fund. They account for 10.5 percent of the State General Fund’s annual revenue. The insurance premiums have grown from $234 million in 2010, to over $452 million in 2020. The largest sector of Nevada's insurance written premium is health insurance, which had $7.7 billion of written premiums in 2020. This is followed by property and casualty at $6.4 billion of written premiums, and a little over one-half of the property and casualty written premiums come from automobile insurance.

The four primary providers of health premium taxes to the state include: (1) Medicaid managed care; (2) small group; (3) individual; and (4) large group insurance. The DOI regulates the forms and approves the rates for individual and small group insurance, which accounts for roughly 7 percent of Nevada's covered health care. The essential health benefits that are mandated under the Patient Protection and Affordable Care Act (H.R.3590 of the 111th Congress) only apply to individual and small group health insurance markets. The large group market, which accounts for roughly 10 percent of Nevada's health coverage, is not subject to any kind of rate filing or policy approval by the DOI.

The largest sector providing health care coverage in Nevada is self-funded plans, which cover approximately 32 percent of Nevadans. These plans are created under the federal Employment Retirement Income Security Act of 1974 (H.R.2 of the 93rd Congress) (ERISA) and are regulated by the United States Department of Labor. These self-funded plans are not subject to the Nevada premium taxes and health insurance coverage and benefits that are mandated under *Nevada Revised Statutes* (NRS). They also do not apply to the self-funded plans, other than employees covered by Nevada’s Public Employees’ Benefits Program (PEBP) or other Nevada government agencies who have those types of government self-funded plans.

The Division currently has 65 active full-time employees with offices in Carson City and Las Vegas. The Division, like many other the state agencies, has been affected by the employee migration and we are currently understaffed. As a consumer protection agency, our Consumer Services Section staff historically receive 11,000 to 13,000 consumer inquiries and handle roughly 3,000 consumer complaints every year. Over the past seven years, the Division’s eight-person Consumer Services Section has helped consumers recover over $40 million in payments or refunds related to consumer complaints.

The Division regulates the industry under the 59 chapters contained in Title 57 of NRS and the four industrial insurance chapters, along with the corresponding chapters of the *Nevada Administrative Code*.

In addition to the traditional insurance products that we regulate—such as home, auto, commercial, and life—the Division also regulates title insurance companies and their agents, which insures the titles of properties that are purchased. We also regulate risk retention groups (RRG), which are groups that are formed to insure liability risks of the owners of these RRGs. For example, this would be a group of doctors who created an RRG to protect their risks from being sued for malpractice. The Division also regulates travel and portable electronic insurance. Some additional products the Division licenses and regulates are service contracts, which encompass products like home and auto service contracts, extended warranties in appliances, prepaid funeral and cemetery contracts, motor club contracts, annuities, and sureties. The Division also regulates viatical settlements, which is when a life insurance policy is sold from a policy holder to investors. The Division also oversees the bail industry, which includes licensing and regulating bail agents and agencies, along with bail enforcement agents.

The DOI is part of a state regulatory system integrated in the National Association of Insurance Commissioners (NAIC). The NAIC is the national association governed by the insurance commissioners from the 50 states, the District of Columbia, and the five U.S. Territories. Most insurance carriers licensed to conduct business in our state are domiciled in other states. The majority of the insurance companies' transactions are in multiple states or multiple countries, and many of the insurance carriers, who offer products in Nevada, are national or international companies. Through the NAIC, the commissioners work together to create a regulatory framework that provides increase uniformity—especially when we are talking about solvency controls, information sharing, and information technology support to help create more efficient markets and better consumer advocacy opportunities.

In 1999, the United States passed the Gramm-Leach-Bliley Act (S.900 of the 106th Congress), also known as the "Financial Modernization Act," which established a framework to permit affiliations among banks, security firms, and insurance companies. This bill continued the state's rights to regulate insurance, but also called for state regulation reforms to allow insurance companies to compete more efficiently to increase uniformity of legislation, licensing, and simplicity in access to marketplace.

One of the important NAIC activities is the drafting and adoption of model laws and regulations, which are created by and voted on by the insurance regulators and commissioners through a transparent collaborative process. The model laws are developed; industry and consumers are given the opportunity to provide input on the impact of the proposals. These model laws can take up to two years to go through the process of adoption, as they continue to ask for consumer and industry input as each stage of edits and amendments are made to them. These approved model laws are recommended for each state to enact by their state legislatures or under the DOI regulations. Model legislation helps provide carriers with improved uniformity of regulation to create efficiencies mandated by the Gramm-Leach-Bliley Act and to strengthen consumer protections.

There are also other organizations that create these types of model laws for insurance, including the National Council of Insurance Legislators (NCOIL) or the National Conference of State Legislators (NCSL). The NAIC always reviews the models developed by these other organizations to look for ways to incorporate them into the models it is working on as well.

Much of the Title 57 statutes, along with the applicable chapters of the NAC, contain language developed throughout the years by the NAIC model language development process. The Nevada Legislature plays an important public policy role in the regulation of insurance, including proposing, debating, and amending insurance-related bills each session. Legislation provides the regulatory framework in which the Department operates, by establishing laws that grant the specific regulatory authority and the approval of our operating budgets. They are also very helpful in making appropriate changes where the state itself has a potential issue—for example, in our state, gaming—where we want to make sure that either there is a carve out necessary or that there are additional protections put in place.

Insurance is a heavily regulated industry because of its potential risk and impact to consumers and businesses. State regulators perform quarterly and annual financial analysis on all licensed insurance companies each year, and they perform in-depth financial examinations of companies, no less than once every five years, to ascertain whether the carrier is in sound financial condition. Regulators from the state where the insurance company is domiciled in are responsible for conducting these analysis and examinations. The results of the analysis and exams are shared and relied upon by the other members of the NAIC with information through NAIC-shared databases. The efficiency of the shared system of oversight has provided much greater cost controls to the carriers, which ultimately provides lower rates to the consumers while still maintaining solvency protections.

Based upon the multiple insurance company insolvencies that occurred in the late 1980s and early 1990s, the NAIC formed a special committee in 1988 to address inconsistencies with the states' financial solvency practices for insurance companies. In June 1989, the NAIC adopted the financial regulation standards, which established a baseline for an effective regulatory system in each state and subsequently became known as the accreditation standards. Under the accreditation program, each state's insurance department is reviewed by an independent review team that assesses the department's clients with these accreditation standards. To provide for uniformity and training, proficiency, and standards among the state examiners, all NAIC state insurance regulators are subject to an accreditation process every five years. The NAIC performs a comprehensive audit and review to ensure the departments have adequate statutory and administrative authority to regulate insurers' corporate and financial affairs as well as properly trained and effective staff and resources to carry out that authority. Nevada successfully completed its most recent accreditation review in 2017 and will undergo our next review in October of this year.

In addition to the examination process, the NAIC accreditation standards provide the impetus for the states to adopt, in a consistent manner, those NAIC model laws, regulations, and requirements that make up the U.S. Insurance Financial Solvency Framework. The standardization of these laws allows regulators from multi states to rely on accepted examination reports prepared by other accredited state departments of insurance. As an example, during the 2021 Session of the Nevada Legislature, the Division's omnibus bill, Assembly Bill 45, contained two accreditation-required updates to our statutes. This helped to align Nevada law with a covered agreement that was recently signed between the United States, the European Union, and Great Britain. These changes to our statutes impact the reserving requirements for reinsurance that is purchased from a reinsurer based in the European Union or Great Britain. The reason it came about was because Brexit caused this potential change in the way the United States dealt with the European Union versus the Great Britain issue.

In addition to the NAIC, Nevada is a member of the Interstate Insurance Product Regulation Commission Compact. This Compact enhances the efficiency and effectiveness of the way insurance products are filed, reviewed, and approved allowing consumers to have faster access to competitive insurance products. The Commission serves as a central point of electronic filing for certain insurance products. These include life insurance annuities, disability income, and long-term care insurance to develop uniform product standards. This affords a high level of protection to purchases of these products. The compact has 47 states signed on and over 100 adopted uniform standards. Nevada is the current chair of the Audit Committee for this particular Commission.

One of the roles of the Nevada DOI is promulgating regulations that support statutes approved by the Nevada Legislature. The Division currently has five regulations in process. Regulation 151-20 relates to stop-loss insurance, which is a reinsurance that self-funded health plans purchased to cap losses to an employer. Stop-loss insurance normally caps the dollar amount of losses, per covered participant, as well as the combined losses for all participants. The Division has been working with the industry and producers over the past several years to come up with revisions to NAC 689B.350 and 689C.250. We are hoping to provide the proper balance of making self-funded plans more available to smaller employers while providing necessary protections to employers, employee-covered participants, the fully insured, and small group markets. After two recent workshops, Regulation 151-20 was sent to the LCB for revisions in January 2022.

Regulation 152-20 is updating the annuity suitability model found in Chapter 688A of NAC. An annuity is a tax-deferred product that includes both investment insurance features and is primarily used by consumers to accumulate money. Annuities can also be annuitized. This is where the accumulated value in the annuity can be converted into guaranteed payments, such as specific dollar amounts until the money runs out; payments for a certain period, such as 10 or 20 years; or level payments for the lifetime of the beneficiary. This product has sometimes been subject to sales abuses to consumers, especially to the senior population. The Gramm Leach-Bliley Act includes the requirement that states update to the latest NAIC annuity suitability model to help ensure consumer protections. The latest version of the model includes the industry-supported standard of best interest, which is a term of [inaudible] in determining suitability of annuity sales. After numerous discussions with members of the industry, the most recent version of the proposed language was sent to the LCB in January 2022.

Regulation 153-20 relates to the business of bail and includes prohibiting certain acts by a person who does not hold an appropriate bail license. It clarifies that a bail licensee may not wear a uniform or badge, which suggests or implies the licensee is a peace officer or other member of law enforcement or government agency. It also updates the continuing education and advertising requirements. The most recent revisions of the language to the proposed regulation were sent to the LCB in October 2019.

Regulation 154-20 has been received by the Division and we are preparing to send out notice of the first workshop. This regulation is an updated NAIC model regulation based on what we call Model 787. Its purpose is to establish uniform national standards governing reserve financial arrangements pertaining to certain life insurance policies. The financial requirements pertain to insurance that seed liabilities to reinsure, and it applies to insurers that are domiciled in this state.

The proposed regulation listed as AB 250 (2021) is still in the process of the Division's internal review and has not yet been sent to the LCB for developing the initial agency proposed regulation. This regulation is intended to provide broad regulatory clarity for AB 250, which was sponsored by Chair Jauregui last session. The bill provides for the opportunity for seniors to have an open enrollment period each year to shop for a new Medicare supplement plan during the month of their birthday. The regulation we are working on is intended to provide clarity for insurers, producers, and consumers. The open enrollment shall apply to Nevada residents—even if they purchase their current plan in another state. Policy holders will not be able to reenroll with the same plan to go from a nonstandard to a standard rate and to clarify that the commission limitations for replacing Medicare supplements in NAC 687B.275 apply to replacements made during the birthday open enrollment period. We have been working very closely with the industry on this particular regulation, which is why we are still in the drafting phase.

Next, I will talk about the potential 2023 BDR topics. I am going to spend some time highlighting these proposed topics that will most likely be contained in the Division's 2023 BDRs.

One of our potential BDRs will be centered on the associations of self-insured employers, which are also known as self-insured groups (SIGs). The SIG statutes, which reside in Chapter 616B of NRS, were added to the NRS in 1993. The language has remained mainly unchanged since that time. Self-insured groups are associations of self-insured public or private employers, which include private companies or government agencies, to pool their workers' compensation risks for their employees. Self-insured groups have grown over the years as an alternative to commercial insurance for workers' compensation coverage in Nevada for small- and medium-sized employers. The statutory requirement for an employer to join a SIG is a tangible net worth of at least $500,000 or payroll during the previous 12 months that has resulted in at least $15,000 of the workers' compensation annual premiums. These minimum employer requirements have remained unchanged since they were added to the statutes in 1995. The reason we are focusing on this is because workers' compensation is very unique. Statutorily, injured workers who are permanently disabled are paid their lost wages during the lifetime of the injured worker. Adequately reserving for these—what we call long-tail claims—can create major challenges to provide sufficient assessments to cover both the claims throughout today and for those that will be paid long into the future.

The State of Nevada privatized workers' compensation coverage during the 2001 Session of the Nevada Legislature. Prior to that, the state provided coverage for injured workers through the State Industrial Insurance System (SIIS). In 1992, the state ordered an audit of SIIS by KPMG Peat Marwick. Due to the challenges of reserving for these long-tail claims, they concluded that SIIS had $2.2 billion of unfunded liabilities and without a large increase in premium rates to employers or major changes to the state law, the fund would be unable to pay claims in less than four years. Over the next several sessions, after that determination, the Nevada Legislature passed several bills to help shore up SIIS. After the 2001 Session, they moved the liabilities from the state to private insurers.

Under current NRS, SIGs are not financially regulated by the DOI the same way that private insurance companies are. For example, by statute, SIGs are not considered insolvent unless they cannot meet their current obligations, regardless of the amount of their unfunded liabilities for these long-term claims. They are only required to pay today's bills, but the liability for payments to an injured worker could last the rest of that worker's life. Traditional insurance companies are considered insolvent under subsection 2 of NRS 696B.110 if their assets do not at least equal the sum of their liabilities, including its paid-in, capital stock account and they maintain the minimum required surplus. It means they must have enough money to cover both short-term and long-term liabilities. In addition, insolvent worker compensation claims in the additional market are covered by the Nevada Insurance Guaranty Association. The Guaranty Association does not cover the claims of insolvent SIGs.

To provide some perspective on the current size of the seven active Nevada association of self-insured employers, the combined loss ratio—which represents the projected amount of liabilities that are owed to injured workers where both known and unknown incurred claims—currently exceeds $125 million, and their combined average annual cost of incurred claims exceeds $42 million.

Employers that join a SIG must execute an indemnity agreement, which jointly and independently binds each member to secure all compensation that is due by that SIG. In addition, under NRS 616B.443, this liability extends to claims against any one insolvent association license in Nevada, regardless of the SIG you belong to. This basically means if one SIG goes down, then all members of the other SIGs must pay the claims going forward. Because of the growth of the Nevada SIGs and the importance of SIG financial security to Nevada's injured workers and small- and medium-sized member businesses, SIG financial solvency and reporting requirements is a topic that may be included in the upcoming BDRs. If so, we look forward to an open dialogue with the Legislature and the SIGs about needed reforms.

We expect the DOI will also have an omnibus bill. We believe it will be the smallest in size than it has been in numerous sessions. We plan to propose language that corrects errors, clarifies statutory language that is unclear or creates unintended consequences and adds appropriate regulatory oversight of insurers and licensees to ensure Nevada's insurance consumers are properly protected.

Our proposed bill is expected to contain updates to one NAIC model law. Some topics the Division's omnibus bill may include are administrator licenses, which are found under Chapter 683A of NRS. The hope is to clarify that pharmacy benefit managers that manage formularies for Nevada health plans must be licensed as third-party administrators and require notice of changes to legal or fictitious names.

We are also looking to require applicants for a Nevada administrator license to provide a copy of their license from the state of domicile, as well as providing a copy of insurer or any of their insurer agreements.

We are considering clarifying the terms *associations* and *appointments*. The two terms seem to be used in the NRS chapters interchangeably, but they actually mean two different things. We want to help clarify that for the industry.

We are also looking at allowing requests for an extension of time regarding temporary licenses. This is to help those folks who find themselves with state issues after the death of a licensee or to help out service members who are serving military tours of duty. It allows them to request a continuation of their temporary license beyond the current 180-day limit.

We are looking at removing a potential loophole in the insurance statutes by limiting a health carrier's ability to remove a drug from the formulary, and then add it back at a higher tier during the same plan year.

We are considering an update to the NAIC annuity model law, currently in Nevada law, which will allow for the sale of continued deferred annuities. This is a type of annuity that is not designed to accumulate value, but guarantees lifetime income payments if an investment account is exhausted during the life of the annuitant. We are also considering updating the minimum allowed rate to determine the annuity nonforfeiture benefits.

Our potential topics may address items such as clarifying bail enforcement agents' authority and adding protective measures to insure bail enforcement agents, as well as consumer safety, making changes regarding confidentiality in NRS 679B.190. This would include the staff deliberation and documents and information that results in an informal action by the commissioner and the NRS 679B.190 confidential provisions related to captive insurers.

We are also looking at changing the filing date of captive insurer reports of financial condition to match the date of their other annual required filings to make it easier on the industry.

As part of our discussion here, Chair Jauregui asked that I spend a few minutes this morning discussing some of the other insurance issues the DOI and the NAIC may be currently working on. The bigger picture throughout the world, the insurance industry has seen increases in both the frequency and severity of catastrophic losses in recent years. According to Munich RE, catastrophic losses exceeded $210 billion in 2020, compared to $166 billion in 2019. Insured losses during that period totaled $82 billion compared to $57 billion in 2019. In some areas of the country, catastrophic losses have greatly impacted both the availability and the cost of insurance. The NAIC has formed a Climate and

Resiliency Task Force, of which I currently serve as the co-vice chair on the committee. A few of the topics the Task Force is valuing are:

- The potential solvency impact of insurers' exposures, including both underwriting and investments to climate-related risks;
- How to apply technology innovation to the mitigation of storms, wildfires, and other climate risks, as well as earthquakes;
- Insurance product innovation directed at reducing, managing, and mitigating climate risk and closing protection gaps;
- Identifying sustainability, resilience, mitigation issues, and solutions related to the insurance industry; and
- The role of state insurance regulators in resiliency.

The Joint Interim Standing Committee on Natural Resources (NRS 218E.320) has been addressing the issues of wildfire risk, which is the predominant catastrophic risk impacting the western states in recent years. The wildfires have certainly been knocking on our doors in northern Nevada for the past five years. Fortunately, thus far, our state has had limited property damage due to the impact of these wildfires. Unfortunately, the exposure to wildfires has started to impact both the cost and availability of property insurance to residents and businesses in the brush and forested areas.

Assembly Bill 100 (2021) was a bill related to wildfire risk. Section 9 of the bill authorized the commissioner of insurance to create a program for insurers to provide incentives to promote and encourage property owners to take measures to mitigate the risk of property loss or damage caused by wildfire. The DOI has been studying this issue and held a wildfire mitigation incentive discussion on December 15, 2021. The discussion included state foresters, including the state forester firewarden; the chief of the Lake Tahoe fire station; and members of the property casualty insurance industry, as well as Nevada insurance producers. The discussions centered around encouraging risk mitigation measures at the level of communities—as well as individual properties—and looking at potential insurance carrier incentives for more fire-resilient and fire-resistant home construction, defensible space, mitigation issues and efforts, and technologies that can assist with fire suppression, such as roof sprinkler systems and fire-retardant kits. The DOI is currently continuing to research and discuss the issues surrounding wildfire mitigation incentives and will be addressing this topic at the May 19, 2022, meeting of the Commissioner's Advisory Committee on Property and Casualty Insurance.

The last emerging issue I will briefly address this morning is the NAIC's Special (EX) Committee on Race and Insurance, which I serve on. Some of the issues this Special Committee is looking into include race, diversity, and inclusion in access to the insurance sector and insurance products, as well as practices within the insurance sector that potentially disadvantage people of color and/or historically underrepresented groups. The Committee will be looking at numerous issues regarding rates, accessibility, and outcomes. This will include the impact of traditional life insurance underwriting on traditionally underserved populations, considering the relationship between mortality risk and the disparate impact, disparities in the number of cancellations or recisions among minority policyholders, and the examination of the use of network adequacy and provider network measures such as provider diversity, language, and cultural competence to provide adequate and equitable access to cultural competent care. The Committee will also be developing analytical and regulatory tools to assist state insurance regulators in defining, identifying, and addressing unprepared discrimination in property casualty insurance, including issues related to rating and underwriting variables such as socioeconomic variables and criminal history. This also includes potential bias, underlying data, and the properties of third-party data. The use of credit scoring for developing rates for property and casualty insurance—which is allowed in Nevada statutes—will also be included in the committee's discussions on the NAIC level.

This concludes my prepared remarks, and I am happy to answer any questions.

***Chair Jauregui:***

Thank you, Commissioner. I am going to go to the Committee first to see if the members have any questions. I will start with Senator Settelmeyer.

***Senator Settelmeyer:***

A lot of the state's departments right now unfortunately have some vacancies. What is the current vacancy rate for your Department?

***Ms. Richardson:***

Currently, it is 32 percent.

***Senator Settelmeyer:***

Does that fall within the accreditation standards for NAIC, or are we in a problem with compliance there?

***Ms. Richardson:***

We are actually using some of our staff in alternate ways. We have some highly talented actuarial students who have been helping out with our accreditation model. We are currently in standard, but it is so close that it is breathtaking.

***Senator Settelmeyer:***

Are we in any trouble with any of the other accreditation standards for examinations or anything else of that nature?

***Ms. Richardson:***

No.

***Senator Settelmeyer:***

Then, are we in compliance? Are we in probation with NAIC in any way, shape, or form?

***Ms. Richardson:***

No, we are not.

I apologize. At this point, we actually are in probation, but that has nothing to do with the amount of people we have.

***Senator Settelmeyer:***

What is that due to?

***Ms. Richardson:***

We had a change in our chief, and during that time, the cleanup put us in a probation period because they always look at those issues to make sure there is a chief in play; we currently have a chief in play.

***Senator Settelmeyer:***

I appreciate that. You indicated that you reached out to the SIGs; what SIGs have you reached out to? Do you have a monthly or quarterly meetings with all the SIGs?

***Ms. Richardson:***

We reached out to all the SIGs; we spoke to them at the last legislative session. I personally reached out to all of them and was invited to speak with several of the boards. I gave them information about what we are doing, why we are doing it, and where we are going. Then, we had several boards who declined to have me come and present to them.

***Senator Settelmeyer:***

The last meeting was during the last legislative session, which was a little while ago?

***Ms. Richardson:***

No, the last board meeting I attended was last summer.

***Senator Settelmeyer:***

Have we lost any carriers in the State of Nevada? If so, was it a big carrier or a little carrier and why did they choose to leave? Are we having problems with the retention of carriers in the State of Nevada? I hear from constituents from time to time about insurance problems; I was curious about that.

***Ms. Richardson:***

No, we have not had any large movements. We have had some captive movements, but those would affect a particular company who altered their captive structure. We have not had any insurance carriers leave. We have been seeing—which is probably what you might be hearing—a slight hardening of the market, especially with home insurance because of the wildfire disasters. We had some carriers who were concerned about writing in certain areas if there were not enough other insurance carriers to share the burden, but we have not had them leave.

***Senator Settelmeyer:***

Thank you for the information, I appreciate it, but I am concerned that we are in probation. Hopefully, that gets resolved quickly because the danger to the industry is so great. If Nevada loses its accreditation from NAIC, then all of these carriers have to leave, and we would have to get our insurance from other states. I find that very problematic.

***Chair Jauregui:***

Thank you, Senator. You asked one of my questions, but then you just created another one. This probation period, what does that mean? How long does it last? You did say we are in compliance now, so why are we still currently in probation?

***Ms. Richardson:***

Probation will last until we finish our full evaluation in October, which is the normal time we have our full evaluation. It is just the way they work.

***Chair Jauregui:***

Your presentation showed about $20 million for the total direct premiums written in state. Does that mean there are premiums written out of state? If so, do you know how much in premiums we are losing to other states? Is there anything we can do to attract that back into Nevada? I assume that is a revenue loss for us.

***Ms. Richardson:***

It is not premiums; it is how much the Nevada consumers are buying. It is not a loss to the other states.

***Chair Jauregui:***

We are buying $20 million worth of insurance in state, but is there a pool of insurance that we are buying out of state?

***Ms. Richardson:***

You cannot sell insurance unless you have a license to sell in the state, so no, it is in the state.

***Chair Jauregui:***

Did your office see any increases or decreases in the amount of consumer inquiries during the COVID-19 period, whether it was health insurance complaints or property and casualty?

***Ms. Richardson:***

We did not see an increase. We expected it, but we did not see an increase in any of the complaints and inquiries. We were able to handle them with the staff we had.

***Chair Jauregui:***

Did you see a decrease?

***Ms. Richardson:***

No, it stayed pretty steady. The only thing that we saw decreases in—like the other state agencies—was we did not have people coming in the door. The market just switched, and they started using the online services that were available.

***Chair Jauregui:***

You also touched on licensing, and you said it may be making it easier for service members. Can you talk to me a little bit about the licensing process for health and property and casualty? If someone comes in from another state to Nevada, do we have a reciprocity process? Can you explain how that works? How easy do we make it for people to come in and practice in our state?

***Ms. Richardson:***

Nevada is reciprocal with the other states. If you have a license in another state and you want to sell in Nevada, you apply—just like anybody else—and you can apply online. There are five different criteria you have to get through, but all of those can be shown to be valid by checking with the home state, which is what we do. Basically, if somebody from Idaho or Iowa wants to sell in Nevada, he or she would apply online and get all that information. Since we are reciprocal, if there is a problem, we go to the home state and talk to that state about it. If you are licensed in another state, the speed to get a license in Nevada is quite fast because we are not doing all the secondary looks like the other states are doing for their own folks, which explains why we have 220,000 licensees.

***Chair Jauregui:***

How quick is that process? If someone applies for a license in Nevada, because we are a reciprocal state, how quickly will he or she get his or her license? Are they required to be part of a company that has a brick-and-mortar shop in Nevada, or can they just be an online carrier and sell insurance here?

***Ms. Richardson:***

If you are talking about a carrier, carriers take a long time because, no matter what, we check their solvency. If you are talking about licenses for producers or salespeople, then that is very fast. Carriers can take anywhere between 90 to 180 days, depending on how ready the carrier is to come in the door. For example, a company can be perfectly fine in its home state, but it means a statutory deposit to be in our state and it has to come up with those funds as well. Sometimes it takes a company a little bit longer to get in the door, but it is mainly just to cross the threshold for consumer protections.

***Chair Jauregui:***

What about an individual producer?

***Ms. Richardson:***

It should not take more than 48 hours unless there is some some kind of hiccup on their record.

***Chair Jauregui:***

One last question regarding the SIGs. You said they were increasing in popularity; do you have any indication as to why? What is causing the increase from carriers leaving the private side to the SIG side?

***Ms. Richardson:***

It happened quite a while ago. I think the popularity is the same reason why folks move to any kind of self-insurer—they want control of their own destiny, which is perfectly reasonable. You want to support that kind of move, but you also want to make sure that in the long run they can pay their long-term bills. It is not a problem; we have seen states go in different directions. As a matter of fact, we did have one of the SIGs who decided they were not going in that direction anymore and they moved back into the regular market. I would suggest that years ago, the cost of workers' compensation was much higher in the regulated market, and it has gone down every year, significantly, for the past eight years. Now the prices are coming more in line, so we should see some stabilization.

***Vice Chair Spearman:***

You were talking about cultural competency and some of the ways in which you look at that for training, et cetera. We know there are some neighborhoods where "redlining" is not supposed to happen, but it does exist. Are you are doing anything, or are there any programs available, that would be able to show you inconsistencies in terms of how some properties, neighborhoods, businesses, or small businesses are receiving the proper level of insurance for the accurate price or not?

***Ms. Richardson:***

Yes, as an organization, that is one of the data points we are requesting. We are trying to find out if they are getting redlined by zip code or by neighborhood or if other issues are creating the redline factor. Are there actually risk issues causing it? All of those things are being looked at.

One of the issues we are looking at now is something that Colorado has already put forward called "algorithmic auditing." It looks for a discrimination that is illegal versus a discrimination that might be okay. There are allowances for discrimination and risks, in general, for insurance because different people have different risk profiles. However, there are some types of discrimination that are illegal, and algorithmic auditing is trying to peel apart those that are reasonable because it is an underlying risk issue versus those that are based on something that would be improper.

***Vice Chair Spearman:***

If an insurer is found to be guilty of that, what, if any, are the consequences, and are those consequences published? I am looking for a way we can talk about deterrence. It is these types of prices that are hidden costs to the Black, Indigenous, and people of color (BIPOC) communities and it minimizes the opportunity for them to grow to where they want to be.

***Ms. Richardson:***

I appreciate where you are going. I think the NAIC is going in the same place, but I do not think it has all the data yet to be making those kinds of calls. We have been starting to gather data, but we are not quite there yet. I do not want to say what the consequences are because, ultimately, that would be up to you legislators to determine the consequences if we found such an issue with insurance carrier.

***Chair Jauregui:***

Members, last call for any questions. Thank you, Commissioner, for being here; we appreciate your presentation.

## AGENDA ITEM V—OVERVIEW OF NEVADA'S PATIENT PROTECTION COMMISSION OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES AND THE COST GROWTH BENCHMARK

Our next agenda item is a presentation by Nevada's Patient Protection Commission (PPC), Department of Health and Human Services (DHHS), and the cost growth benchmark. The PPC was established in 2019 by the Legislature to systematically review health care needs of Nevada's citizens and the accessibility, affordability, and quality of health care. The Commission also reviews the disparity of care among different communities, including the availability of health insurance plans. We have Ms. Southard here to present—when you are ready, the floor is yours.

***Malinda Southard, D.C., C.P.M., Executive Director, PPC, DHHS:***

I am the newly appointed Executive Director for the PPC. I have been in this position for about a month, so please bear with me. Today, I will be giving you an overview of the PPC, as well as the priority focus of the PPC over the past year, the health care cost growth benchmark (Agenda Item V).

First, a little legislative history. The PPC was initially created by Senate Bill 544 (2019). This bill was sponsored by the governor, approved by the Nevada Legislature, and was codified in Chapter 439 of NRS. In 2021, changes to the PPC were proposed and ultimately approved with AB 348. This bill changed the Commission's members, added responsibilities and topics for review assigned to the PPC, moved the PPC from the Office of the Governor to DHHS, required the PPC to adopt bylaws, and designated the PPC as the sole state agency responsible for managing Nevada's participation in the Peterson-Milbank Program for Sustainable Health Care Costs, and I will talk a little bit more about that later.

The current makeup of the PPC has a variety of organizations, patient advocates, and viewpoints. We also have four ex officio, nonvoting members of the Commission.

As noted in NRS, the PPC is charged with systematically reviewing issues related to the health care needs of the residents of Nevada and the quality, accessibility, and affordability of health care, including prescription drugs. Most notably for our current focus, this review includes examining the cost of health care and the primary factors impacting those costs.

In March 2021, Nevada was selected to participate in the Peterson-Milbank Program for Sustainable Health Care Costs. This allowed us to receive technical assistance from the Milbank Memorial Fund and Bailit Health as we work to set and implement health care cost growth benchmarks. This is one of the first steps in helping to make health care more affordable and transparent in Nevada. To support the statewide effort with Peterson-Milbank, Governor Steven Sisolak requested assistance of the PPC to provide recommendations to: (1) develop a statewide health care cost growth benchmark; (2) calculate and analyze statewide health care cost growth; and (3) analyze drivers of health care cost growth. Per this request, the PPC has been hard at work with Peterson-Milbank and Bailit Health to provide those three recommendations to the governor.

What is a *health care cost growth benchmark*? Here is the official definition—"being an annual rate of growth benchmark for health care costs for a given state." Regarding national statistics, between 2015 and 2019, the average per capita health care cost growth was 4.1 percent. For those same years, the per capita gross domestic product (GDP), or measure of a state's business growth, was only 3.5 percent and the average hourly wage growth was only 2.6 percent. Between 2015 and 2019, health care expenditures grew faster than businesses were growing, and faster than wages were growing.

Some key points to keep in mind about a health care cost growth benchmark are that:

- Setting a public benchmark for health care spending growth alone will not slow the rate of growth;
- A cost growth benchmark serves as an anchor, establishing an expectation that can serve as the basis for transparency at the state insurer and provider levels;
- The cost growth benchmark is a support strategy to help ensure costs do not rise faster than the economy, state revenues, or wages;

- To be effective, it must be complemented by supporting strategies; and
- A cost growth benchmark is not a price control here.

I would like to share the logic model associated with explaining what a cost growth benchmark is. We will start with measuring. We have to first measure performance relative to the anchor, or the benchmark. Next, we analyze. We see our performance either falls above or below the benchmark for a given year. Now, let us do a deeper dive into that data to find out why. What specific factors, relative to health care costs, are driving those costs higher or lower in a given category? After the analysis is complete, we then report on the findings. Here is what we found out as to what specific factors are driving up health care costs in the state. It is also important to note the findings will be shared with the health care industry prior to being publicly released so the industry can additionally validate the findings for accuracy and be well-poised for a public release of the report. After reporting out on the analysis, we would then have conversations with health care industry experts in Nevada to identify those opportunities and potential strategies to help slow health care cost growth in the state. Lastly, of course, we worked together with our partners to implement those cost growth strategies.

In December 2021, the governor issued Executive Order 2021-29, which is the Nevada Health Care Cost Growth Benchmark. This Executive Order established the health care cost growth benchmark for years 2022 through 2026. This set a benchmark of 3.19 percent cost growth for the year 2022 when compared to prior years spend. The intent is to help curb those climbing health care costs.

I will highlight some recent PPC activities regarding the cost growth benchmark. The PPC requested analysis of State Medicaid and PEBP health care spending data as a proxy for the commercial market for years 2016 through 2020. This data was just recently presented at our monthly PPC meeting on April 20, 2022. Our cost growth benchmark program will assess health care cost growth for all Nevada residents with commercial, both insured and self-insured, Medicaid and Medicare coverage, or who receive health care through the Veterans Health Administration, U.S. Department of Veterans Affairs, and the state correctional system. We also aim to include spending for Nevada residents who receive care through the Indian Health Service, U.S. Department of Health and Human Services, in an effort to make our cost growth benchmark analysis as comprehensive as possible. Health care cost growth, at the state level, is measured using total health care expenditures, which includes claims spending, nonclaims-based spending, consumer cost sharing and insurer administrative costs. It is really meant to be an all-inclusive look at health care expenditures.

What does our timeline look like for Nevada's benchmark analysis? As you can see, this May, we intend to formally request baseline data from all Nevada insurers and hold trainings outlining the request. We are requesting the baseline data from insurers by the end of this August to then be able to validate, analyze, and review that against baseline benchmark findings with the PPC and stakeholders by winter of 2023. Again, we will be communicating with the insurers prior to analyzing the data with the PPC so the insurers can additionally validate the findings for accuracy and be well-poised for public release of the data.

Regarding the timeline for potential policy initiatives, by the end of May, the PPC is planning to decide on what three bills to draft for the 2023 Legislative Session. By the end of July, the PPC is planning to vote on and submit three BDRs for the 2023 Session. This concludes my slideshow; I will stand by for questions.

***Chair Jauregui:***

I am going to go to the Committee members first to see if there are any questions.

***Vice Chair Spearman:***

This is a rather new entity; what does the Commission's makeup look like demographically?

***Ms. Southard:***

Demographically we have a wide variety of members. I have been meeting with each of them individually lately to get to know them better. I can tell you we have a wide variety and it is not one silo.

***Vice Chair Spearman:***

What does "wide variety" look like? Are we talking about ethnicity, language, or differently abled?

***Ms. Southward:***

We have members who were born in another country, not in America. We have members who come from different socioeconomic backgrounds, and we have members who are in different geographic areas of the state, both rural and urban.

***Vice Chair Spearman:***

I ask that question because I think it is important. One of the things that was lacking during COVID-19 was a wide range of diversity, with respect to providers and connection, with some of the programs that were supposed to be there for people, specifically for BIPOC communities. Since we know that racism is a public health crisis, that seems to center in on patient protection because the level of care and treatment for people in different ethnicities varies, not just from north to south, but varies typically. I heard from a mother last night who buried her daughter last year because people were not doing for her what should have been done. Having different people from different backgrounds—ethnic backgrounds and differently abled backgrounds—lends an eye and an ear to make sure the provisions that are supposed to be outlined and the legislative intent for that bill are moving forward. I always ask that question because Nevada is becoming a more diverse state and that includes southern Nevada.

***Chair Jauregui:***

I see there is a vacancy for your twelfth member; how long has that seat been vacant? Do you have someone already in line to fill the seat?

***Ms. Southard:***

The seat has been vacant for about a month, and we do have somebody outlined for that seat.

***Chair Jauregui:***

I am going to go to the Committee for last call. Seeing no other questions, thank you, Ms. Southard, and congratulations on your role.

## AGENDA ITEM VI—PRESENTATION ON THE ENFORCEMENT AUTHORITY OF THE BUREAU OF CONSUMER PROTECTION OF THE OFFICE OF THE ATTORNEY GENERAL OVER THE UNFAIR TRADE PRACTICES ACT, WITH AN EMPHASIS ON MERGERS AND ACQUISITIONS IN THE HEALTH CARE MARKETS

***Chair Jauregui:***

Committee members, that moves us on to Agenda Item VI. We have Mark Krueger here to make a presentation on the enforcement authority of the Bureau of Consumer Protection, Office of the Attorney General (AG's Office), over the Unfair Trade Practices Act, with an emphasis on mergers and acquisitions in the health care markets. For those of you who sat on the Commerce and Labor Committee last session, you know this was a big topic of discussion and we had some bills come our way dealing with this. Mr. Kruger, thank you for being here, when you are ready, please begin.

***Mark Krueger, Chief Deputy Attorney General and Consumer Counsel, Bureau of Consumer Protection, Office of the Attorney General:***

The Bureau of Consumer Protection does a number of things. One of the important things we do is enforce the Nevada's Unfair Trade Practices Act, which is essentially an antitrust provision. The statutory authority of the Unfair Trade Practices Act is found under Section 1 of NRS 598A.070. We often work in conjunction with our federal partners to enforce antitrust violations, both for state law and with our federal partners looking at federal law. Types of claims for relief are available to the attorney general for violations of antitrust law (Agenda Item VI).

Chapter 598A of NRS allows the attorney general and requires the AG's Office to enforce provisions of the Chapter and investigate suspected violations of the provisions of the Chapter. We have the authority to institute proceedings on behalf of the state, its agencies, or political subdivisions. For the purposes of gaining injunctive relief to prevent and restrain violations of restraint of trade, there are civil penalties for violations of this Chapter and there is a provision that allows us to look at criminal penalties for violations. We also have equitable relief violations.

It is important to note that the AG's Office has parens patriae authority. Parens patriae standing is asserted whenever a state claim of injury to a quasi-sovereign interest is the well-being of it is populace, that is, we represent the people. It has been well defined within different court decisions and I have listed one here: "Injury must be sustained and generalized and not simply an injury to a limited class of citizens." There are a couple of cases that also support that parens patriae authority for asserting injunctive relief to prevent, for example, a hospital merger because we are emphasizing health care markets. We thought a few of these cases might be helpful to the Committee.

We have tools and resources for investigation by the AG's Office, we actually cooperate and coordinate antitrust enforcement with other states. Often, we call this a multistate action, but we also work with the Federal Trade Commission (FTC) and the U.S. Department of Justice (DOJ) who also do a lot of federal antitrust work. Our primary tool for investigations begins with a civil investigatory demand, which is basically a subpoena—that we have authority under our statute to issue—to gather documents and information in order to investigate and determine whether there are violations of the Chapter.

*Nevada Revised Statutes* 598A.110 provides that any materials and information our Office receives, in response to a civil investigation demand, is confidential. It is an important piece of this. We want to make sure that companies are giving us everything, and if particular information that has been given to us is sensitive to the market, we do not want that to become public and disrupt the market.

I would like to provide examples of substantial and generalized harms to consumers in health care, health insurance, and pharmaceutical cases. For instance, price fixing in a pharmaceutical case. This is an ongoing case so I cannot go into a lot of detail about it. It is being litigated through several states and Nevada is a participating state. It is basically looking at price fixing or allegations of price fixing with generic drugs. This does not include opioids; I just want to make sure that was clear.

We also review mergers and acquisitions in health care and health insurance to prevent increased costs and decreases in quantity and quality of service. A lot of times I think people do not know we are out there doing this, but we are heavily involved in it. For example, we look at consolidation of hospital services that may achieve cost savings or economies of sale. Such cost savings do not always accrue to the consumers, we want to make sure those cost savings do. Hospital mergers have not always been demonstrated to improve quality of care, access, and cost. In some instances, concentration in the market for hospital services has been found to increase inpatient services. These are the types of things that we are looking at to make sure we can keep those costs down.

Some additional generalized and substantial harm is price fixing the effect of a hospital consolidation. This can be magnified in geographic markets, which already consolidated and could result in price increases. Horizontal consolidation of physician practices has at times been found to be associated with an increase in price for physician services. We look at vertical consolidation as well. Monopsony power exercised over independent provider practice groups by dominant health insurers can result in a compromise of the quantity and quality of care. These are all things in the health market that we are looking at to prevent through our investigations.

The federal law, as well as state law, prohibits agreements in restraint of trade, monopolization or attempted monopolization, and mergers acquisitions are reviewed for these particular things.

Antitrust violations are enumerated in our law; they go with price fixing. I gave you an example of the generic drugs litigation that we are looking into those allegations. Other antitrust violations include division of markets, allocation of customers, tying arrangements, monopolization or attempted monopolization, and antitrust reviews and mergers of acquisitions.

Typical types of unlawful conduct and health care are found under Chapter 598A of NRS. This is specific to health care and we look at monopolization, tying arrangements, allocation of customers, or agreements among competitors to restrict the volume of production. We are talking about the ability for the practitioners to be out there and be competitive in the market.

We often look at additional contracts and clauses that are per se unlawful under SB 329 (2021). These clauses come up a lot of times with the purchase of health care practitioners by, for example, larger groups or insurance carriers. We look for anti-steering clauses, anti-tiering clauses, and tying agreements, arrangements, and exclusive contracts.

Some of these examples I went over a little bit earlier, and I will go over again. The generic pharmaceuticals and antitrust litigation are allegations of price fixing, we talked about that. Joint merger review with the DOJ results in an independent consent decree with the Nevada

AG's Office; that was with the UnitedHealth Group health insurance merger review. We have also done a joint merger review with the FTC or the DOJ resulting in federal agency consent decrees. This was a matter of Renown Health, which was a consent decree, some time ago, concerning the acquisition of a cardiology practice. It has been monitored for several years and has done well. We also had a consent decree involving managed care provider organizations, which provide primary care physicians and specialists to Medicare Advantage organizations.

We have also done some in-state review and investigation of mergers, acquisitions, and on health care insurance transactions. This is important because we, through the help of this Committee, passed AB 47 (2021) last session, which allows us to get notification of certain transactions involving health carriers or certain business entities consisting of health care practitioners. We have developed our forms required under AB 47, and we are pleased to let you know that it is working very well. We are receiving the formal notifications.

In addition, we are actively involved in the National Association of Attorneys General's multistate working groups, which continually monitor particular areas for any violations of federal or state laws with regard to unfair trade practices. We do a lot of work also submitting amicus briefs on litigation that is finding its way up through the courts. Finally, we evaluate whether potential anticompetitive conduct by a state agency qualifies for state action immunity, and there is a specific citation for that.

What happens if we find violations? We have the ability to seek damages. We also have the ability to seek enforcement actions, such as injunctive relief. We want to prevent and fix, as well as impose civil or criminal penalties. Then we have some equitable remedies, which we are pleased to have been incorporated through AB 47, which allow for disgorgement and restitution.

Typical horizontal merger review and a consent decree is how we normally look for injunctive relief. In the case of the UnitedHealth Group, which we talked about earlier, a common injunctive remedy is a required divestiture of a good or service to an independent third party to maintain a competitive market. Sometimes it does not require, when there is a merger, a divestiture of an entire unit. It could just be a certain portion of a practice that needs to be divested, that is what we saw in health care in the UnitedHealth Group merger.

Reparative injunction prevents future harms and effects of past acts, particularly when they violate the Clayton Antitrust Act, Pub.L. 63-212,38 Stat. 730 (1914) or a parallel Nevada statute. For example, in this particular case, we are actively involved in *State of New York, et al. v. Facebook, Inc.*, 549 F.Supp.3d 6, 29 (D.C. Cir. 2021), which is a multistate case. We also have some other examples: *California v. American Stores Co.*, 495 U.S. 271,295 (1990), and *Steves and Sons Inc. v. JELD-WEN, Inc.*, 988 F.3d 690, 720 (4th Cir. 2021). I do not have the information on them off the top of my head; if you are inclined to ask questions, I will have to defer to some of my experts or get back to you.

A common injunctive remedy is to require the implementation of an antitrust compliance program. As you can tell, it is not always about finding damages, it is about finding an injunction of relief to get somebody into the right track and prevent the noncompetitive harm that is occurring in the marketplace.

Injunctive relief can be more severe though. It is one of the reasons—by setting aside mergers or acquisitions—why we went ahead and sought the requirement under the law through AB 47. To get notifications of mergers, especially in the health care market, prior to the merger being consummated, we can address the concerns earlier. Everyone is happier because you do not have to undo a transaction; we hope to get there before the transaction is completed. If the transaction—which is the source of the violation—involves the consumer or a violation of Chapter 598 of NRS, we do have enforcement of civil penalties up to $10,000. Also, failures under certain reporting requirements can be up to $1,000 a day under AB 47. Civil penalties are for forfeitures of charter rights or dissolution of domestic or foreign corporations. We can even look for suspension of privileges to conduct business in Nevada; obviously, that would be the remedy of last resort. We value our corporate residents and want them to be actively engaged and have a robust market in Nevada. Of course, we have the ability for to seek disgorgement of profits under restitution for violations. Finally, as I said, there is a criminal provision.

Injunctive relief seeks to unwind or undo the consummation of the merger. I gave you some examples of that in the cases listed here. Again, the preferred remedies are to get out in front of it. With the tools the Legislature handed us through AB 47, we are successfully finding that a review upfront is working much better. In any event, there are other remedies available to the AG's Office that are not available to federal agencies, and we can look at disgorgement and restitution. There is some case law there as well.

As both hospitals and insurance companies seek to add large provider groups or specialty provider groups, vertical issues can also arise. For example, allowing an insurer to foreclose these providers from providing their services to rival insurers, anti-tiering, tying, and somewhat steering provision or providing a hospital greater leverage to steer patients to their facilities, requiring them to go to a different facility.

It is important to review whether assertions of merger specific efficiencies are likely. It is why we find the merger review and investigation upfront helps to protect consumers by not allowing these types of activities to occur.

With that, I know whenever I get into antitrust and the deeper we get into it—even with my own staff—it can get a bit overwhelming at first. It is extremely complicated area. I will do my best to answer your questions if you have any.

***Chair Jauregui:***

I have a question, but I am going to turn to our Committee members first. I am going to start with Vice Chair.

***Vice Chair Spearman:***

When you talk about antitrust and trying to limit the number of providers, how do you know if it is not hospitals? In the past, we have talked about some of our boards limiting the number of people who can come in or get licensed, so how do you know?

***Mr. Krueger:***

That is an excellent question. Prior to AB 47, we were not catching all these mergers and we were finding out after the fact. With AB 47, the intent and what we are finding, is the notifications of the mergers and these changes in acquisition or control are actually being provided to us pursuant to the law. Now we have the ability to review this upfront and find out whether there will be an impact, exactly what you are describing. In the past, if something had come to our attention, it usually was from a complaint by another provider, consumer, or organization, usually within the same market. Somebody would bring it to our attention which could then trigger us to take a look and start an investigation. As I said, usually we start by issuing a civil investigative demand.

***Vice Chair Spearman:***

As people apply for licenses, in whatever professional certification they seek, is there a way to tell if the granting or not granting of licenses is a way to keep the pool small and expand the profits?

***Mr. Krueger:***

It is an interesting question. I do not have an answer for you at the top of my head. I would surmise there is a potential if you had some nefarious conduct in attempting to limit the number of providers by, say, a licensing board. Then, it could and would impact the market if it was done for some, as I said, nefarious reason, not a legitimate reason. On the flip side, if there was a limit on providers, hypothetically, for a legitimate reason, that could also impact a certain market area. Remember, we are not just looking at the market for Nevada as a whole, we look at geographic markets; we look at other industry-specific markets, and there are a lot of different markets that could potentially be impacted. I do not have a specific answer to your question, other than to say that hypothetically, yes, it could be an impact, and if someone had any concerns about it, I would hope they would bring it to our attention.

***Vice Chair Spearman:***

We have talked about hospitals, but is there anything in statute that looks at print media mergers, such as newspapers or television stations, consolidating into one?

***Mr. Krueger:***

There is nothing in this statute that specifically says, look at this type of industry. But it does—through the federal and state laws—grants us the authority to look at all industries. We could look at those different types of industries if there was a rise of concern that it was violating the Unfair Trade Practices Act.

***Chair Jauregui:***

Members any other questions? I have one question for you. About two months ago, I received a call from someone in northern Nevada—because I had chaired Commerce and Labor and AB 47 went through there. The bill had a provision regarding not being able to enforce noncompete clauses. There was an issue in Reno with anesthesiologists, and they called me to see if AB 47 would be able to help. The anesthesiologists were under a contract with one company. When they left, they were not allowed to go to any other place or provide any other services because they were enforcing the noncompete. This meant that everybody in Reno had no access to an anesthesiologist, and they had to bring in anesthesiologists from out of the area, which causes prices to go up. Is this something that AB 47 would address, or do we need to go further in the next legislative session so that we are not left in a situation where Nevadans do not have access to the health care they need?

***Mr. Krueger:***

I am aware of these series of transactions that resulted in what you have described. While I am not at liberty to publicly discuss a lot of the detail, I will say that our Office investigated this area and at this time, I can say the issues are resolved. To your direct question, the AB 47 provisions that enhanced the Unfair Trade Practices Act, as well as the noncompete clauses, comingled together and are helpful.

***Chair Jauregui:***

Was this resolved as a direct result of AB 47?

***Mr. Krueger:***

I would not say that; there was some independent litigation. There might be some provisions still pending, but there was independent litigation that is before the district court.

***Chair Jauregui:***

If it had not been resolved on its own, would it have been resolved through AB 47? Would the mechanisms we put in place through AB 47 have been able to step in?

***Mr. Krueger:***

To a degree, some of the enforcement provisions I have talked about here today that were added to AB 47 could potentially have assisted the AG's Office.

***Chair Jauregui:***

I assumed it got resolved because when I followed up with them, I never heard back again. Thank you, Mr. Krueger, we appreciate you being here to answer our questions.

## AGENDA ITEM VII—PRESENTATION ON CURRENT TRENDS AND AFFORDABILITY AFFECTING AUTOMOBILE AND HOME INSURANCE

***Chair Jauregui:***

Committee members, Agenda Item VII has presentations by the American Property Casualty Insurance Association and the Nevada Justice Association. We received notice there were some scheduling issues, and unfortunately the Nevada Justice Association cannot be here to present today, but we still have the American Property Casualty Insurance Association. Ms. Karen Collins is here to present on some of the needs of the industry. Ms. Collins, when you are ready the floor is yours.

### *A. AMERICAN PROPERTY CASUALTY INSURANCE ASSOCIATION*

***Karen Collins, Assistant Vice President, Personal Lines Policy, Research, and International, American Property Casualty Insurance Association:***

Our organization is the primary national trade association for home, auto, and business insurers. Our goal is to promote and protect the viability of private competition for the benefit of consumers and insurers, with a legacy that dates back 150 years. Our members, which are insurance companies, represent all sizes, structures, and regions and offer insurance products and services that help protect families and businesses in the United States and around the globe. One of the important contributions our association provides is we conduct and share research and analysis of trends and challenges that insurance companies and consumers face. We will often examine these issues from a national and, at times, an international perspective, such as climate change impacts or supply chain constraints, and how these issues may affect the frequency and severity of loss events, including natural disasters in individual states such as Nevada.

My presentation today is going to focus on the trends affecting affordability of insurance and auto and home insurance lines, specifically, such as inflation and supply chain issues, as well as some other trends leading to pressure on the availability of home insurance in some of our Western states, such as the climate change impacts and increased natural disasters. (Agenda Item VII A).

Let me start with inflation, which has been a top concern for our industry. A major wild card for the economy and really the broader insurance industry has been inflation. The Board of Governors of the Federal Reserve System has indicated the recent rise in inflation is transitory and will normalize as supply chain bottlenecks are resolved. However, the inflation rate for insurance inputs—such as the cost of new and used cars, auto parts, home construction materials, and construction labor—has been increasing much faster than the underlying consumer price index. Insurance cost inflation has been increasing faster than either premium increases or investment yields, which has really put some significant pressure on insurers. The number and cost of extreme weather events have also been increasing over the past several decades, and I will get into how climate impacts are also contributing overall inflation within property lines towards the end.

In March, inflation hit a 40-year record, reaching 8.5 percent, and is climbing. Upwards spikes in inflation are particularly pernicious to insurers because there is a time lag in forecasting and obtaining state approval for offsetting rate increases. High inflation means necessary rate increases are more likely to exceed state flex bans where those exist or run up against political resistance, particularly when they reach these higher single- or double-digit values. Risk is increasing over long-tail exposures with inflation, as well as increasing risk exposures from climate change, cyberattacks, and higher home replacement costs. Insurance investments have been hit a little bit hard in 2022 with hundreds of billions pulled from money market and bond funds, while the Dow-Jones Industrial Average and Nasdaq, Inc. equities indexes have also fallen in recent months.

For auto insurance, we recently published a research report that digs into the headwinds that our auto insurers are facing. One of the biggest auto trends has been the return of driving levels following a brief dip in miles driven in 2020, which was at the beginning of the pandemic. Miles driven in 2021 were almost completely normalized, largely tracking the same patterns from 2019. This is consistent with a growing number of insurers, which are reporting rising trends as drivers have returned to the roads, which typically corresponds with increased accident frequency. However, of higher concern is the cost to settle claims, which has risen significantly as insurance claims inflation in many cases has exceeded broader inflation.

The escalating costs of used cars and rental cars have spiked far higher than underlying inflation. Anyone who has tried to rent a car recently has probably noticed a limited availability of rental cars or the prices are much higher recently. When travel ceased with stay-at-home orders, rental companies, in response, sold many of their vehicles to help with cashflow, then planned to repurchase their fleets as needed. However, the demand for vehicles increased sharply during the pandemic as more people wanted to avoid mass transit or move out of cities.

At the same time, the availability of computer chips used in cars dramatically contracted with a shortage that has not been expected to begin easing until at least the third quarter of this year, with some recent reports indicating that could even stretch into 2023, if not beyond. This has created a shortage of new vehicles, which has led to a sharp increase in the demand for used cars. According to the Manheim Used Vehicle Value Index, the price of a used car in February was up about 45 percent year over year. This has impacted rental companies which have since struggled to replenish their fleets, and that is why most people are now experiencing limited rentals and spikes and rental car rates as they look to rent a car for vacation or other business purposes.

This combined shortage and rising cost of vehicles has also led to more people holding onto their vehicles longer, further contributing to auto repair costs. As actual cash values rise, vehicles that might normally be deemed a total loss, may actually become more economical to repair. However, the trickle-down impact the industry is now experiencing challenges repair shop capacity. We are observing longer days from skilled labor shortages and lack of car parts needed to maintain and repair vehicles, whether due to a car accident or simply servicing your own vehicle.

As it relates to an auto insurance claim, the average length of a car rental for collision replacement is now over 18 days, an increase of almost five full days compared to the first quarter of 2021. Now these trends, along with ongoing inflation and medical care costs and, as I mentioned, the rebound and miles driven, are the main culprits that have led to a sharp increase in auto loss results in 2021.

Third and fourth quarter loss ratios and personal passenger auto skyrocketed, ultimately hitting their highest levels in over a decade in 2021, with current trends expected to persist well above the five-year recent average.

The overall personal auto loss ratio for the year reached 68.1 percent, the second worst yearly result in a decade. It was reported this week by S&P Global that the auto industry as a whole lost money in 2021 as the combined ratio climbed to a value over 100 percent, specifically 100.8 percent.

The homeowners' lost ratio in 2021 was even higher than auto, reaching 68.6 percent. The homeowners' loss ratios in the last five years—2017 to 2021—have consistently been more elevated versus the prior five years—2012 to 2016, roughly. As our nation continues to face more frequent and severe natural disasters, such as hurricanes, wildfires, and tornadoes, we are still awaiting final industry results for property line combined ratios. However, a November report from Milliman, Inc. projected that property licensures could potentially reach a combined ratio of 109 percent for the year in 2021. This means, essentially, for every dollar premium collected, property insurers will be spending $1.09, translating to a substantial loss for the year.

The escalation of auto insurance inflation, unfortunately, has been outpacing wage growth, with only a brief improvement at the outside of the pandemic, which we understand is having an impact on affordability for consumers. To help address these rising costs for auto, our industry is continuing to advocate at the state and federal level for better infrastructure, including reliable supply chains for critical auto parts and safer roads. It should help result in fewer accidents and, ultimately, lower claim costs that keep insurance premiums more affordable for consumers.

Digging into property trends a little further, we also recently published a research report explaining the challenges for property insurers. Similar to auto, cost inputs have soared, unfortunately, for property lines. Since the pandemic, we have seen an increase in demand for residential contractors and materials to construct new homes and to complete remodeling projects. This demand collided with record-breaking catastrophe losses and new constraints with the supply chain. The impact is that both residential construction services and materials have skyrocketed far higher than either inflation or homeowner's insurance premiums. Looking at materials specifically, since the start of the pandemic, steel mill products have climbed nearly 140 percent while lumber prices shot up 74 percent with lumber futures much higher. Prices for gypsum, which is the main ingredient of drywall, have been up significantly, and copper prices have also been hitting new records. Homebuilders have faced shortages of things such as windows and garage doors, appliances, and paint.

Aside from the supply chain-related costs, 2020 and 2021 together have resulted in the highest two-year total for natural disaster losses affecting the 50 U.S. states. In 2021, Hurricane Ida and a severe winter freeze event in February led the losses in the United States. However, ongoing drought is also a concern, which is increasing the wildfire exposure across the West. The lack of rainfall due to drought, combined with increasing average temperatures due to climate change, are leading to unfortunately longer, hotter, and drier conditions. These conditions weakened and dry out vegetation and fire officials across Western states are observing a distinct change in fire behavior as a result. Reports are indicating fires are being started more easily and also spreading more rapidly, making them difficult to suppress and contain. We are seeing severe wildfire events at times of the year that were not typically considered wildfire season, such as the Marshall Fire in Colorado in December and the wildfires currently burning in multiple Southwestern states in the last month, well ahead of what has historically been the typical fire season. We are seeing record acres burned and in patterns never seen before, such as the two fires last summer, the Dixie fire and Caldor fire, which each burned from one side of the Sierra Nevada mountains to the other and was a first in recorded history. This year, through April 29, the National Interagency Fire Center has recorded over 21,000 fires more than any other year in the last decade, compared to the same period, and a 40 percent increase over the 10-year average. We have also seen over one million acres burned through April 29, a 71.2 percent increase over the 10-year average.

This trend of increasing losses in recent years, combined with these worsening environmental conditions, more exposures such as homes and businesses being built in high-risk wildfire regions, and the current spike in cost due to inflation has really created a perfect storm for property insurers. The insurers must purchase reinsurance, which is essentially insurance for insurance companies to help pay for the potential claims that may occur for risks they insure. Given recent trends here in the United States and abroad, these reinsurance costs have similarly increased, substantially adding more pressure to insurers and including—in some cases—impacting the ability for the insurance company to obtain the necessary reinsurance capital for catastrophe events or within a reasonable price point. In these cases, some insurers may need to evaluate what level of risk they can underwrite while maintaining the ability to pay future claims, a term referred to as *solvency*. These collective challenges are contributing to the affordability and availability of issues that we are seeing in some of our Western states exposed to wildfire.

While we are unable to control the increase in reconstruction costs or the change in environmental conditions, we do have the ability to influence housing policies, such as whether and how additional homes and business should be built in high-risk regions, including work to help address the structures that already exist to make these structures and properties more resilient to wildfires.

All stakeholders are now recognizing and agree that mitigation is one of, if not the most critical policy solution. Widespread mitigation efforts should result in a meaningful decrease in losses, which should translate to more affordable and available coverage for consumers in wildfire-prone regions. Thus, this has been where our focus has been at the federal level and also at the state level. One of the biggest hurdles recently for wildfire mitigation has been the lack of a clear standard. Now, wildfire's unique risk from other catastrophic perils, such as hurricanes, and that to effectively and meaningfully reduce risk, mitigation requires both structural adaptation as well as management of fuels. The latter of which must be done on a recurring basis. Also, this mitigation must be done for an individual property as well as the surrounding community. As wind-driven embers can travel from one property and ignite a nearby adjacent property, creating a domino effect of losses within neighborhoods, as we have sadly seen in recent years.

This poses a unique challenge for the insurance industry, which thus far, for most all other perils that we do insure, the industry has only needed to establish a standard focus on hardening a single home with validation done as a one-time event. Wildfire not only breaks that mold, but the industry has been in the process of developing what that standard should be and how it should be validated. However, we do have good news on this issue. In June, the Insurance Institute for Business and Home Safety (IBHS) will be introducing a new wildfire prepared home designation in California. This translates a decade of wildfire research they have done and pulled from all their technical reports into an applicable standard for homeowners to meet. Their designation will include a set of requisite mitigation actions that, when taken together, will significantly reduce a given property's wildfire risk. Their research stresses that mitigation for wildfire must be a set of actions to meaningfully reduce risk—implementing only one or two will not be effective. To obtain a designation for that program, the items that are most critical—such as maintaining defensible space, having certain building features, and having a fire-rated roof—must each be done and verified, with some pieces that will need to be confirmed annually. Additional mitigation items, such as removing back-to-back fencing, have been shown to help further reduce risk and can be done to earn a higher plus designation. In time, IBHS will also be rolling out a community designation as their research clearly and strongly indicates both individual home and community hardening are needed to meaningfully reduce risk.

As I mentioned, this program is initially being rolled out in California this year before it will expand to additional states, but the information regarding how to mitigate a home is now publicly available to all through their website.

Similarly, state officials in California announced in February, a new Safer from Wildfires framework, which closely mirrors the science-based research of IBHS. We are seeing a coalescing around a standard for wildfire mitigation, which all Western states are beginning to explore as a key priority to help address wildfire-related challenges. This includes Nevada through the efforts under AB 100 (2021), as Commissioner Richardson briefly mentioned earlier, and I appreciated the opportunity to speak on behalf of insurers at their December 14 meeting.

To recap, auto and property insurers are facing substantial pressure due to a variety of challenges, including inflation, supply chain constraints, climate impacts, and various other factors. Our industry has been focused on identifying policy solutions that can help make insurance more affordable and available for consumers. For auto, continuing to focus on education regarding supply chain issues to help lawmakers identify ways to stabilize these needs, as well as continuing to promote policies that can help lead to safer driving and safer roads, which can in turn lead to fewer accidents and ultimately lower premiums. On the property side, as construction costs continue to climb, amid the growing frequency and severity of natural disasters, mitigation truly has emerged as the best policy solution to help reduce overall exposure and help communities be more adapted to natural disasters, such as wildfires. As an industry, our overwhelming priority is protecting what matters most, keeping families and communities safe, and when disaster does strike, insurers are going to be here to help our customers rebuild their lives and restore their property.

Chair Jauregui, I greatly appreciate the opportunity and time to share some of these trends and challenges affecting insurers. I have provided links to our research papers for auto and home, which provide extensive background and insights on the challenges I highlighted for those who might be interested in learning more. With that, I will pause and welcome any questions that you might have.

***Chair Jauregui:***

Committee members, any questions for Ms. Collins? I have a couple of questions. Regarding driving miles for prepandemic levels, in 2019, we were driving right under 300 billion miles in the United States and now we are driving about 250 billion. But in April 2020, we dropped to almost 150 billion miles. Is that correct?

***Ms. Collins:***

From the initial stay-at-home orders, driving levels did drop, correct.

***Chair Jauregui:***

The personal auto and homeowners lost ratio spike shows there has been an increase in lost ratios, not actual losses, correct? The fourth quarter of 2020–2021 shows a 72.9 percent increase in loss, but that is loss ratio, not actual losses, right? It is just the cost of the losses.

***Ms. Collins:***

Correct.

***Chair Jauregui:***

You touched on the mitigation of natural disasters and what we can do, especially with wildfires. Nevada has the two fastest warming cities in the nation, Las Vegas and Reno. It is a climate crisis for us now in our state, and across the country. This directly impacts you, as well, as providers of homeowners insurance. Having seen those two wildfires that destroyed communities, has the insurance industry partnered at all with the conservation community or taken an interest in what we can do to impact climate crisis? Unfortunately, if we do not do anything, it is going to mean more wildfires, which will impact the industry.

***Ms. Collins:***

Our industry has been doing outreach on a number of fronts to promote resiliency and to address the challenges that are affecting our communities. I cannot speak to each individual member company—there are a lot of individual companies—but they are working with various trade associations, at the federal and state level, to educate lawmakers on these issues. Ecoforestry is an area we are looking at closely. Certainly, the need for lumber and having sustainable practices and recognizing that ongoing storms create losses, which create a repetitive cycle of rebuilding. We want to have all of these issues looked at and approached in a very responsible manner. A lot of outreach and conversations are happening on what we can do as an industry, and those are areas we are looking into.

***Chair Jauregui:***

I learned about mitigation strategy in California a couple of months ago. I was being proactive to see if wildfire seasons destroying communities were going to become our norm and what we can do. I know this would impact homeownership in some way. I believe California is—I do not know if it is citywide or on a homeowner basis—offering incentives or a reduction in rates for homeowners who prepare their homes for wildfires or take action. We can have standards, but we have to encourage them, too.

***Ms. Collins:***

Currently, a number of carriers in California, to my understanding, are offering discounts on a community-wide basis for home hardening. Those are often done through what is referred to as the Firewise USA program of the National Fire Protection Association. One of the challenges that has faced our industry with wildfire, and what we refer to as "premium credits" for wildfire mitigation, is that while we directionally know wildfire mitigation will lead to fewer losses, the economic analysis, or the actuarial science behind that, is still underway to quantify a mitigation discount. We are trying to approach this cautiously, as an industry, so we do not get too far ahead of ourselves and create more challenges or adverse impacts if we try to overextend before we are actuarily supported on what those should look like. There is some hesitation by some carriers to offer discounts, but some carriers have moved forward. We encourage folks to shop around if those companies are offering those in the state of Nevada as well.

***Chair Jauregui:***

I am going to the Vice Chair for a question.

***Vice Chair Spearman:***

A few years ago, some homebuilders were using different types of materials as part of sustainable development. Have you looked at anything that might be implemented across any particular industry or sector that might help to reduce the number of losses during wildfires?

***Ms. Collins:***

We are absolutely looking at what materials and construction approaches will result in more resilient structures. We know that we can adapt homes to be resistant to the ember storms, such as enclosing eaves and vents and making sure that certain vegetation is not right up against the home, so it does not create an opportunity for the home to ignite. We cannot prevent every home from burning, but we can substantially reduce the possibility. As far as the individual materials, I tend to defer to IBHS and its research as being more expert in the individual construction techniques, materials, and builder trades. There are standards and clear options available that make a home more resilient, and we are looking at what is sustainable.

***Vice Chair Spearman:***

Have you looked at possible collaborations with the current aspects of residential and commercial building industries? Have you looked at integrating the concerns and mitigations that are in place right now and overlaying them as a template with the building and construction industries, and perhaps coming up with some type of a hybrid solution that could be implemented down the road? Because if you are working in tandem, it would not be a situation they created and now you have to figure out how to make it fit.

***Ms. Collins:***

Our industry is about bringing together all stakeholders and working collectively for the broader benefit of our consumers and policyholders. The construction trades, the building trades, and many other groups are organizations with which we are collaborating. We have had many conversations with them following the Marshall Fire about reconstruction efforts, similarly, within other coastal states and really understanding that there are standards. The IBHS has put forward excellent standards; it is the research arm of the insurance industry. As a nonprofit, it has worked closely with the building trades and international code councils in developing specific building code standards. Our organization is generally promoting states to adopt and enforce those standards, including after rebuilds where there is the best opportunity for reconstruction and incorporating all those codes and techniques so properties are more resilient and not just going back to a prestandard.

***Chair Jauregui:***

Committee members, any other questions? Ms. Collins, thank you so much for being here, we appreciate your presentation.

### *B. NEVADA JUSTICE ASSOCIATION*

[Chair Jauregui indicated a representative from the Nevada Justice Association was unable to present before the Joint Interim Standing Committee on Commerce and Labor due to a scheduling conflict.]

## AGENDA ITEM VIII—PUBLIC COMMENT

***Chair Jauregui:***

Committee members, that takes us to our last agenda item, which is public comment. I am going to go to see if there is anyone here in Las Vegas, seeing no one here. Is there anyone in Carson City? Seeing none, BPS, could we check the telephone line for anyone wishing to give public comment?

***BPS:***

Chair, the public line is open and working but there are no callers at this time.

***Chair Jauregui:***

Committee members, any comments? This concludes our meeting for today. Members, our next meeting is scheduled for June 20, 2022, beginning at 9 a.m.

**AGENDA ITEM IX—ADJOURNMENT**

There being no further business to come before the Committee, the meeting was adjourned at 11:04 a.m.

Respectfully submitted,

__________________________________

Crystal Rowe
Research Policy Assistant

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Marjorie Paslov Thomas
Senior Principal Policy Analyst

APPROVED BY:

_______________________________________

Assemblywoman Sandra Jauregui, Chair

Date: __________________________________

## MEETING MATERIALS

| AGENDA ITEM | PRESENTER/ENTITY | DESCRIPTION |
|---|---|---|
| Agenda Item IV | Barbara Richardson, Commissioner of Insurance, Division of Insurance, Department of Business and Industry | PowerPoint Presentation |
| Agenda Item V | Malinda Southard, D.C., C.P.M., Executive Director, Patient Protection Commission, Department of Health and Human Services | PowerPoint Presentation |
| Agenda Item VI | Mark Krueger, Chief Deputy Attorney General and Consumer Counsel, Bureau of Consumer Protection, Office of the Attorney General | PowerPoint Presentation |
| Agenda Item VII A | Karen Collins, Assistant Vice President, Personal Lines Policy, Research, and International, American Property Casualty Insurance Association | PowerPoint Presentation |

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