



NEVADA LEGISLATURE JOINT INTERIM STANDING COMMITTEE ON COMMERCE AND LABOR

(Nevada Revised Statutes [NRS] 218E.320)

MINUTES

July 31, 2024

The fifth meeting of the Joint Interim Standing Committee on Commerce and Labor for the 2023–2024 Interim was held on Wednesday, July 31, 2024, at 9:30 a.m. in 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 CARSON CITY:

Senator Pat Spearman, Chair
Assemblywoman Elaine Marzola, Vice Chair
Assemblywoman Shea Backus
Assemblyman Philip PK O'Neill

COMMITTEE MEMBERS ATTENDING REMOTELY:

Senator Roberta Lange
Senator Jeff Stone
Assemblywoman Heidi Kasama

COMMITTEE MEMBER ABSENT:

Assemblywoman Selena Torres

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Cesar Melgarejo, Principal Policy Analyst, Research Division
Davis H. Florence, Senior Policy Analyst, Research Division
Crystal Rowe, Senior Research Policy Assistant, Research Division
Sam Quast, Senior Principal Deputy Legislative Counsel, Legal 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 Spearman:

Good morning and welcome to the fifth meeting of the Joint Interim Standing Committee on Commerce and Labor.

Thank you for accommodating us in Carson City. I was not sure whether the new building would be open and did not want to make the decision to be there and then have to change. This was a safe choice.

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

AGENDA ITEM II—PUBLIC COMMENT

Chair Spearman:

With that, we will move forward with public comment. Is there anyone here for public comment? Begin when you are ready.

Donna A. Zanetti, J.D., Esq., Attorney and Partner, Leach Kern Gruchow Song, Representing Homeowners Associations:

Good morning, Madam Chair and Members of the Interim Committee. We represent homeowners associations (HOAs) across Nevada, many of which are struggling with property insurance costs ([Agenda Item II](#)). To provide a single example, in 2024, a townhome condo community's entire insurance budget was about \$115,000. In the spring, the Association's insurance company notified the Board it would not renew its property insurance policy. The best policy the Association could get was one for over \$700,000 with a \$250,000 deductible. It resulted in a special assessment of more than \$4,600 per unit. *Nevada Revised Statutes* requires HOAs to ensure the unit, as well as the common elements, subject to reasonable deductibles and reasonable availability. But do these deductibles and these premiums seem reasonable? A \$250,000 deductible is essentially self-insurance for all but a catastrophic loss. The alternative is to carry no insurance, but that is not reasonable either. We cannot force insurance companies to sell policies in this State. What we can do is amend Chapter 116 of NRS to give associations more options in this type of market, such as removing the burden for insuring the units to allow for bare walls coverage and allowing the Association to charge the cost of repair done as a common expense to the owners who negligently and carelessly damage their owners' units. This has been a crisis for many associations throughout the State. The most vulnerable being condos and townhouses because that is what first-time buyers can afford. Hopefully, in 2025 the Legislature can find a way to help associations and make the cost of living in condos and townhouses affordable.

Chair Spearman:

Thank you. Is there anyone else here for public comment. [There were none.]

Broadcast and Production Services (BPS), do we have anyone on the phone lines?

BPS:

To provide public comment, please press *9 to take your place in the queue. Caller, go ahead.

Evelyn Theresa Leeds, Las Vegas Resident:

I am also addressing the rising cost of home and commercial insurance rates in Nevada. As a community leader, homeowner, and realtor, I am deeply invested in our community. I believe it is crucial, as a state, to understand the factors driving increases, to ensure Nevadans are making informed decisions for our State.

Here are my key points. Based on a presentation given by the Vice President of American Property Casualty Insurance Association (APCIA), who is attending this meeting, this is what I came up with. Natural catastrophes are driving rates up. Nevada has faced earthquakes, floods, droughts, and wildfires. We need to see the data on claims made from these events to clarify their impact on insurance fraud.

Secondly, modern homes. Roughly 88 percent of the homes in southern Nevada were built after 1990. Those homes are currently energy efficient and could potentially qualify for resilient designations right now. This should be a consideration in reassessment. Commercial development—most commercial properties have also been built post 1990.

Our modern infrastructure should be considered. Underground utilities—the extent of underground utilities in Nevada can also significantly mitigate disaster damage and should be considered.

The impact on home values. Rising insurance costs will deter buyers and strain current homeowners. To ensure fair and justified insurance rates for Nevadans, a data driven approach for our State and our State alone should be considered.

To sum up, I believe our Legislature should seriously consider reviewing the data on catastrophe related claims, and what APCIA needs regarding their determination if we, as a State, can meet their standards for energy efficiency, resilience designation, and utility infrastructure. I believe that data could benefit APCIA's determination of what is fair and affordable for premium cost for the State of Nevada.

Chair Spearman:

Do we have anyone else on the line?

BPS:

The public line is open and working, we have no additional callers at this time.

AGENDA ITEM III—APPROVAL OF THE MINUTES FOR THE MEETING ON MAY 23, 2024

Chair Spearman:

We are at [Agenda Item III](#), approval of the minutes for the meeting on May 23, 2024. Are there any questions regarding the minutes? [There were none.]

VICE CHAIR MARZOLA MOVED TO APPROVE THE MINUTES OF THE MEETING HELD ON MAY 23, 2024.

ASSEMBLYWOMAN BACKUS SECONDED THE MOTION.

THE MOTION PASSED.

AGENDA ITEM IV—PRESENTATION ON INSURANCE ISSUES RELATED TO WILDFIRES

Chair Spearman:

Agenda Item IV is a presentation on insurance issues related to wildfires. We are trying to follow up on constituent concerns regarding rising homeowners insurance and as we have heard this morning in public comment. I also get a lot of calls regarding that, but I have not received calls from the HOAs, indicating what those insurance rates were. With that, I will turn it over to you, Commissioner Kipper.

Scott Kipper, Insurance Commissioner, Division of Insurance (DOI), Department of Business and Industry (B&I):

Thank you, Chair Spearman, Vice Chair Marzola, and Members of the Committee. I am joined by Adam Plain. He is our Insurance Regulation Liaison and works closely with members of the Legislature and is part of our leadership team that is working hard on the issues of the impact of wildfire risk. This morning I will be addressing the challenges that many Nevada homeowners are now facing regarding the availability and affordability of property insurance, either as a homeowner or a unitowner of a condominium ([Agenda Item IV](#)).

For the past several years, we have been seeing headlines like this more frequently, especially for our neighbors to the west. This is not exclusive to the issues surrounding the western states in the United States. These types of headlines are challenging all over the country. The challenges surrounding the availability and affordability of homeowners insurance is becoming a national problem.

Since 2017, the estimated insured property losses, due to natural catastrophes in the United States, has averaged an inflation adjusted value of \$97 billion per year. This compares to an annual average of only \$34 billion during the period of 2014 through 2016. These increases in losses, throughout the country, have impacted insurer reserves and are also creating major challenges regarding the pricing and availability of reinsurance. Reinsurance is insurance that insurance companies buy to protect them from catastrophic losses. Further, nine of the ten costliest wildfires in the history of the United States have occurred since 2017. Wildfire is the peril that is most impacting property insurance for the western states.

Nevada has been fortunate and thus far, we have avoided a catastrophic wildfire loss. Our homeowners insurance market has been profitable every year for the last ten years. However, as you can see from the chart on the right, the number of Nevada wildfire incidents have been on an upwards trajectory in recent years. In spite of this profitable business in Nevada, due to the national loss trends and risk exposure, we are seeing an increase in Nevada insurance carriers that are nonrenewing homeowners and condominium

owners insurance policies. Those homeowners that are not able to obtain coverage from an admitted carrier are often seeing significant increases in their premiums and are forced to go to the nonadmitted carriers. When I talk about a nonadmitted carrier, think Lloyd's of London or that type of insurance company. The DOI has little oversight on those entities, but we do allow them to operate in Nevada to address the unique or strategic risks that may incur.

To put perspective on the risk being assumed by insurers, in 2022, the total written home insurance premiums in Nevada was nearly \$824 million. One Nevada insurer has 584 homes insured in Incline Village; with a total insured value of those 584 homes of approximately \$1.4 billion. This insurer's average annual Nevada homeowners insurance profits are approximately \$5 to \$10 million per year. Compare that with the \$1.4 billion of exposure in one area, and you can understand the skittishness the insurance industry has. In spite of Nevada being a profitable state for homeowners insurance, the increases in national catastrophic losses, and especially western state wildfires, are causing insurers to reduce their exposures to loss in Nevada.

The Division is responsible for regulating insurance in the State. The rates for homeowners insurance are subject to review and approval of the Division prior to being used by an insurance carrier. However, Section 1(f) of NRS 686B.030 states the Division has no rate review oversight over commercial insurance policies, which includes condominiums and apartment building insurance. Obviously, the DOI—as stated earlier—cannot force a carrier to write insurance in a specific area, and a carrier cannot cancel any policy under NRS without proper 30- to 60-day notice to the insured. Nevada insurance discrimination laws do not apply to the location of a property. A carrier is allowed to cancel coverage in one area of the State and have different underwriting rules for different areas of the State.

The Division has been hearing about potential problems in affordability and accessibility during the past two years. The Division has performed data calls for homeowners insurance for the years 2023 and 2022 and just completed a data call for commercial habitation risks, that being condominiums and apartment buildings, in order to give us an accurate snapshot of the availability of insurance in our State. Our 2024 data calls reflect that approximately 90 carriers are writing home insurance policies in Nevada and approximately 64 carriers are writing commercial habitation policies.

The results of our home insurance data calls show there were significant changes to the number of policies cancelled or nonrenewed due to wildfire risk. In 2022, there were 264 policies that were adversely affected by wildfire risk. In 2023, this number increased to 481, which is a change of 82.2 percent. There were also significant changes in the number of applications that were not accepted due to wildfire risk. In 2022, there were 2,439 applications that were declined due to wildfire risk. In 2023, this number increased to 4,994, which is a change of 104 percent. Of the 481 policies nonrenewed in 2023 due to this wildfire risk, 261 were located in Washoe County and 69 in Douglas County. Interestingly enough, 54 were in Clark County and 50 in Elko County. In 2024, the Division was notified by two carriers of their plans to nonrenew a total of 4,892 homeowners policies due to wildfire risks. As you can see, the trends are starting to get more alarming.

This map shows the location of the homes that were being impacted by underwriting due to wildfire risks. As you can see, most of that is in the Lake Tahoe Basin and also along the Interstate 80 Corridor. But as I said, there are also some in Clark County, which is surprising to us. On the sides of the map, you will see the numbers and locations of the homes that are being cancelled in 2024. Northern Nevada has 4,731 and Southern Nevada has 161 homes being cancelled or nonrenewed. The rapid escalation of Nevada home

insurance cancellations is an extremely concerning development for our residents and the Division.

I want to talk about commercial habitation and the findings from our most recent data call. The Division also finished a recent call for carriers covering condominiums and apartment buildings—as we heard from many Northern Nevada condominium owners about dramatic increases in their association policy premiums and assessments. We found there are 64 carriers writing in Nevada, with a total of 19,315 policies in force. However, we did find concerning trends in these forested areas. In Incline Village, of the 64 carriers that were writing business, only 19 were covering apartments and condominiums—which is down from 21 in 2023. In Stateline, the number of insurers was down from 18 to 14, and 17 of the 83 policies covering risks located in Stateline were nonrenewed due to wildfire risks. When insurance through an admitted carrier cannot be found, insurance is placed with surplus lines or not admitted carriers that are not regulated closely by the Division. These carriers still provide and pay premium taxes like any other carrier, but the contents, design, and pricing of those policies is not something the Division has oversight of. These premiums can also often be multiple times higher in costs. Our surplus lines data calls show that 2,528 homes in Nevada were insured with nonadmitted carriers in 2023.

What is being done by the Division, and what can we do? Since the first of the year the Division's executive leadership team has been meeting twice weekly on these issues. Here are some things we accomplished during this time. We had the data calls I referenced. We had several meetings with the Center for Insurance Policy and Research, National Association of Insurance Commissioners, trying to get a better handle on studying catastrophe and risk scoring models. Plus, we are obtaining information on other states' insurers of last resort in anticipation that such an insurer of last resort needs to be developed here in Nevada. The Division also met with NV Energy to discuss their fire mitigation plans. During that meeting, they indicated they plan to invest close to \$1 billion over the next ten years in fire mitigation. There was a wildfire mitigation symposium, in late 2022, which included an outstanding panel of experts from across the country who knew a great deal. In that panel was Kacey KC, State Forester and Firewarden, Division of Forestry (NDF), Nevada Department of Conservation and Natural Resources (DCNR). Last month, the Division held a town hall meeting in Incline Village to hear from impacted property owners. We heard from not only homeowners, but also from condominium residents as to the challenges they face when it comes to the increased cost and accessibility for insurance. Division staff also attended a wildfire risk forum hosted by the National Interagency Fire Center based in Boise, Idaho. One of the sponsoring entities was the Insurance Institute for Business & Home Safety (IBHS). They are pioneers in this country and doing a great deal of research and science on what happens when wildfires take place, how they spread, and what happens when you properly mitigate properties.

The Division is also proposing Regulation 175-24. This would expand requirements for the Division to review and approve carrier predictive model filings. I mentioned the catastrophe models, as well as risk scoring models. The catastrophe model is being developed and relatively new for wildfires. These catastrophe models birthed in the Gulf Coast trying to predict what happens during hurricanes. What would happen if a Category 2 versus a Category 3 storm hits the Mississippi coast. What would happen if a Category 4 storm impacted the Florida coast, how far inland? What would happen to those properties? The risk scoring model is more individual homeowners, or as we call them individual perils. An insurance company would use a risk scoring model to look at a specific property and identify whether the property owner has performed mitigation. What risks are there? In other words, are juniper trees next to the house? Are there screens over the vents? Are the eaves covered? Is there a metal roof versus a shake roof? Those types of information go into the

risk scoring model and it generates a number. The company uses that number to assist them in setting a particular premium for that property. Also, under Regulation 175-24 we are considering a filing to be unfairly discriminatory if it does not include the use of Nevada Personal Lines Property Insurance Wildfire Mitigation Incentive Program. This is a voluntary program created a couple of years ago. Currently, there is no evidence that carriers are giving homeowners any mitigation discounts in the State.

Additionally, the Division recently issued Bulletin 24-001 to provide guidance to insurers on the use of artificial intelligence (AI) systems to ensure there is a nondiscriminatory outcome. I want to point out, this is not just for wildfire risk but all use of AI in the insurance industry as it comes to underwriting, particularly, and rate setting.

We developed homeowners insurance and commercial habitational shopping tools—that are now on the Division website—to help Nevada consumers locate carriers that are expected to be offering coverage in that zip code. If you go to our website, access the shopping tool and enter your zip code, you will be presented with a list of carriers, I identified, that are writing in that particular zip code. This week, we also added a similar tool for commercial habitational. This is based on the information we received from the data calls we have done.

One of the great inefficiencies in insurance is the ability to shop for coverage. Insurance may only be purchased through a producer appointed with a particular carrier. In other words, if I want to go to ACME insurance company, I have to deal with a producer who has a contractual relationship with ACME. Many of the top writing insurers in Nevada's property insurance markets are only offered through exclusive agents. Not to pick on State Farm, but they are an easy example. Most State Farm producers only write State Farm products. We consider that a captive insurer or a captive agency type of setup. Insurance shopping must be extensive to obtain quotes from all carriers that are open to writing business in particular areas. We are encouraging consumers to not only deal with their agent of record, but if they cannot get a satisfactory quote, to reach out to other brokers or captive agency insurers to get a quote that will provide them with insurance.

Our shopping tools allow consumers to put their zip codes in and be redirected to all the carriers that have indicated they are open to receive applications at the time of our data call. One of the downsides is, we are hearing from consumers that some carriers are not taking into consideration all the applications they are receiving; they are being more discreet. One of the points I made earlier is the concentration of carriers. We can go back to the example of the 584 policyholders with one company in Incline Village. They believe they have too much concentration in that area and in the event of a conflagration or catastrophe, it would have a significant impact to their bottom line. They are trying to purge their books a little, even though Nevada is a profitable state at that level of concentration, to avoid catastrophic loss.

Although there are no easy or complete answers to the options that can be utilized to provide relief to Nevada property owners, some of the programs other states currently employ—or are being studied by the Division, other states, and/or the federal government—are insurers of last resort known as a Fair Access to Insurance Requirements (FAIR) Plan. This is a high-risk pool. A FAIR Plan is operated by the state or a state-based entity, that would develop an insurance program, so if a consumer does not have any other viable options they can turn to the FAIR Plan, and the Plan would be required to provide insurance. One significant challenge is what the cost of that product would be. Any time we get into a situation like this, where there is a guarantee to be issued, you are looking at significant affordability challenges to a high-risk pool that requires property and casualty insurance to participate in this risk. It would also include a wildfire mitigation assistance

program. Some states have allocated funds to help consumers fire harden their homes. I am familiar with a program in Alabama where they have gotten grant funds and State money, and they are providing up to \$10,000, per approved applicant, to take the steps to harden their homes against the threat of hurricanes. This is something we have discussed thoroughly with my peers across the country and is starting to find momentum in a number of other states.

A program of reinsurance to help subsidize the risks of wildfire losses. United States Representative Adam B. Schiff (D-California) has introduced a bill in Congress to create a national reinsurance program to cap the exposure of insurance carriers. Nevada has had conversations with commissioners from other states about the potential for a multistate reinsurance program. This is a program that would be completely unique. We are bullish on this issue. This reinsurance program would diversify and spread the risk by including a number of other states. We have had conversations with insurance commissioners from as far away as Alaska, Idaho, Montana, New Mexico, and Wyoming—states similarly situated to Nevada. Where we could spread this risk and create a reinsurance program so the costs would be diverse. Due to that diversity, perhaps the costs of reinsurance would not be as high as they normally would be if we were just a reinsuring program in the State of Nevada.

The most commonly used tool to help consumers with insurance challenges is a state FAIR Plan. Again, this is an insurer of last resort where no other coverage is available. Currently, 32 states have FAIR Plans and that includes the Gulf Coast as well as our neighbors in the west. Because of the availability crisis in California, they currently have over 250,000 properties insured through the State's plan. These plans are normally administered through a nonprofit association and a board. Carrier assessments to create the necessary reserves are either passed on to policyholders or carrier credits are allowed to be offset against premium tax payments to the state. Capitalization costs for this type of program will be significant. Most states limit dwelling coverage to \$750,000 per home and \$5 million for commercial properties. Although recently, the California FAIR Plan raised their limits to allow for \$3 million per dwelling and \$20 million for commercial risks. To put that in perspective, there are a number of units in Incline Village where the insurable value of a condominium unit is upwards of \$30 to \$50 million. The \$20 million that covers a significant portion does not come close to covering the entire level of the insurable value.

Some of the challenges we will encounter in Nevada with the FAIR Plan is, first, a lack of risk diversification. The wildfire risk is concentrated—if you go back to that map—to a small number of areas, mostly in northern Nevada. We have high valued homes in forested areas where available coverage will be inadequate. There is going to be a significant challenge to access sufficient reinsurance. By the way, the Division has had initial conversations with reinsurers from around the world to see if there would be an appetite or if they have ideas about how we can address this problem. Again, these are preliminary, but we have had those conversations. The limits, as we just talked about, are not going to be adequate to cover most condominium or apartment risks. Then, the cost to capitalize the FAIR Plan and whether that will be an impediment to the development of the Plan.

Next steps, the Division is getting a work program pulled together, requested, and approved to move forward with a request for quote (RFQ) to hire an actuarial firm to perform a feasibility study for a Nevada FAIR Plan. Once we get that feasibility study complete, we will deliver those results and provide recommendations to the Governor and the Legislature.

Those were the significant comments we had. This is a body of work we have been focused on over the course of the last eight to nine months. We have been meeting regularly and have talked to everybody who would be associated with this—from consumers to legislators

to insurers, reinsurers, fire chiefs, fire professionals, and our colleagues from around the country. I wanted to make sure the Committee understood the level of work that is ongoing at the Division, and we hope we can come up with a viable solution or set of solutions for the State. One thing we have been cautious about is a bad decision has 100 orphans. We do not want to replicate the bad decisions our colleagues in the country have done. The FAIR Plan in Florida is extremely challenged. They are covering nearly half of the risks that are common to the hurricane peril across the State. I was a Deputy Commissioner in Louisiana in the aftermath of Katrina. The challenge was getting insurance companies to come in and write perils below Interstate 10 in the aftermath of Katrina and Rita. It is real and a challenge. We want to make sure the way we proceed makes sense for Nevada, our consumers, and the State government here. We stand for any questions the Committee may have.

Chair Spearman:

Committee Members, any questions?

Assemblywoman Backus:

I wanted to make sure I understood you correctly with respect to the commercial lines. Did you say the Division does not have oversight authority to look at the actual risks being taken on by the commercial lines and their profits as you are able to do with the homeowners lines?

Commissioner Kipper:

Correct, we do not have a great deal of oversight on those policy designs and the premiums they charge for those commercial policies. One of the things we say around the office is if you have seen one commercial policy, you have seen one commercial policy. They are each individual and unique in what they are looking at and what they are insuring. To your question, no, we do not have a great deal of oversight with those commercial policies.

Assemblywoman Backus:

Is it that we do not have authority under Nevada law for the oversight, or is it that commercial lines tend to be specific and varying that it is hard to compare each of the different policy lines that are being issued to one another?

Commissioner Kipper:

Nevada is exactly like every other state. These commercial policies are treated almost exactly the same across the country. It is the nature of insurance and the commercial side of things and the uniqueness of these policies.

Adam Plain, Insurance Regulation Liaison, DOI, B&I:

To directly hit at the question you asked, the second part leads into the first. Because commercial policies are unique and tailored to the specific risk, they have generally been excluded from statutory regulation. There has been a push that commercial policies and commercial buyers are thought to be sophisticated enough to have their own best interests in mind and the State does not need to have that statutory oversight.

Assemblywoman Backus:

I have a couple of questions with the potential options to provide relief, one was with respect to the wildlife mitigation assistance program. It seemed what I was hearing is a lot of the lines are not giving offsets for any mitigation taking place. I know down south, I feel like our building code has changed, and if you have a house of a certain size, now you have to have fire lines in your residential house, which would obviously decrease the risk of damage to the property. But if we are not seeing discounts— It seems to me you need both or a mandate on the carriers to be giving discounts if we start offering this program or the program is pointless.

Commissioner Kipper:

The issue around mitigation is a ticklish one. To my knowledge, there are few states that are offering credits or offsets for the use of mitigation. I think the science is not fully baked. Although, during our visit to the IBHS presentation in Boise, it was demonstrated that individual mitigation is effective and does work. On the same token, we also looked at videos and information coming out of the Paradise Fire and in Lahaina, Hawaii, and others where community mitigation was not in place or not fully in place. Insurers look at that information and are reluctant, unless forced, to provide those credits or offsets for proper mitigation. The other challenge insurers have is a homeowner can properly and effectively mitigate, but this is something that has to be an ongoing program individually. There are community mitigation efforts and hats off to those in Nevada who are working with NDF as well as the fire chiefs in these affected areas. They have done a tremendous job of cleaning up the potential fuel on the floors in these areas. We believe other states should look at what Nevada has done and take notes and follow through. We have a splendid history in Nevada of not having many wildfire challenges. I think the worst wildfire event we ever had claimed 41 homes. The potential and the fact the location is right across the street from areas that have significant wildfire challenges are enough to make the industry nervous. When they get nervous, they need to manage the risk, and the risk is managed by things we are seeing now in the marketplace.

Assemblywoman Backus:

I like what you are saying about the multistate reinsurance program, it economically made sense to me how it was explained. I know one of the things you were looking at was to potentially request an FRQ to hire an actuarial firm to look at the Nevada FAIR Plan, that makes me nervous. We may be there eventually, by no choice, if insurance carriers stop writing in the State of Nevada. Are you still planning to pursue the multistate reinsurance program with the other states, if that is something else you need? I do not think you would need an actuarial firm, but it may be something all states have to do together to see if they can decrease costs.

Commissioner Kipper:

It is a great question and great observation. The way we look at this is the multistate reinsurance program would work in an integrated manner with the FAIR Plan and be able to move some of that risk out of the FAIR Plan and into an integrated plan that is working with other states. They would not be apart from one another but would work in an integrated manner.

Assemblywoman Backus:

With respect to the Nevada FAIR Plan, is the actuarial firm going to be able to give you a breakdown of what it would cost the State—the cost passed on for bare minimums, looking at the structure itself, putting up backup walls, or whatever is needed. I cannot help to think of all the improvements and other costs. Would that be another layer? I am assuming that is probably what they were going to do.

Commissioner Kipper:

I think the RFQ and working with a qualified actuary would give us a sense of what the big picture is. We mentioned there are 534 homes in Incline Village with a total insured value of \$1.4 billion. What we anticipate coming out of this study is a broader view of the State in general, but a real focus on the impacted areas around the Lake Tahoe Basin, Douglas County, Washoe County, and on up into Elko County. I think it would be a higher level.

One of the things you mentioned is a coverage or policy design, and what would be covered, and how we would do that. The only limitation we would have on something like that is limited to the imagination of those who are designing these products. We had a presentation yesterday from a carrier on a unique way to manage these particular risks. I think there is going to be several of these types of presentations saying you can do this, or you can have either a big deductible or small deductible. Would that program then have the admitted carrier, the insurer on the next level, and then the next piece would go to the reinsurance and forth. There are variations on a number of ways these policies could be designed. I think it is endemic upon us to study this and work with the experts in the actuarial world to come up with a way to design this product that would be both economical and as affordable as possible to Nevada consumers.

Assemblywoman Kasama:

It sounds like you have heard the outcry from our citizens with the issues we are having in our State, and you are being proactive with researching different ideas and plans from different states. Thank you for doing that. It is critical for all our citizens in Nevada.

At the beginning of your presentation you talked about something with our statute right now for the individual policies that seemed restrictive. It sounded like a statute needs to be amended for some of the individual plans. Are you, as an Agency, planning on bringing legislation in that area that would help with those issues?

Mr. Plain:

We currently do not have plans for statutory changes related to wildfire property insurance. It is a multifaceted solution. It is not just the insurance portion that affects this, it is building codes, mitigation, forestry services, and all these different factors. We did not want to throw a particular item out there in isolation and have people think that was going to be the magic item that solved everything, or like the Commissioner said earlier, have it done in isolation and make the problem worse for our consumers.

Assemblywoman Kasama:

I understand. I probably agree with that too because, to your point, if we become too restrictive too fast, we might inadvertently have no insurance carriers that want to write insurance in the State of Nevada. It will be a long process. I know our citizens are waiting for something sooner. I agree with taking the time and being methodical.

I realize this will take time to figure out and look at the different plans you are researching. For the FAIR Plan, or pooled reinsurance risk, you mentioned Florida, and they had to come up with something because there were no longer carriers doing insurance there for many of the coastal places. I also understand their reinsurance plan is possibly facing bankruptcy, and there will be no insurance again. It is difficult. Let us say for Northern Nevada, a lot of it is the fire insurance there. If you were to do a reinsurance pool or FAIR Plan, would that reinsurance cost be strictly to Northern Nevada insureds, or would that be spread out to all people in the State of Nevada? Obviously, in Southern Nevada we do not have much forest here. How would you see that working?

Commissioner Kipper:

This is like the question on the policy design, there are a number of ways this could be addressed. In Colorado, to pay for their FAIR Plan, there is going to be an assessment on every policy sold for homeowners insurance across the State. Those on the eastern plains will pay the same amount as somebody would if they lived in Aspen or Steamboat Springs. California has a little different way. If they get to the point where they need additional money, they have the program built in, I believe, to assess carriers. I think there are a number of ways this challenge can be addressed. Again, we want to make sure we study this significantly and well enough to not disadvantage those consumers who are needing a FAIR Plan. We want to make sure it is fair to all the residents in the State of Nevada, and it comes up with a reasonable, but sustainable solution to the challenging issues around affordability.

Senator Stone:

The FAIR Plan in the State of California, from what I am hearing from my former colleagues, is the Plan is upside down. There may not be enough resources with the fire situation we see going on there. We are going to have to do careful thought about our FAIR Plan. Fortunately, we live in a State where we do not have a lot of the major catastrophes other states have such as hurricanes, tornadoes, massive flooding, and the fires we see with our neighbor to the west. As far as joining a national Plan, I worry the citizens of Nevada are going to be paying higher premiums to subsidize the damages done in other areas of the State. I understand what is going on in Incline Village, that is a fire area. I want to mention that and would love to hear your comments.

Commissioner Kipper:

We have been extremely focused on what is taking place in California, not just to the insurance industry, but also to what is happening with consumers and the costs associated with the FAIR Plan. I think it is interesting they recently raised their levels of coverage from 750,000 per residence to \$3 million and have increased the levels of coverage for the condominium units. Any time you do that, you are going to have a significant and commensurate response as far as what the premium is going to be. It just stands to reason. We are watching that and making sure we understand it as best we can.

We speak with our colleagues around the country with regularity. We have a national meeting coming up in a couple of weeks. At those national meetings, our western zone has a breakout opportunity for a couple of hours to talk about these exact types of issues. We are incredibly focused on what other states are doing. Again, we want to make sure, does it make sense for Nevada to have a \$3 million level of coverage, or is there a better way to design the policy? We understand the challenges with the condominiums and apartment buildings. The best way for us to manage that risk was something we are still studying. We have heard significant input from condominium residents and HOA organizations as to the best way to do this. We have also had conversation with insurance brokers that specialize in this area, and they are as frustrated as those condominium owners when it comes to the availability and affordability of this insurance. This is a challenge across the board. I do not want to say Nevada is at an advantage, but we do have the advantage of hindsight in looking at what other states have done, what has worked best, and what has not worked. We are in the business now of trying to figure out best practices and making sure we adopt those best practices to the extent that it makes sense for the Nevada marketplace.

One of the questions and concerns we have when we look at what is going on with our neighbors to the west. I think it is common knowledge that State Farm has retreated significantly from the number of homes they are insuring. There are a number of other carriers that have said they cannot continue to have this level of concentration in the policies around the State, so they are withdrawing. We feel that is probably a mortal sin we are trying to avoid, providing any type of incentive or signage to our carriers that we want to do something to escalate those challenges in Nevada. We are being judicious in making sure that does not happen. It is a thin line we walk, but we want to make sure we do what is best for Nevada consumers.

Senator Stone:

I would like to pivot back to the condo and townhome insurance. Did I hear correctly, that is considered to be a commercial policy?

Commissioner Kipper:

Yes, that is correct.

Senator Stone:

I understand you do not have as much oversight as you do with residential insurance, but you do have oversight over the regulations of a broker's responsibilities in selling insurance in Nevada. Correct?

Commissioner Kipper:

Yes, that is also correct. We do have some oversight on what activities the broker can do. We work closely and collaboratively with our broker world and on all lines of insurance, especially now with the wildfire issues.

Senator Stone:

The type of insurance we are talking about is fire and liability, not the interior contents of condos or townhomes, but to rebuild the exterior structure in the event it is devastated by a fire and, of course, liability concerns. It would be, in my view, a fiduciary responsibility of a broker to make sure they are insuring a property for its replacement value. In Nevada, we have seen an escalation in values over the past few years. Prior to this insurance

debacle, HOAs would renew insurances with a modest 6 percent increase, but now we are looking at 100 percent and 200 percent increases. I am aware of a situation where a broker undervalued a large property at \$28 million instead of \$55 million, allegedly, to make sure he could get a reasonable premium and renewal for a policy. Is that the kind of enforcement something you oversee and accept complaints on? Is that a responsibility of a broker every year he authorizes a renewal of this liability fire insurance and that he updates the value of the property to make sure all the property owners are appropriately insured in the event of a devastating fire? In the event the \$28 million should have been \$55 million, if it was a devastating fire, we would have people losing their investments, losing their homes. What is your oversight with these brokers? How does a consumer get you a complaint if they feel they paid a premium that is not commensurate with the replacement value of these buildings?

Commissioner Kipper:

If the broker disclosed they were only insuring to \$28 million and the HOA, or whoever is working on behalf of the HOA or condominium, acknowledged that fact and knew they were being insured for roughly half the value, as long as it was disclosed, I do not know that we would have much of a level of authority. However, if this was not made known and the consumer was relying upon the fact they thought they had a full \$55 million policy, the Division—once we heard about it—would do an investigation and have the authority to take some level of action against that broker.

Assemblyman O'Neill:

Talking about the FAIR Plan, or if we went with the federal plan, are we taking away the incentive for the carriers to offer insurance? To me, we are doing away with private enterprise and having the government be there.

Commissioner Kipper:

It is a concern that we also harbor. We want to make sure the marketplace works as efficiently as it can. We do not want to get to a situation where carriers are saying they do not want any more business, and we want everything to go to a FAIR Plan. This is what is happening to our neighbors to the west. We want to make sure that does not happen. It is not good for the California FAIR Plan, it is not good for the State of California, and I do not think it is good for the marketplace at all. We want to make sure we have a competitive marketplace. As we stated in our presentation, Nevada's homeowners marketplace has been profitable. As profitable as any other state in the west over the course of the last 10 to 15 years. We want to make sure carriers realize there is still an opportunity to make a dollar here and not walk away from good business, to embrace that good business. At the same time, being able to manage that risk. If there is a home completely surrounded by juniper bushes with a shake roof and trees all over the place, a carrier should have the right to say that is too much of a risk for us. We want to see that, or you need to go to the FAIR Plan. If there are other homes that have done proper mitigation, a good job of fireproofing, or followed building codes in effect to harden their homes to the effects of wildfire, we want to make sure that is an attractive peril for insurance companies to take on and cover and not to step away and go over to the FAIR Plan.

Assemblyman O'Neill:

You brought up an interesting point in that response. Why should the State take on a customer and insure their house if they have a shake roof, juniper trees, or trees all over, and they cannot get insurance from a private insurance company? Why should the State

take that risk instead of the insurance company saying cut the juniper trees, get rid of the shake roof, and reduce the fire hazards and then we will insure? I am at a loss on why we should take that responsibility on to let them have their trees. I do not agree with it.

Commissioner Kipper:

You make a good point. The whole point of the FAIR Plan is being that insurer of last resort. If there is no other place to go, the point of having a FAIR Plan is so they can get insurance. If somebody wants to purchase a home, they can get that.

Assemblyman O'Neill:

I do not mean to sound argumentative, although I guess I am. I am still going back to; you do not want to do anything about mitigating your liability or possibility of being burned out. Why should the State say that is fine, we will insure you and take care of you? That is what I am trying to get at. Maybe that is why California, as Senator Stone said, is underwater with their FAIR Plan; and I have heard it, regularly, called the unFAIR Plan. Help me to understand, because what I hear you saying is we do not care if you mitigate your fire risk, we will still insure you. To me, it does not make sense for anybody to take that liability on.

Commissioner Kipper:

There are many points where I completely agree with you. If a person is not willing to help themselves, then why should they become covered by a state plan where they have not done any of the work to assist themselves. It gets back to the concept of the fact that there is no other place for these folks to turn. I agree they should be willing to do what they need to do in order to make that peril or risk more insurable. I agree there are challenges being in the state system like that. You are essentially becoming a potential drag on the program, but I do not think there is any other way to provide insurance that would cover this particular risk.

Assemblyman O'Neill:

I do feel for them, but I have a problem— Is this part of the reason why California is underwater? They are ensuring people who are not reducing their— Do you know why they are having their issues?

Commissioner Kipper:

I think that is part and parcel of what is driving the challenges of the financial wherewithal of the FAIR Plan. Certainly, the increased levels of coverage speak to that. I do not know that there is a— Being an alternative to the admitted marketplace, and if they are considered too risky by insurance companies and by law, they have the ability to make that determination. There should be an avenue where these consumers can turn in order to get coverage.

Assemblyman O'Neill:

I agree with you. I have other questions on HOAs. As Mr. Plain said, they are supposed to be at such a level where they can take care of their own issues. I wonder about that sometimes because HOAs are usually homeowners. They may have jobs of their own and pay minimal attention to their issues. Some are retired and it is beyond their scope of abilities. I believe we can give some assistance, as a State, and should look into it more. I would like to carry on the conversation with you more to see what we can do but do it

reasonably. We need to protect all the citizens of the State and look at what is fair and equitable. Chair, I appreciate that you have given me such leeway.

Chair Spearman:

You asked most of the questions I had, but I have one more. We are talking about fire and mitigation, but one of the things that happens in a fire is the part that was burning it is put out with water. Then there is another part that was not burning, and you have water and mold. Does the insurance cover that as part of the downstream if you will?

Commissioner Kipper:

I believe most of the insurance policies, when they address the benefit that would be derived, would take all of that into consideration when they adjust the claim and make the offer to the consumer of what they should get coming out of the insurance policy.

Chair Spearman:

What about the responsibility of the municipal and county planning and zoning operations? It seems to me that if we know there is a potential or greater risk of fire in certain places, then perhaps those places should not be zoned for residential or commercial.

Commissioner Kipper:

The things we talked about today are a holistic approach to addressing these challenges. It is not just an insurance issue, but as you mentioned, it is a municipal question when it comes to zoning or building codes. Our forestry and fire chiefs have done a terrific job in mitigating the challenges in our fire-challenged communities. I think as we look at the potential set of solutions, it is not strictly an issue of insurance. There are a number of different means that could be addressed to address challenges from a different perspective.

Chair Spearman:

Whatever legislation comes up in 2025, I would suggest that would be a part of it. As Assemblyman O'Neill said, there appears to be inequity if people not in the fire risk zone are paying for those who are. At one point, in Florida, people who were purchasing homes close to the water for hurricanes had to sign something acknowledging they understood the risk, then whatever insurance they got however that was paid for was paid for. This is a concern of mine because planning and zoning say you can go there and build.

Commissioner Kipper:

I appreciate your observation Madam Chair. As we work through a more detailed level of a solution set, we will take that into consideration.

Chair Spearman:

Any additional questions from the Committee?

Assemblyman O'Neill:

You are talking to the brokers about the issues, is it my understanding the brokers are saying the carriers are not writing new plans, they will renew, but they are not writing new plans or have the carriers come forward to you and addressed why? Are the brokers talking about it, and the carriers are still willing to do something?

Commissioner Kipper:

We work closely with a number of broker groups, including the Nevada Independent Insurance Agents. They have done a terrific job of keeping the Division plugged in as to what they see in the marketplace. They bring these anecdotal stories of carriers who say they are still in the marketplace but have tamped down on the number of policies they are considering or looking at. The response to that question is yes, we are seeing from the broker community a concern the carriers are not as enthusiastic in their participation in the marketplace. When we talk to the carriers, per our data call, they indicate, yes, they are still writing. There are a number of carriers still writing. There are a handful of carriers that have reached out, or we are reaching out to, in order to bring them into the State to start writing business. Because the State has been a profitable place to operate, these companies indicated they would like to explore this further to make sure there is a chance for them to come in. Overall carriers were still writing, but how much they are writing—they have not been effusive in what that means.

Assemblyman O'Neill:

What is the margin that it is profitable for the insurance carriers to write here? What is the margin they are allowed to make on their policies?

Commissioner Kipper:

Generally, if a carrier makes anywhere between a 3 and 5 percent profit margin. This is after they have paid claims, operationalized their business, and paid the brokers their commissions. If they make 3 to 5 percent, I think they would consider that a significant level of profit in the State.

Chair Spearman:

Senator Stone has another question, and then we are going to have to go to the next agenda item because we have somebody with a hard stop. I am going to ask Committee Members to consolidate questions to make sure we get through the whole agenda.

Senator Stone:

I wanted to piggyback on Assemblyman O'Neill's comments about mitigation. What we do in situations, for example in the Northern Nevada Lake Tahoe area, when you have the Tahoe Regional Planning Agency (TRPA) that says you cannot remove the tree, or you do not need to clean this area up even though it is a fire hazard. How do you address agencies like that? Who should be held accountable if there is a fire that could have been prevented?

Commissioner Kipper:

I think that is an excellent question. We have been working with an organization based in Incline Village that works closely with TRPA. Historically, the TRPA has been reluctant to make a lot of changes and require the removal of risks in certain areas. I think this is going

to have to be a joint effort between insurers, regulators, other State entities, State forestry service, firefighters, and anybody who might be involved with the management on the ground of the fires, potential fire fuels, and what it would look like. Senator Stone, your question is well intended, and I appreciate that, but it is going to take more than an insurance approach to it.

Chair Spearman:

Thank you, Commissioner. We have taken copious notes and hopefully we can incorporate some of that. I will be talking with you after the meeting, so we can look at what that looks like in terms of legislation for next session.

Commissioner Kipper:

Madam Chair, thank you for the opportunity to be here today. We truly appreciate it.

AGENDA ITEM V—PRESENTATION ON THE FREQUENCY AND RISK OF WILDFIRES IN NEVADA AND CURRENT FIRE PREVENTION PROGRAMS

Chair Spearman:

We will open up Agenda Item V, a presentation on the frequency and risk of wildfires in Nevada and current fire prevention programs. We have two presentations. Part A is Ms. KC, please begin when you are ready.

Kacey KC, State Forester and Firewarden, NDF, DCNR:

I am here today to talk to you about the wildfire risks and frequency of wildfire in Nevada—I am sure you have heard many of our discussions on this before—as well as the prevention programs we get to operate, not only within the State of Nevada and NDF, but with our state, federal, and local government partners in Nevada and across the United States ([Agenda Item V A](#)).

To give a bit of background on wildfire frequency. Fire is natural in many ecosystems across the United States at regular return intervals, this can get data induced. What you are seeing here is a map of the type of fuels we have across the State, historically, and how often fire returned to those communities over time. With the lower end of this interval, you had more frequent but less intense fires. As you have the higher numbers, you had less frequent but higher intensity fires historically speaking. What has changed in our ecosystems—which we will talk about in a few slides—is the invasive species, primarily brome grasses, both north and south across the State. When those grow, we have more grasses in the inner space that carry fire differently than our traditional ecosystems would have.

Wildfire risk is mapped across the United States. The West Wide Wildfire Risk Assessment was done for all the western states. The southern states and the northeast midwest also did theirs. This is Nevada's comparable. Many data layers went into what risk looks like. Those include the historical fire ignitions and the risk in the fuels that exist out there. The potential for ignition, this is where a lightning strike may happen—obviously, anywhere has the potential of ignition when humans become involved. Then infrastructure, what types of infrastructure is out there? What are we looking to protect? Critical watersheds, important for safe drinking water and all kinds of things. Then, other values at risk. There are many data layers behind what pulls up into this risk data layer. Much of Nevada is in a low-risk area. However, when you zoom in closer, you will see—much to the first presentation from the Commissioner where he showed the homes that were dropped for insurance in the State

last year—it directly follows where the high-risk red zones are across the Interstate 80 corridor and in the Lake Tahoe Basin. In the Sierra Front Interstate 80 corridor, we have higher elevated risk south. This does not mean you cannot have fires in all these ecosystems—you can, and we do—but this is the higher risk areas for hazardous conditions.

We have seen an increase in wildfires across the State of Nevada over time. The primary cause nationwide is human cause starts. In Nevada it is no different, the starts are primarily human caused. You see in the data I provided, there is an undetermined section; those are primarily human caused still under investigation. We average about 60 percent human cause starts; it does not mean that is the primary loss. Much of our acres burned are usually lightning cause fires. We are about 50/50 in acres burned on average over the last five years. One of the things to note here is, you heard earlier, we have not seen the same devastating loss from a homes' perspective as our neighbors to the west. This was also true in the State of California. If you recall the Angora Fire 17 years ago, there were 254 homes lost and 2,000 acres in the Lake Tahoe Basin. It was the most devastating fire in California's history as far as home loss 17 years ago. Every year since they have recorded a new record for home losses. This is not something that could not happen to us, it is something we have to prevent from happening.

Wildfire frequency and increases, this is the data. The map shows you various shades of red. The lighter shades of red are those where we are seeing one, two, or three times burn. Where you see the darker shades of red, we are talking about seven different fires in the same area. The more fire in that area, the farther we deviate from our norms as far as what the ecosystem looked like from a vegetative perspective. When we get an initial fire, it might burn through a little less hot. It might keep the seed bank in the soil, and we might see native vegetation come back. As we start to see seven burn intervals frequently, we are most dominantly going to have cheatgrass coming back, and we are going to have a hard time, as vegetation managers, to try to get it back to anything native. Even to try to get nonnatives in there to compete with some of the cheatgrass areas. Once we start to see cheatgrass coming in as the primary dominant species, we do see our return intervals. You are almost looking at a yearly return rate of fire. What we have seen over time is a doubling of the amount of acres in the most frequent 20 years than we had in the 20 years prior. On average we burn about 450,000 acres a year, but as I am going to show you in a future slide, that is dominated by weather. We have bigger peaks than that. Our highest year in recorded history is still 1999, where we burned, across the State of Nevada, about 1.8 million acres.

In all of this, I want to say we are successful in our initial attack. Our initial attack success rates last year were close to, if not, 100 percent. It was also due to the fact that we had few wildfires comparatively and a lot of firefighters here, not fighting fires in other states and our own State. This year to date, we have had more fires than we had last year alone, and more acres burned. We are still about a 98 percent success rate in initial attacks. Most of our fires are kept under that 24-hour period. It is the 2 percent that get away and become the most devastating.

We know when we are going to have bigger fire seasons based on weather and the fuel loadings that come with it. This is the drought monitor index. The high reds are the years we are in high extreme drought conditions. Those tend to be smaller fire years for the State because in those years, we have not had the grass growth you get from these wet winters. If you look historically, it does not mean we do not have fires. It does not mean we do not have devastating fires in those time frames because you can see by the numbers below those areas; we do burn. In the areas highlighted in the black boxes, those are the years following the big wet years that end our drought. It is the two to three years following where we have those significant grass growths. We are not getting the lower elevation,

snow compaction of that grass in the winter seasons in Northern Nevada, and they continue to compound on each other. You see, we are here, although we are still faring well in the fire department.

Generally speaking, when we head into these years, we—as agencies—begin to prepare differently because we start to see firefighter fatigue. They are going all the time. We have mandatory rest days for firefighters. We ensure they get those. They are going in-state, they are going out-of-state. They are making sure they are fighting every fire we have. We start to see a lot more firefighter fatigue and mental health issues.

This year, we are starting to see the higher elevation carried forward a pretty significant normal snowpack in all areas across Nevada. We anticipated a much later start in those higher elevations and more of a concern in those lower elevation grass, shrubland areas.

Staffing shortages are always an issue. Although in Nevada, we have had good success in hiring firefighters and retaining them. Thanks to a lot of the help you have given on allowing us to hire differently.

What does it look like when you have two wet winters? This is looking at the winter snowpack conditions in April 2023. As you know, we were well above average across Nevada in our snowpack, which helped to dampen down, at the lower elevations, some of the cheatgrass that had grown over the years. This year, we had a little above normal, but mostly normal snowpack, and lots of spring moisture.

This next slide shows the moisture across the State is significantly higher than normal. Although a couple little dots show that were normal or below. It is showing we have large grass growth. We have carry over from the year before. These are the years where we start to worry about big fires in the State.

If you look at our drought comparison in late April 2022, most of the State was in extreme or high drought issues which usually lowers fire potential. This year, almost all of the State is out of drought conditions but that will not remain forever. We have much cycling in the drought conditions. Only a portion of the south is still in moderate drought conditions.

This is the national outlook from Predictive Services, National Interagency Fire Center, for September and October. August looks much like September, although there is a little more red. They are looking at fuel moistures, fire activity, lightning potential, and dry lightning potential. This is how you get these above average risk ratings. This year, we knew as we came in, we were going to have a regular start to the fire season, which means about June or July. Then, we were going to move into a heavier season this fall depending on what comes.

What are we doing for prevention? I wanted to talk quickly about our camera system. We have a coordinated camera system across the State of Nevada. Many of you have probably seen the pictures. It is a website that is open to the public, where everybody can watch the cameras. It has been helpful because people spot smoke. We also have auto detection systems in many of these cameras. They are rotating and spinning all the time and looking for fire starts. It can auto detect. Our dispatch centers and fire management officers across multiple agencies can spin these cameras. If we know we have a fire in a location, or we see a smoke start, we move the camera towards that location. It has helped our dispatch centers to locate fires. People driving down Interstate 80 may not know exactly where they are, and when they report a fire, it is hard for our dispatch centers to figure out where exactly that fire might be. This has greatly helped. It also helps us to look at that fire, see how it is moving from the way the smoke is columning, and then it helps our dispatch

centers to know what we need to dispatch. Whereas before we would have dispatched the moon. Now we see what actually looks like out there. The camera system is an interagency system. Many people have put funds into this system, and everybody can use them.

As far as this fire season, Nevada has done a lot of things differently, and I will say that many times throughout my slides. We are one of the only states in the nation to have completed potential operational delineations (PODs) for our entire State. Many states only delineated for their high-risk areas. What do PODs do for normal people? We are at preparedness level four, which means we are starting to see fire across the United States. We are starting to tap into national resources, and we are starting to hit a level where we do not have a lot of resources available. When we start to go into preparedness level four and five across the nation, we should start to worry because that means the assets are not available. What PODs do is we start to draw resources. This is when you start to see incident commanders come from Florida to fight fire in Nevada. How does someone from Florida know about Nevada's ecosystems—that is what PODs do. We tell them exactly what is out there. We give them a rancher liaison in many areas where we have ranching communities. We also embed a local person from our State with them. Basically, it shows them all the fuel brakes we have in place everywhere they can safely defend this fire. All the natural brakes where they can plan for a fire to slow so they can safely put firefighters out there to fight these fires. We are the host. Nevada is the host of five incident management teams this year. Incident management teams scale up and down based on the size and complexity of the incident. We have never fielded five, and that is more than most of the states have this year. We are proud of the work we have done.

We have one of our first interagency training modules for wildland fire use. It was the Arc Dome Wildland Fire Module. Nevada's Division of Forestry had positions in Ely being hired, and the federal forest service had a crew in Ely, that was going to move to Utah because they were unable to hire, and we married up our positions we each had. We had all the right positions but were just two different agencies, and we created an interagency crew. We are proud of the work we are doing across agencies. We never would have done this 20 years ago. It matters. Fire does not care whose jurisdiction or what color patch we have when we show up. They only care that we fight the fire. We are acting differently as we move into fire seasons in the future, and we have been in the recent past.

Wildfires in Nevada require more than just safe and effective wildfire response. It also requires us to create fire adapted communities. We have to harden homes. We have to ensure that people understand the risk they live in. We have to make sure we have resilient landscapes surrounding them because fire is natural, and we want fire to move differently through these ecosystems.

Hitting on our resilient landscapes. When I say "our," I am not just talking about NDF, this is about all our partnerships—state, federal, and local government. We have worked hard at treating more acres. We are in our fifth year in a row of treating more acres than we have burned in the State. When we have firefighters who are not fighting fire, they are actively out there mitigating. Less fire means we can mitigate more. We have treated a lot of good acres. It does not matter, necessarily, the number, but we are working in a different way to treat the acres that are most important across the State.

Our Shared Stewardship Agreement, I am sure you have heard about that. It was signed in 2019 by the Governor. It is up for renewal this year and will be signed, hopefully, sometime in September or October. This agreement was a five-year agreement to make State and federal agencies work differently. We have to out plan, we have to look five years out. We have to pick the high priority areas where we are going to mitigate fire risk, those areas

that are of highest risk. It does not mean we are not going to work in the other areas. It means we are going to take our limited funds, assets, and resources and address those issues first. We met every deliverable we put into the first agreement. Our target was an increase of acres treated in those priority areas by 50 percent. We overshot that, exceeding about 200 percent of the acres treated.

This is a map of the areas we designated. There were 13 landscapes designated 20 years ago. We had come together to try to explain where the risk was, and we could not even agree on the problem, let alone where those areas were. This time, we designated 13 easily. They were not a shock to anybody. These included areas of pristine Sagebrush habitat where we were concerned about how fire will change those ecosystems and areas that have seen a lot of fire. Seven of those landscapes currently have landscape levels. This started at an executive committee, moved down to a technical advisory committee within State and federal agencies, and then moved to a landscape level where they are actually saying here is what we need to do in the next five years. Here is the big landscape we told you we were worried about; they are going to tell us exactly how they are going to treat those acres and where in those communities. Seven of them are active and have five-year plans of work. We are proud of the work they are doing at the ground level. It is much broader at the ground level than just State and federal agencies. It is local government, it is nonprofits and for-profit companies, and it is landowners and homeowners.

One of the other things we are doing as far as prevention and medication is the Fire Adapted Nevada Program. The Fire Adapted Nevada Program is an interagency program for federal, state, and local government, and private industry trying to help educate homeowners about their risk, and the grants they can find to reduce that risk. Part of that is a nationally recognized Firewise USA community—a recognition program administered by the National Fire Protection Association. Nationally, you can become recognized that you recognize your risk and have taken steps to mitigate. This is where you are talking about home hardening, looking at your roof replacements and grate replacements. You are looking at defensible space and making sure that not just each home within this community and your home has it, but every home has it. Then working with your federal, state, and local government partners whose land adjoins your neighborhood. Then, we are doing those larger landscape halos around the outside to protect that community. This is what insurance companies are looking for and that we are sustaining this. To be a Firewise Active Community, you not only have to invest upfront, but you also have to invest every year to retain that national status. This year alone, in 2023, our interagency partners completed 181 community wildfire risk assessments across Nevada. We conducted 605 defensible space inspections across the State telling homeowners what they might want to remove and things they might want to do. We recruited 21 new Firewise communities. Five to ten years ago we had 2 in Nevada, today we have 52. We have spent a lot of time in homeowner education.

We work with the University's Living with Fire Program and their outreach so we can, as agencies, have a single voice for homeowners. It is confusing when we all start speaking our Agency jargon to homeowners. We recognized early on that we had to have a single voice and produce documents for the community that addressed all our issues in one voice. It has been successful.

We also have a lot of grant programs that go out. To an earlier question Chair Spearman had on planning and zoning—obviously, I do not have anything to do with planning and zoning, but it is an issue. It has led to increased fire costs. As you see fires increasing, also cost is increasing because we have a lot more homes to protect. The protection of homes greatly increases your costs. The Federal Emergency Management Agency (FEMA), U.S. Department of Homeland Security, historically was the primary funder of those types of

programs through their Hazardous Mitigation Grant Program and Building Resilient Infrastructure and Communities (BRIC). As you know, FEMA is hard. It is a hard process to get through as far as an application. We are working on trying to solve that.

Part of H.R.3684 (Infrastructure Investment and Jobs Act), 117th Congress, introduced by U.S. Representative Peter A. DeFazio (D-Oregon), provided money to the State of Nevada and NDF for community wildfire defense grants, which can do many of those same things. Anything that is in their community wildfire protection plan from home hardening and all those things through funding from the forest service to the State. We are working hard to get that money in the right places to ensure we reduce that risk across the board.

This slide shows the entities across Nevada, and what we have available this year as far as firefighting assets. We talk all the time about our interagency partners with local government. How many engines do we need? How do we need to beef up the aircraft availability? The State has gone into statewide contracts, which we have not done before, for air assets to try to help in high fire danger years. We have single engine air tankers and super scoopers under contract, at the State level, to help protect. They get billed in the same way we bill all our other interagency assets.

One of the key approaches for us in wildfire mitigation is we have a lot of different— We cannot just aggressively attack wildfires. Our goal is to aggressively attack all wildfires, but we also need to ensure that workforce is trained in mitigation. We have been doing that. We need to make sure they are attacking, as aggressively, the mitigation and rehabilitation so we stop seeing that repeat fire cycle. This is what we are doing in our Shared Stewardship Grant Program. We are the only State in all 50 states to actually— All the other states, when they went into their Shared Stewardship Agreement, it was an agreement between the U.S. Forest Service and their state division of forestry. We recognized in Nevada, because of land ownership, that would not work. We included all federal and state agencies that had some tie into wildfire mitigation and reduction. Now, other states are looking to our agreement. It was hard. It was not easy negotiating with that many entities. Two of us would have been easier, 15 was much harder. I think the outcome of that was much different. As an Agency, we have taken on things like homeowner education and ensuring we are pushing them and helping them. The FEMA Grant application, like I said, is complicated. We have taken those on, on behalf of HOAs and communities, to try to get through the process a little easier. I will say we were no more successful than others were, and that is some we have been working on. I had the fortune of being on the Wildland Fire Mitigation and Management Commission at the national level and many of the things you were speaking of earlier were addressed in those 178 recommendations to Congress on how we work better together with insurance and homeowners to fix this issue at the national level. With that, I would be happy to take any questions.

Chair Spearman:

Committee, any questions?

Assemblyman O'Neill:

In one of your last slides you talk about aggressively attacking wildfires in Nevada. Is there still the policy to let it burn? As we experienced on the Nevada-California Stateline, I think it was three years ago. Where it started burning on California side, they let it burn, and it ended up being a major fire. Are we still exposed to that policy?

Firewarden KC:

The let burn policy; no and yes. There is no let burn policy. Every fire is to be aggressively attacked. You are probably speaking of the Tamarack Fire, and it was, I think, three years ago. The fire was determined to be unsafe for firefighters at the initial onset of the fire. I did not look at it; we were told afterward. They were looking at how far it might spread and then how safe it was to input firefighters. There is a risk analysis all of us have to make when we are looking at the lives of firefighters, and we do not put firefighters in scenarios where we do not think they are going to safely come out. They did a risk analysis on that initially and then it did take off about seven days later. For the most part, across the United States there is not a let burn policy. There is a policy of trying to get it out most immediately. Part of what plays into that is a multifaceted issue. Also, that fire started on July 1 and that same July 1, we had about 32 starts across the State of Nevada and multiple in California. When you are in an Interagency Dispatch Center, that is part of what these leaders are having to do. They look at how many fires we have and the assets we have available to us, the areas where we are going to be most effective in immediate suppression, and we are attacking each fire. Sometimes there are fires that do not get immediate suppression, and it is not because we are letting it burn. It is because we do not have the assets to safely burn if that helps to understand a little of the process of thinking.

Assemblyman O'Neill:

I appreciate that education. Continuing with that, I thought there was a policy if it was a lightning strike or natural start, they would let it because there is value to fires. To the health of the forests and not everything should be put out. Now you are saying we have the attitude that any fire we will attempt to extinguish. Is that what I understand correctly and not that there was an older policy?

Firewarden KC:

I think what you are talking about is the fire for resource benefit. They have called it many different things over the years. It was a federal policy, that is still in place. The difference between the old version of that policy— If the U.S. Forest Service decided this was something that was of resource benefit, they did not talk to any cooperators about what that might do. They had points at which they were looking to hold it, and then we would be contacted on the backside when the bad thing was coming into our jurisdictions. We do have a policy that says, in some areas—and those areas have to be predesignated, that fire would be beneficial, but only under certain conditions. For the most part, during the summer seasons, you cannot meet those conditions. It would be full suppression. If we, as an interagency group, decided that fire was beneficial, and we wanted to let it burn—which we have not done here in Nevada—we would man it like a prescribed fire. There would be certain points at which you would be looking to say if it goes beyond this perimeter, we are going to start to aggressively attack, and we are going to have people on that to make sure it does not go beyond that perimeter. We still have that availability, and I think it is something we would like to use more, but in the current conditions, right now in the summer months, it would be hard, if not impossible, to meet the parameters that have been preset in those locations.

Assemblyman O'Neill:

Thank you for the education. I greatly appreciate it.

Chair Spearman:

It has been about six years since I was on the Nevada Commission on Homeland Security. I am listening to this and thinking about the presentation from the Insurance Commissioner. It might be a good idea to make sure you two are somewhere on that Commission. If we are talking about fires that are burning out of control, we are talking about using a lot of our assets, and at some point, it might even be military assets. The other thing would be lines of communications and making sure they are open and the interoperability between state, municipal, and county. I think that would probably be important. Scenarios are going through my military mind, and if we do not integrate this and, do it quickly, then we could be in a big mess.

The other thing I am thinking about is the money we lose as a State. Being a State that does not have a State income tax, we are talking about the loss of disposable income. There are a number of intersections, if you will, that I see associated with this. It might be a good idea to have that discussion. This is at the executive level, but it might be a good idea to have that discussion to make sure it happens.

Last but not least, what people do not know is that Nevada is a Dillon's Rule State, it is not Home Rule. I am going to look at how we, as a State, can implement the things we talked about in terms of planning and zoning at the municipal and the county level, because if we leave it up to the 17 counties, we may have 17 different ways of doing it. We could come up with 20 different ways of doing it. For continuity's sake, we need to make sure we do this at the State level.

Firewarden KC:

Yes, I agree. I want to assure you we are in talks with the Division of Emergency Management, Office of the Military, and have an agreement with the Nevada National Guard. The Division of Emergency Management has the agreement for all emergencies other than wildfire, we have it for wildfire. We did activate, the National Guard already once this year for fires in Nevada and have currently deployed them to California through our state-to-state agreement with California. We do mobilize those assets. We have those conversations of homeland security. Communication is the number one cause of fatality and injury in this industry for firefighters. We are in constant communication about how we can communicate and making sure our radios talk across frequency channels. All those things are important to us. We are still trying to build, like California did, crews with National Guard assets. It was a way for a permanent job placement when you come back from your guard assignment. We are working on getting those crews out this year. We have been training them every year. Unfortunately, the two years we trained them before there were no fires and it was hard to get them out. We hope to get them out this year. We are always looking at inventive and creative ways to make sure we are all working closely together. But we could, as always, be better coordinated as well.

Chair Spearman:

If we are deploying the Nevada National Guard to California, we are talking about Title X and there is probably some interoperability we need to make sure is in place with the federal government as well. Thank you, I appreciate this. It is an education.

We will now have a second presentation from NV Energy. Begin when you are ready.

***Danyale Howard, Director, Natural Disaster Protection Program Execution,
NV Energy:***

Chair Spearman and Members of the Committee, thank you for having us today. We appreciate the time today to talk about NV Energy's Natural Disaster Protection Plan (NDPP) ([Agenda Item V B](#)). We created a program and unique title for our NDPP in a means to differentiate it for our customers to be easily identified as Power Safe NV. You will hear me refer to Power Safe NV, as well as NDPP.

The Public Utility Commission of Nevada (PUCN) approved the second triennial NDPP for NV Energy. The Plan is an expanded plan over the first triennial. The first triennial plan was approved for three years from 2020 through 2023. We just embarked on our second triennial which will run through 2026. The Plan increased costs up to \$331 million. This includes \$202 million for operational and maintenance costs, \$171 million in capital investments, plus an additional \$98 million for capital improvements that will be accomplished beyond the NDPP. Those costs are deferred into a regulatory asset account for the operations and maintenance costs. Those costs are recovered through a single rate and that is a combination of both Nevada power customers as well as Sierra customers. Capital expenditures are recovered through a jurisdictional rate, which means those costs are recovered by the rate class for the service territory in which those investments are made.

Looking at the State of Nevada, we have used a risk-based approach to identify the highest areas of risk and prioritize that risk along our overhead system. We prioritize the risk and label those areas as Tier 3, Tier 2, Tier 1-Elevated, and Tier 1. Tier 3, being the highest risk areas, are located in the Lake Tahoe Basin, the Virginia City Highlands, and Mount Charleston located in southern Nevada. In the new triennial plan, which came into effect in 2024, NV Energy was able to successfully adopt a new tier, which is Tier 1, and that was to pull in the wildland urban interface areas. Through that plan, another key change was to escalate the Virginia City Highlands from what was previously a Tier 2 to a Tier 3.

The Plan itself is comprised of several different elements that work together. On the asset hardening and capital investment side, the Plan includes rebuilding overhead lines with covered conductor and evaluating selective areas for undergrounding using nonwood pole alternatives, as well as replacing expulsion fuses with a nonexpulsion alternative. As of today, all of Tier 3 for Nevada has been fully implemented with a nonexpulsion alternative. We have also adopted situational awareness. For an electric utility, a new element for us is we did on board two meteorologists who have backgrounds in fire science behavior, as well as fire forensics, and onboarded fire mitigation officers who have the knowledge and experience in the field with both firefighting and codes.

Along the lines of situational awareness, through partnerships we have either fully funded or partnered in cost sharing the implementation and installation of weather stations and fire cameras, and most recently are using AI technology as well as technology that would aid in the early detection of fire in darkness. This is a new pilot program we have implemented.

The maintenance side of NV Energy programs include expanding what was traditionally a tree trimming vegetation management program to an enhanced vegetation management program that partners with local fire agencies in high-risk areas to remove the ground fuels, not only in the right way but through partnership agreements, allowing partners to leverage grants to create what is called a resilience corridor. A resilience corridor is the inset in green on the slide. The resilience corridor allows ground fuels to be cleared, voltage dependent, up to 1,000 feet which would be the maximum. It is varying levels of clearance, thinning, and overall support of the forest health.

The overhead inspection program involves circuit patrols annually as well as detailed inspections based off those tiers on a cycle basis. Today, that program is running ahead of schedule in terms of resolving conditions it finds for all of the high-risk conditions. A priority zero condition is resolved immediately and priority one conditions are resolved within 10 to 12 weeks of being discovered.

In addition to our short-term and long-term programs, NV Energy has enhanced fire season protocols. During fire season, NV Energy does place the overhead system into what we call fire season settings and enacts a power safety outage management program which involves proactively de-energizing the system when there are forecasted conditions that meet a high risk. Predominantly it is weather, fuel conditions, wind speeds, and humidity. During 2021 through 2023, NV Energy has actively conducted a power safety outage management or proactive de-energization. We de-energized three times in 2021, eight times in 2022, and twice in 2023. One of the enhancements to the 2024 fire season protocols is we have expanded that proactive de-energization across the electric system. Today, if those conditions meet or exceed the threshold necessary, we will enact a de-energize anywhere on the overhead system.

Two other enhancements to NV Energy's wildfire protocols this year involve placing the system in what is called a fast trip fire mode. It simply means we have programmed the system to shut down naturally when it sees a fault. It does that today under a normal course when the system detects the fault, but what we have learned through research and testing is, being able to minimize the amount of time it takes and eliminate any spark in doing so decreases the chance of an ignition by almost 68 percent. The fast trip mode is a leading standard today in system protection settings and engineering. It has been implemented fully in Tier 3, and we are actively expanding that into Tier 2 and Tier 1-E. We expect to be at 75 percent of implementation by the end of 2025.

Finally, the last addition to fire season protocols is the emergency de-energization for wildfires. Where the proactive de-energization forecasts potential for fire, the emergency de-energization looks at active wildfires in the area. When they have been deemed to be uncontrolled or unpredictable, we will de-energize the system if there is a fire coming into conflict with an energized system and causing additional ignition points.

In closing, I would like to thank you again for providing the opportunity for NV Energy to share what is now our second triennial NDPP. I am open for any questions.

Chair Spearman:

Committee, any questions? Senator Stone.

Senator Stone:

We have seen in other states, weather-related incidents where significant fires were caused by wind events. A lot of states have required the electric utilities to harden their infrastructure. One of those areas they have suggested replacing wood poles with steel or composite poles. The second, which I think is probably one of the most important things, is using insulated wire, which will decrease the spread of fires to vegetation, especially if a pole or wire comes down due to a wind event. You already talked about fast trip mode, and I am happy to hear you can quickly shut off an area that has a potential for the wind to cause or initiate a fire that could become a large fire. With respect to the fast trip mode, do you sectionalize those devices so you can minimize the impacts to other areas instead of shutting an entire corridor down.

Ms. Howard:

The first comment was the nonwood poles, we are using ductile iron poles. We are replacing wood poles with ductile iron poles in areas where we have access to maintain those poles. In areas that we are going back with a wood pole, those poles are wrapped with fire mesh. The fire mesh protects that asset and supports reenergizing in the event of a fire.

The next comment was along the lines of covered conductor. We have already converted some of our lines in the Lake Tahoe Basin to covered conductor on both the North Shore and the South Shore. It is an industry standard now for those fire risk areas.

The third comment is sectionalization. We have done a great deal of sectionalization in the high-risk areas as it relates to proactive de-energization. It not necessarily on the fast trip side, but it is for proactive de-energization. We have sectionalized so we can break some of those areas into what is called a proactive de-energization zone. I would add that the industry is changing quickly. The technology is changing quickly. We are working with utilities in other states along the lines of not just the technology for a risk assessment or the technology for the materials we are putting in the field, but also looking at the real and imminent risk of catastrophic fire. Recognizing all those things the parties before me spoke of. We are also looking at recognizing that numerous utilities have sought, through legislation and applications with the public utility commissions, to create financial mechanisms to also manage and prepare for the increasing wildfire risk in addition to the material and operational side. It was not part of your question, but I would add they are all bundled together, and NV Energy also plans to seek a similar approval that utilities in California have received from their California Public Utilities Commission for those self-insurance funds. This, as well as the materials, operational, and risk-based approach all work together.

Senator Stone:

Are you required to annually give a wildfire mitigation plan to the PUCN to show them the progress you are making? I appreciate your answers and am impressed with NV Energy that you are taking all these steps because, obviously, we are talking about the loss of property and in the worst-case scenario, the loss of life. As you have seen through the Pacific Gas and Electric Company debacle in California, there is significant exposure for NV Energy. We want to ensure we do everything we can to protect our valuable constituents and their property.

Ms. Howard:

Yes, we do realize that. We report to our PUCN twice a year. Each year in September, we are required to provide a progress report. It is an informational report that provides progress on the first six months of every year. The only year a progress report is not filed would be the year we are also filing a new triennial plan. In addition to that, we go through a regulatory asset recovery process annually. At the end of the year, we are also preparing a progress report that not only documents the process and progress of the plan but also the prudence and reasonableness of the costs associated with that plan. It is a twice a year information to our PUCN.

Chair Spearman:

Any additional questions? Seeing none. Thank you, Ms. Howard. I appreciate the information.

AGENDA ITEM VI—PRESENTATION ON THE NATIONAL TRENDS CONCERNING HOME INSURANCE CHALLENGES AND SOLUTIONS

[This item was taken out of order.]

Chair Spearman:

We will go to [Agenda Item VI](#), a presentation on the national trends concerning home insurance challenges and solutions. Ms. Collins, please begin when you are ready.

Karen Collins, Vice President, Property and Environmental Policy, APCIA:

Thank you for the opportunity to join you today to discuss the state of the homeowner's property insurance market. For those not familiar, APCIA is trade association representing home, auto, and business insurers that have a presence in every community across the United States. Our mission is to protect people and help them recover from catastrophic losses. I am here to share with you the insights on the market from a national perspective [Inaudible] ([Agenda Item VI](#)). The Commissioner did a good job expressing the challenges, and we are having similar conversations in a number of states on these same issues.

I want to start off by telling you the insurance industry is extremely strong, stable, and profitable to fulfill our mission. But as you heard in the discussion, we simply cannot make that statement at this time. Property insurance markets, unfortunately, have been rapidly deteriorating in a number of states. The biggest headlines have been California, Florida, and Louisiana where we have seen the deepest losses of all the different states. Across the United States insurers are facing significant cost pressures and increasing natural disasters that are, simply put, straining the capital the industry has to pay claims. Though, in a number of states, we have also seen unique challenges that are further amplifying the challenges insurers are facing. We have had regulators in some areas that have suppressed or delayed rate increases, which are critical to raising additional capital. It turns what is otherwise an affordability challenge into some of the availability crises we have seen in these headlines.

To illustrate, primary insurance capital plummeted by over \$73 billion in 2022. From all the trends we have been monitoring, the capital still has not recovered from that time frame. Reinsurers, separately, also experience capital that contracted by 12 percent. The A.M. Best Company, Inc. recently announced the 2023 year end results for the industry and showed a total industry underwriting loss in the United States of about \$21.6 billion compared to the prior year, which was also \$25.8 billion. These are significant numbers. Unfortunately, on the personal lines side, which includes home and auto, those lines of business experience the worst results of all. Despite rate increases that resulted in personalized premiums growing nearly 12 percent last year, the personalized insurers still had a combined ratio of 106.7. This means insurers paid over \$106 in claims and expenses for every \$100 in premium they collected. As a result of these ongoing financial challenges, what A.M. Best announced this spring, for the first time ever, was they downgraded from stable to negative the entire personal alliance home and auto insurance industry. They cited three consecutive years of anywhere from \$41 to \$48 million in underwriting losses and further suggested that underwriting profitability for home and auto insurers, in the near term, was highly unlikely. Our industry's challenge is simply supply and demand economics. Insured costs and exposures are rapidly escalating much faster than rate increases.

An industry that is losing money on the core activity is not going to attract new investment capital. Separately, money insurers invest from premiums is similarly facing pressure such as stocks and real estate. For example, a strong economy is not an ideal time to buy stocks.

Since the pandemic, occupancy rates and commercial buildings is still flagging, making those investments a bad bet at this time. This collectively puts greater pressure on other forms of capital such as reinsurance, as the Commissioner mentioned, which has become more costly and, in some cases, limited. While catastrophe bonds are also requiring higher returns to compete with recent higher interest rates. All of this is contributing to the rising cost of insurance and recent declines in policyholder surplus capital. When there is not enough supply of insurance capital to cover consumers increasing needs, this is what leads to the availability friction, which is what we are seeing across the United States, though pronounced in some states.

Unfortunately, for homeowners insurance, there is a lot of false political narratives about climate change being the leading cause of recent profitability challenges, suggesting that climate change might make certain regions of the United States uninsurable. The hard facts are that the primary cost drivers for increasing property insurance losses have been the increase in exposure values in high-risk areas. Meaning the growth of larger and more expensive homes, coupled with the increase in inflation and the cost of building replacement costs and other insurance inputs are those leading cost drivers. Climate change is a secondary factor and more relevant as a long-term cost driver. There is also legal system of use and excessive and increasing regulations that are driving up some insurance prices for consumers.

In this graph, you can see the dramatic increase in global, natural catastrophe losses over time, which have roughly doubled over the last decade, and a majority of those losses occurring in the United States.

Since 2020, U.S. insurers have incurred nearly \$382 billion in losses from natural catastrophes and adjusted to 2023 dollars. It has become the costliest four-year period ever for U.S. insurers. When you look at those four years, specifically, the United States has accrued 72 percent of the global insured natural catastrophe losses. The majority is happening here in the United States.

The graph on the left shows the cost to replace properties in the United States has more than doubled over the last decades, meaning, again, more expensive homes that cost more to replace. The right graph similarly illustrates the percentage of new homes being built each decade that face wildfire risk specifically, and that has jumped in recent decades as more people are moving to the wildland urban interface. Buildings in high climate risk areas—whether they are prone to wildfire, floods, hurricanes, or tornadoes—these properties will end up paying more long term for insurance that reflects those risks.

Unfortunately, inflation since the pandemic has been extreme, adding to these cost pressures. In 2022, we saw broader inflation hit a 40-year high. Though, in these two charts which show the cumulative impact since the pandemic, you can see property inflation began to surge in late 2020 and early 2021. While inflation trends have finally begun to level off in 2023, on a cumulative basis that change in cost inputs remains elevated. Construction trade services, or labor, is up 40 percent on a cumulative basis. While construction materials are up 37 percent. The cost of rentals, which may be a part of the additional living expenses while you are out of your home, those costs are up nearly 30 percent. Home furnishings, if you were to lose all the personal belongings you would have to replace, those costs are up over 20 percent. Whether a catastrophe occurs or not, this is impacting the cost to rebuild or repair homes from everyday claims like a kitchen fire or a roof.

I mentioned legal system abuse is another concern and that has worsened since a short respite that occurred during the pandemic. We are seeing increases in jackpot nuclear verdicts and class actions that are significant. These issues have been particularly pernicious

to consumers in states like Florida and Louisiana. We mentioned Florida, which has been one of the highest publicized states of challenges. The Florida Office of Insurance Regulation noted they had only experienced 7 percent of homeowners insurance claims nationwide but was experiencing 76 percent of the homeowners' lawsuits. There were studies that suggested Florida insurers had paid tens of billions in insurance lawsuits with the majority going to lawyers instead of injured parties. It is the most extreme of the states, but we are seeing similar trends in many other states as well.

Overall the insurance market crisis, as I mentioned, is a simple demand and supply imbalance. Insurance demand is increasing from more expensive cars and homes, inflation, high weather losses, and legal system abuse. The insurance supply is decreasing because losses are increasing faster than the rates. We have seen capital contract and profitability has been too low to attract that new investment. The growing mismatch between demand and supply for insurance capital is the reason why credit rating agencies have downgraded the entire auto and home insurance sector, and why there has been an availability crisis in some states causing insurers to pull back from certain regions of the market. The market cannot fully stabilize until insurers close the gap between losses and rates. We know this is going to create greater pressure on consumers as insurance becomes less affordable.

To address affordability challenges, insurers are promoting long-term solutions for reducing costs. Insurers are leading the way through IBHS. They have developed fortified building standards and, recently, science-based wildfire safety standards. Our organization has been working, as part of the administration's wildland fire commission, on dozens of wildfire mitigation and safety recommendations including infrastructure improvements—things like utility infrastructure, land use planning, controlled burns and defensible space, and stronger building codes that can be more ignition resistant to fires.

The key for all stakeholders is we need alignment on the right mitigation actions that in turn result in a meaningful decrease in future losses. This is where the science of IBHS has come to the forefront. To illustrate, their FORTIFIED program goes beyond building codes to help homes meet a standard that is scientifically proven to be even more resilient than those codes. Through their research test facility in South Carolina, they developed a program that can enable homes to withstand up to a Category 5 hurricane. In the wildfire space, they developed a similar science-based resilience program known as Wildfire Prepared Home. The key element of this program requires establishing, at minimum, a five feet ignition resistant zone through fire resistant materials and a defensible space. What you see there, in brown, is viewed as critical actions to reduce risk. The items in blue provide another layer of protection. The Institute is now taking their research on the road to help demonstrate a side-by-side comparison of how an unmitigated home—illustrated on the left—performs against a mitigated home—that you see on the right. Both have fresh new landscaping purchase from a nursery and planted the same day. The key difference between these structures is the mitigated home on the right has a five-foot noncombustible zone around the home referred to as Zone 0. Once burning embers land and ignite the vegetation, flames begin to spread and then ignite the home. The time it takes to burn to the ground for this demonstration is less than 12 minutes. The footage of the burn is available online and is eye opening to watch. This is a similar demonstration that was done, I believe, at the event in Idaho the Commissioner attended.

Land use policies and building codes are critical enforcement tools particularly for new construction. Investments are needed to help incentivize individual resilience action by property owners for all the existing housing stock we have. There is a lot of attention on insurers providing discounts for resilience. Though, we caution policymakers to be aware that you need a broader holistic strategy of incentives, which together are aligned and reinforcing the same desired actions. As an example, multiple states provided a variety of

incentives which are directly tied to the IBHS FORTIFIED program or are based on mitigation actions consistent with that standard. Alabama currently has over 30,000 FORTIFIED designations, which is the highest number by far and is widely recognized for having lower insurance premiums than their neighboring coastal states as a result of the reduced risk. In the wildfire space, insurers are still at the ground floor and standing up a similar resilience program. The wildfire program is uniquely different as wildfire mitigation requires a minimum set of actions that must be taken together to meaningfully reduce risk. As the Commissioner noted, additionally, defensible space has to be an ongoing effort and these actions need to be done at a community scale. These are uniquely different challenges we are working through and working to quantify the understanding of what that premium value should be.

As an organization, we have gathered together a number of studies that quantify the cost benefit ratio of various environmental mitigation actions. We see from these studies the most cost-effective solutions are requiring new buildings to meet stronger building code standards with a potential saving of \$11 for every \$1 spent. There are substantial returns on investment for retrofits as well. The bottom line is, if we adopt and implement these across states, the safety measures will save lives, preserve the communities, and make insurance less costly over time, especially with targeted funding that can support the most vulnerable populations.

In closing, our top priority is to focus on strategies that help to reduce the overall exposure and losses, which in turn should help improve insurance cost and choice for consumers. It is where there is growing alignment on these as key solutions. We welcome the opportunity to work with all the stakeholders and yourselves on these challenges. With that, I welcome your questions and comments.

Chair Spearman:

I have one question, it goes back to mitigation, and what I said to Commissioner Kipper about planning and zoning. It looks like that is included in your recommendation and something we probably need to work on together for that intersectionality. Is that correct?

Ms. Collins:

We would definitely support any zoning, as well as code adoption enforcement. We are working closely with FEMA, who has a lot of resources available to support communities if they are experiencing any financial challenges in code adoption and enforcement. At the federal level, there is a lot of attention and potentially resources available to support state and local efforts towards that.

Assemblywoman Backus:

I was looking at the financial incentives for resilience and the last one was insurance incentives. It says states can encourage insurers to provide premium credits for resilience actions. I know for auto drivers; people get credit for being good drivers and other things like that. What are you envisioning that states can do to encourage? I thought that was an interesting use of vocabulary in the presentation.

Ms. Collins:

Yes, there are challenges we have seen in the past. Florida is a good example where there were mandates for insurance premium credits before they understood the value of what those should be. In the aftermath of Hurricane Andrew in 1992 and the 2004–2005 hurricane season, there were a number of states that faced seven land falling

hurricanes that created a lot of financial challenges in those states. Florida was one of the only states to mandate before those values were understood and because of the unique impacts on that State it created adverse impacts that further destabilized. When we look at premium credits, we prefer them to be voluntary and flexible to recognize company's individual unique exposure within their individual portfolios.

Also within the wildfire space, the actuarial science behind what should be the indicated value of these premium credits. We have not seen the level of losses from wildfires at this level since 2017. We are trying, as an industry, to study that. Now that you have a mitigation standard that is well established and accepted and there is alignment, you need to measure the losses with properties that were mitigated to that standard and compare how they were able to perform and survive or not. What does that loss avoidance benefit? The actuarial calculation, analysis, and understanding is still underway. This is where there is hesitancy by some carriers, and they do not have strong credible data yet. We are working towards that but at this stage, we are at the ground floor standing up what should be recognition of mitigation. We know the science says it does help in reducing ignition, but the value of that is where we do not want to get beyond where the science is and risk further harm to certain markets in applying that. California was the first state; it led in requiring mandating premium credits, those were required to be filed with the California Department of Insurance over a year ago. The Department is still reviewing the majority of those filings. Many have not been approved yet because they are trying to still understand the actuarial documentational support. Many are lower than they would like to see, but the documentation is not there yet to substantiate is significantly higher. There is trying to be this balance of, there is an operational cost standing this up and validating that recurring nature of the defensible space while trying to also have the value of the mitigation. We are still early on to know what that is going to be, and the cost tradeoff is still difficult and maybe not as robust as we would like it to be at this stage—not that it will not evolve over time. This is the challenge right now, and why we look at it as voluntary is more preferable until companies have that support.

Chair Spearman:

Any additional questions? [There were none.]

AGENDA ITEM VII—PRESENTATION ON CERTIFIED REGISTERED NURSE ANESTHETISTS IN NEVADA

Chair Spearman:

We will go to Agenda Item VII, a presentation on the certified registered nurse anesthetist (CRNA) in Nevada. Mr. Clark, please begin when you are ready.

Tom Clark, Owner, Tom Clark Solutions, on behalf of the Nevada Association of Nurse Anesthetists:

We appreciate this opportunity to come before you today and enjoyed the discussions on wildfire and the insurance side of things. It is an important issue up north. We will do a brief, where are the CRNAs now? What are we looking at doing in the future? Then take any questions that you may have.

Art Savignac, CRNA, President, Nevada Association of Nurse Anesthetists:

We appreciate the opportunity to speak today. What we would like to discuss is the status of an advanced practice registered nurse (APRN) bill. What we would like to present to you is

how we propose to improve, supplement, and make anesthesia care more accessible to the citizens of Nevada.

A little background on me. I have been a CRNA for the last 34 years. Fifteen of those I provided service in the U.S. Army. I retired as a Lieutenant Colonel in 2005. During that time, I had the opportunity to educate and deploy. I did two years in special operations, taking care of soldiers all over the world, as well as going to the Republic of Korea and being the Chief of the Anesthesia Service there. This background prepared us for a move to the State of Nevada in 2008. We lived in Elko for nine years where I was a member of Ruby Dome Anesthesia, LLC. We took care of all our patients in Elko County. We provided coverage expertly, safely, and quality care that I would like to discuss with you today about how we are going to continue to do that in this State.

This has prepared me to be the President, which I am now, of the Nevada Association of Nurse Anesthetists. We have approximately 110 to 140 CRNAs, on any given day, who are practicing in the State. The CRNAs practice in this State in urban settings, rural settings, critical access hospitals, small community hospitals, as well as in city hospitals—University Medical Center Southern Nevada, multiple hospitals in Las Vegas, and Carson Tahoe Regional Medical Center. We provide anesthesia care in settings supervised by physician anesthesiologists in urban settings and in rural settings, we are supervised by surgeons. They provide the medical oversight we have in order to practice on a daily basis.

What we have encountered was, Senate Bill 336 (2023) created a two-tiered system of anesthesia care provided by nurse anesthetists in this State. Basically, the CRNAs in rural areas are practicing under a different set of standards than CRNAs are in urban areas. We would like to rectify this so CRNAs are practicing under one set of rules. One set of standards to govern all anesthesia care provided by CRNAs in the State of Nevada. What we have encountered is that because of this two-tiered system we have lost members. We have two board members, within the last year, who have left the State of Nevada because SB 336 did not allow them to practice, and they felt they were not protected by State law to practice as APRNs. What we would like to do is to have the protection of APRN status. To this end, we have garnered support of the State Board of Nursing. We have presented to them and gained unanimous support. We also garnered support from the APRN Advisory Committee within the State. We have approached the Nevada Rural Hospital Partners about their support, and we have many stakeholders supporting our position to this day, and we anticipate their support as we go forward into the 2025 Legislative Session.

By having APRN status, it will allow us to practice under one set of standards. An APRN is a nurse who is authorized to prescribe controlled substances, poisons, dangerous drugs, and devices pursuant to NRS 639.2351. We shall not prescribe a controlled substance listed in Schedule II unless the APRN has at least two years or 2,000 hours of clinical experience, which every student nurse anesthetist gains before they become an anesthesia practitioner. The controlled substance is prescribed pursuant to a protocol approved by a collaborating position. Basically, what this says is that we are prescribing medication within a medical facility. Discussion has come up that we are looking for prescriptive authority to prescribe medication on an outpatient basis. This is not the case. What we are looking for is the ability to provide medication to our patients on a daily basis that we are trained to provide. We understand the actions, the side effects, and the effects of these medications that we work with on a daily basis.

In anesthesia, I say it is 99 percent of boredom and 1 percent of terror. Leading up to that 1 percent of terror is 10 percent of an extremely stressful event that is going to lead you to a critical event. In that time, the 10 percent, medications need to be administered. One thing we have encountered with SB 336 is we have to obtain orders from a physician to

prescribe a medication we need to give on an emergent basis. This has made patient care, or will make patient care, suffer if we have to wait for an order to be given. These are medications we are trained to administer, prescribe, and understand the effects and the side effects.

If we gain APRN status, it will put us in line with states that have APRN status—Arizona, California, Utah, Idaho, Washington, and Oregon. Every one of these states has APRN status in addition to others throughout the United States. But the states contiguous with the State of Nevada have APRN status, and we are hoping to gain that status within the State.

Under SB 336, CRNAs are not APRNs. The provisions that apply to APRNs, including prescriptive authority, do not apply to CRNAs. Basically, in the eyes of the State, we are nurses that accept orders even though we have been trained with well over 2,000 hours of clinical experience, pathophysiology, pharmacology, and anesthesia. We have been trained to provide these services to our patients on a daily basis and in the eyes of the State, we have a two-tiered system that does not allow the majority of CRNAs in the State to practice to the full extent of their licensure as CRNAs are able to practice that in other states. For CRNAs who are outside of a critical access hospital—like I said in Clark County or Washoe County—they must obtain orders from an attending anesthesiologist and are not able to provide these medications on an emergent basis to any patient who may require them.

What we are seeking is APRN status. We are looking to equalize the playing field. We want to have one standard of care throughout the State for every patient we provide anesthesia care to. Certified Registered Nurse Anesthetists have been providing anesthesia care for over 100 years safely and effectively throughout the United States and the world. In the military, CRNAs provide the vast majority of anesthesia care in about every field unit and in every forward surgical team they are the exclusive anesthesia providers. The government recognizes the training of CRNAs allows us to provide critical trauma access anesthesia care on a daily basis to our soldiers in need. We are searching for this ability in this State. I would like to entertain any questions if you have any.

Chair Spearman:

Committee, questions?

Vice Chair Marzola:

I know we have met one or two times about this issue. Unless I misunderstood, you stated that because of SB 336 CRNAs were leaving our State. Is that what you stated?

Mr. Savignac:

Yes, they are leaving the State. Within the last year, two of the board members—we have seven members of the Nevada Association of Nurse Anesthetist Board—two have left the State to seek other opportunities. One in California and one in Oregon. Both states that have APRN status. They were practicing—one in Washoe and one in Clark—and they felt if any event occurred, they would not have any backup, and they would be on their own. They felt it was safer to move to another state that had protections written into state law.

Vice Chair Marzola:

Prior to SB 336, could a CRNA administer the proper medication without a doctor's orders, essentially, in an independent practice?

Mr. Savignac:

Not particularly independent practice. It was written into the law that CRNAs can practice under the direction of a physician, whether it is a surgeon, podiatrist, obstetrician, or dentist. We are able to provide anesthesia services under their guidance or supervision. We are not practicing independently. We may practice without the presence of an anesthesiologist, but there is another physician available.

Vice Chair Marzola:

I am trying to understand. Prior to SB 336, CRNAs had to work under a physician, not independently, and the orders came from the physician.

Mr. Savignac:

It is correct that we worked under the physician. The physicians we worked for—whether it is a podiatrist, surgeon, or dentist—is not necessarily trained in anesthesia care. When we come in, we are the subject matter expert and typically they would defer to us. In most other states, the physician is the supervisor of the provider of the anesthesia, but the anesthesia provider is the one who has the knowledge of medications to administer and in collaboration with the surgeon, they work together to provide the anesthesia care to that patient.

Vice Chair Marzola:

Does the CRNA have their own U.S. Drug Enforcement Administration number?

Mr. Savignac:

It is not a requirement in the State of Nevada. It has been discussed, but it is not a requirement yet. Other states do require it.

Vice Chair Marzola:

I understand SB 336 came into place, but that did not change the role of a CRNA in Clark County or Washoe County, correct? They could still practice the way they had been practicing prior to SB 336.

Mr. Savignac:

Actually, it did change the status in Clark and Washoe Counties, and urban areas primarily. Senate Bill 336 covered critical access hospitals, which are in rural counties in Nevada primarily. If you work in Clark County, you had to obtain orders from a physician anesthesiologist for any medication you administered. As I mentioned, in many instances, when there is a critical event that occurs in anesthesia and in the conduct of any anesthetic, you have to make a decision and administer a medication in a short period of time. If it requires you to seek a physician, get an order written, and then processed to administer a medication, you have a critically ill or a dead patient. We try to avoid that. Those are bad things in anesthesia. When I practice in Las Vegas, I have to have a physician cosign my orders. When I cross over the line into Nye County and work in Pahrump, I do not have to have that. I have a collaborating physician, but they do not have to sign my orders, and they are available if needed.

Vice Chair Marzola:

I guess that is what I was getting at. If you are in Clark County, you have to have a physician sign. If you are in a rural area, you do not. Correct?

Mr. Savignac:

Correct.

Vice Chair Marzola:

Was that the case in Clark County prior to SB 336, and is that the case in Clark County after SB 336?

Mr. Savignac:

After SB 336, yes. Prior to SB 336, it was a gray area. I was not practicing in Clark County, but essentially the CRNAs work with a physician. If you needed a consultation, you would ask that provider and they would be able to help you, but you were able to pretty much practice on your own. A lot of this came about because the State Board of Pharmacy regulations were interpreted in such a way that said, you have been practicing incorrectly and you need to now be under the direct supervision of a physician. When we sought APRN status before it, unfortunately, failed. It was one thing we seek to redress. If we became APRNs, the State Board of Pharmacy—while still having oversight over our ability to practice—would not have restrictive rules that prevented us from practicing in those areas.

Vice Chair Marzola:

Can you provide the Committee with where CRNAs have APRN status in other states, and the training for a CRNA versus an APRN so we can become familiar as a Committee?

Mr. Savignac:

I do not have that with me, but we will provide it to you. I think Mr. Clark and Mr. Young have most of that data for us. One of the requirements for an APRN to get prescriptive authority is 2,000 hours of clinical training. As I stated, CRNAs far exceed that when they learn to become anesthetists. The 2,000 hours would be easily met in when we seek APRN status.

Assemblywoman Backus:

I was trying to follow the questioning with my colleague, because I remember this presentation vividly from session on SB 336. I think it was also in another bill too, so I was quickly trying to figure that out. I appreciate that you highlighted the bill number; I could find it faster. I understood, before and after SB 336, one of the key factors that distinguished the bigger populated areas versus the rural areas of our State was the availability of physicians. As it was explained during session, I believe in Clark or Washoe, the larger counties where you have surgical centers and hospitals, it is likely you are going to have an anesthesiologist who is on staff and has, maybe in pods during different surgeries, a CRNA monitoring the various surgeries. It is accessible, orders could be issued, or whatever is needed. You had that availability. Then in the rural counties, I remember hearing a great story of a CRNA from Winnemucca and how that was not readily available. Hence, I remember my colleagues and I putting in the amendment, or whatever happened, that we allowed this flexibility in the rural areas because there was no availability of physicians who could oversee it like there was in Clark and Washoe. I apologize for

my rambling, but I want to set that up to understand where I am coming from with my question, and I think you answered it to my colleague. As I recall, we were not doing anything, we were expanding it for those rural areas, and nothing was changing for Clark and Washoe. It is hard for me to understand. I do not like to hear people are leaving our State, but it seems to me if they wanted the flexibility that was given in the rurals, they could do what we need. We need medical providers in the rural community. I would be happy to see those folks going into that area. My other question is, can CRNAs simply be APRNs? Where can you get to that step to get that flexibility?

Marissa Wat, CRNA, Nevada Association of Nurse Anesthetists:

I am a CRNA at Carson Tahoe Regional Medical Center and the Carson City area in general. To address what you said—not only about the rural areas needing anesthesia care—our highly populated areas also need anesthesia care. Having people leave the State because they are not allowed to practice to the extent of their licensure hurts our populated communities as well. I work at Carson Tahoe, occasionally with other CRNAs. I started there about four years ago with another group that was a mix of anesthesiologists and CRNAs, and we worked well together. When I started there, we were running less operation rooms than we are now with a highly functional CRNA group and anesthesiologists as well. We have increased care at Carson Tahoe in that four-year time period. One other area that we have not mentioned about care are the outpatient centers in the area. I work at two different gastroenterologist centers here in the Carson and Reno area that are a physician collaboration with CRNAs. There are no anesthesiologists there. This is how we are able to provide care for our communities here in the populated areas as well.

To answer your question about APRN and CRNAs, I will talk about my schooling in particular. One of the differences, if you are looking at a nurse practitioner, for example, to give you an example of an APRN status provider. You have a nurse practitioner, and you have a CRNA. Typically, our schooling is about the same amount of time. The nurse practitioners can go for a program that takes you right out of nursing school. You are not required to work before you go into that program, but you can continue on to get your master's in nursing and become a practitioner. I believe they have a thesis or project at the end of their schooling in order to graduate. Then, they can go out and practice, even without any nursing background. For CRNAs, I can use myself as an example. I was a nurse for eight years before I went back to school. I practiced primarily in pediatrics, but I practiced in cardiac surgery. I practiced in the intensive care unit and did transport as well. Many of my colleagues in my cohorts, that I went to school with, have done the same. Usually, the minimum requirement before you can apply to a program for a CRNA is about a year of work experience, but it has to be in intensive care and some programs allow for emergency care as well. You have to have experience. When I was in school, typical programs were about 3 years—27 months to 36 months. Now, I believe all schools in the United States now require it to be a doctorate program—36 months to 40 months—I believe, are the length of our programs. You get out and do clinicals, which means you are practicing under the supervision of either a nurse anesthetist, or an anesthesiologist after your first semester for the rest of the program. It is hands-on experience, and it really is over 2,000 hours. You do not get to go home when you think your day has ended. I felt prepared to come out from my program. My program, and many other programs in the United States, have you sit through two different types of board systems. One is an oral presentation where you answer critical questions about different cases for hours, in front of a panel like yourselves. I also had two days of where I sat through pharmacology boards to pass the pharmacology portion of my program to show I am adequately prepared to administer medications and know the side effects and treatments for these medications.

Assemblywoman Backus:

Thank you for the detailed explanation. Maybe this is just me being ignorant into the specialty, but the request here is not seeking to broadly prescribe. Basically, it is looking to prescribe within the need of your specialty, which is a higher level of drugs because you are sedating someone. It is not to fully perform like what an APRN may do—open an individual shop. This is purely for the anesthetic specialty.

Mr. Savignac:

Correct. What we are trying to do is bring our ability to practice up to the levels of other states that have similar status. They have APRN status, and that is what we seek in this State. We deal with, as it said in the statute, poisons and dangerous substances every day. It is what we are trained to do, and what we are trained to deal with. One of the biggest things we are trained to deal with are the side effects of any medications we administer. It is an important part of our educational process.

I would like to add that we are looking to redress the problem regarding the shortage of anesthesia providers in the State. There are two nurse anesthesia programs that are opening in Las Vegas. One is at Rosemond University of Health Services, and the other is at University of Nevada, Las Vegas (UNLV). Rosemond University is matriculating a class. It has 21 students that, I believe, start this week or last week. The UNLV program is looking to matriculate starting next year. It has been shown in other states that if somebody trains in an area, they are more likely—if there are jobs available—to stay in that area and provide the services necessary in the area they have trained. Anesthesia is no different. If we have an educational program in this State and somebody trains in Las Vegas, the chances of them staying in Las Vegas and working there are much greater. One of the board members who left the State because he felt inadequately protected worked at a large hospital in Las Vegas. One of his statements was they had approximately 100 procedures cancelled every week because of a shortage of anesthesia providers. If you have qualified anesthesia providers, who are APRNs, and want to come to the State and practice, and they know we have the protections of State law, they are more willing to come here and provide those services to our clientele. We are looking for access to care in this State, and that is what we are trying to provide.

Assemblyman O'Neill:

Most of my questions have been answered. You are saying Clark and Washoe is where your limitation is, correct? If I am not mistaken, Mesquite has a medical facility, which to me is a rural area. Are you restricted there, or do you have the freedom to practice, as you said you do in Pahrump?

Mr. Savignac:

Mesquite is considered a critical access hospital. They fall under SB 336 and have CRNAs that practice under the auspices of the surgeons they work with.

Assemblyman O'Neill:

The surgeon is there and if you need, they can cut the order for additional administration, correct?

Mr. Savignac:

Correct.

Ms. Wat:

To clarify your last question, you are talking about Mesquite, Nevada. It is critical access, so they do not need to cut the order.

Assemblyman O'Neill:

They do not, but within the more urban area of Las Vegas, Clark County, they would. Are you are saying there is no anesthesiologist who is in the building or supervising any of the surgeries? Overseeing may be the better word; in Las Vegas.

Ms. Wat:

In Las Vegas it is what we call a collaborative team. It is not so much overseeing. An anesthesiologist is working with multiple nurse anesthetists to collaborate and care for patients who are having surgery. One more thing I wanted to address, because I noticed you are focusing on sedation, that is one part of our job. Our other job is to keep our patients safe and healthy. We treat blood pressure. We monitor vital signs. We care for our patients so if something is happening, or if there is a misstep in surgery, we are treating that as well.

Vice Chair Marzola:

Mr. Hillerby, thank you for being willing to assist last minute. I think some of us, including myself, are confused when it comes to CRNAs and APRNs. This is not my space. Can you explain an APRN role—what they do and not do—as compared to a CRNA?

Michael D. Hillerby, Director, Legislative Affairs, Kaempfer Crowell, on behalf of the Nevada State Board of Nursing:

For most of us, there is probably a little misunderstanding of the subtypes of APRNs. Typically, we think of that broadly as a nurse practitioner. We are already in law and regulation. You can be an advanced practice nurse or nurse practitioner. You can be a nurse midwife, and you can be a clinical nurse specialist. Those are all subsets of APRNs. In the majority of states, CRNAs are also a subset of APRNs. I can get you a mind numbingly detailed chart from the National Council of State Boards of Nursing, which I am happy to do afterwards, that lists different ways— There is detail in there about how they score and compare that because there are slight differences among states—whether you are fully unsupervised or whether there is supervision in limited circumstances. I do not know enough about the specific state laws. Roughly three dozen states already include, under what is called the consensus model, CRNAs as one of the subsets of APRNs. In Nevada, we already do that with nurse practitioners, clinical nurse specialists, and nurse midwives. They would all be generally under that umbrella. It is the model the State Board of Nursing, essentially, endorsed a few months ago in saying we would support the effort from the CRNAs to be before you with the proposal they are talking about bringing next session to go under that APRN umbrella. It would require them to meet all the same criteria and qualifications to be considered APRNs, again as they do in the majority of states.

Chair Spearman:

What you are talking about is adjusting this so the scope of practice comports with the other subsets of APRN?

Mr. Hillerby:

I think that is pretty accurate. Given their training and education is similar, you have seen the majority of states do that under the consensus model. They would become, under that subset, the fourth subset of an APRN.

Assemblyman O'Neill:

This bill has only been enacted for two years, correct? We brought it in 2023, and Senator Stone was one of the sponsors if I am not mistaken. What was the opposition to this separation that caused this issue?

Mr. Clark:

It was a contentious battle at the end of the 2023 Legislative Session. There was a lot of confusion as to what roles were going to be played in certain areas. There was the advanced anesthetist, I cannot remember exactly what the name of the new column being added to it as well. The confusion at the end of the session is what obfuscated this entire issue. We are looking to bring this back, so we can have a detailed conversation about it in the 2025 Legislative Session. As you know, with most healthcare, it is acronym filled, it is complicated, and everybody has their roles. In the experience I have within the healthcare system as a whole, a lot of these professions, within the system, are looking to increase the amount of providers we have because, not only are they leaving the State because they may not like the licensing model, but they are exhausted. It is a lot of work, and we need more providers. We believe moving forward with this legislation and giving the same subset is going to be important to maintain and bring more folks in, train them, and have them providing a service—not just in rural but in the urban areas throughout our State.

I have to say the encyclopedia of healthcare, Mr. Hillerby. Anytime it is phone a friend, if the Chair decides to do so, it is him. I am on board because he knows this stuff inside and out. I appreciate him being here to make the assist. I did not feel comfortable stating the State Board of Nursing had come forward because I am not the lead on this particular client, and I did not have that information at my fingertips. Otherwise, I would have said they had made that decision to endorse the concept we are forward with.

Chair Spearman:

Any additional questions? Seeing none.

AGENDA ITEM VIII—PUBLIC COMMENT

Chair Spearman:

We are now at Item VIII, public comment. Do we have anyone in Carson City for public comment? [There were none.]

Broadcast and Production Service, is there anyone on the phones?

BPS:

To provide public comment, please press *9 now to take your place in the queue. Caller, please proceed.

Ms. Leeds, Previously Identified:

This has been the longest meeting I have sat through; you know how to hold a meeting. There was a gentleman on the Zoom call in a yellow suit. I never caught his name. I would like to get his name.

Chair Spearman:

It is Senator Stone.

Ms. Leeds:

Great. He and Assemblyman O'Neill touched on the condo-townhouse situation. I wanted to ask a question about that. I also wanted to ask a question to Commissioner Kipper in regard to the broker disclosure. Then, I also wanted to know if there is a public spot for any of this situation with the insurance fiasco for a public volunteer. I would like to be one of those. My first question is—

Chair Spearman:

During public comment, we do not comment, nor do we answer questions. What I would ask you to do is to send those via email, fax, or mail, then we will make sure we can address it. During public comment, we do not answer questions or make statements.

Ms. Leeds:

Who do I send my questions to?

Chair Spearman:

You can email it to the email address posted on the agenda.

Ms. Leeds:

I will find it on the agenda. Thank you, I appreciate it. [No correspondence has been received.]

Chair Spearman:

I probably should have stated that earlier, during public comment we do not address anything from the dias.

Broadcast and Production Services, is there anyone else on the phone?

BPS:

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

Chair Spearman:

A reminder that the meeting in August is our work session and final meeting for the interim. I plan to be in Carson City for that meeting. If you are unable to travel, you can participate from our new Las Vegas committee room.

[Prior to the meeting, written public comment was submitted by Ronda Theisen, President, 1200 Riverside Drive Community Association, for inclusion in the record ([Agenda Item VIII](#)).]

AGENDA ITEM IX—ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 12:54 p.m.

Respectfully submitted,

Crystal Rowe
Senior Research Policy Assistant

Cesar Melgarejo
Principal Policy Analyst

APPROVED BY:

Senator Pat Spearman, Chair

Date: _____

MEETING MATERIALS

AGENDA ITEM	PRESENTER/ENTITY	DESCRIPTION
Agenda Item II	Donna A. Zanetti, Esq., Attorney and Partner, Leach Kern Gruchow Song, representing Homeowners Associations	Public Comment Written Remarks
Agenda Item IV	Scott Kipper, Insurance Commissioner, Division of Insurance, Department of Business and Industry	PowerPoint Presentation This is on file in the Research Library of the LCB, Carson City, Nevada. For copies, contact the Library at (775) 684-6825
Agenda Item V A	Kacey KC, State Forester and Firewarden, Division of Forestry, Nevada Department of Conservation and Natural Resources	PowerPoint Presentation This is on file in the Research Library of the LCB, Carson City, Nevada. For copies, contact the Library at (775) 684-6825
Agenda Item V B	Danyale Howard, Director, Natural Disaster Protection Program Execution, NV Energy	PowerPoint Presentation This is on file in the Research Library of the LCB, Carson City, Nevada. For copies, contact the Library at (775) 684-6825
Agenda Item VI	Karen Collins, Vice President, Property and Environmental Policy, American Property Casualty Insurance Association	PowerPoint Presentation This is on file in the Research Library of the LCB, Carson City, Nevada. For copies, contact the Library at (775) 684-6825
Agenda Item VIII	Ronda Theisen, President, 1200 Riverside Drive Community Association	Public Comment Written Remarks

The Minutes are supplied as an informational service. All meeting materials are on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. For copies, contact the Library at (775) 684-6827 or <https://www.leg.state.nv.us/Division/Research/Library/About/Contact/feedbackmail.cfm>.