

MINUTES OF MEETING - JOINT COMMITTEE ON COMMERCE - 55TH NEVADA
SESSION - FEBRUARY 14, 1969

Present: Assemblymen Wood, Hafen, Torvinen, Capurro, Mello,
Bowler, Espinoza

Senators White

Absent: Senators Bunker, Hecht, Titlow and Swobe.

Also Present: Lou Mastos, Insurance Commissioner of Nevada;
Douglas Erickson, Chief Deputy Insurance Commissioner;
Earl Nicholson, Actuary for Insurance Division
Foster Farrell, National Internal Congress
John Scott, Reno Claims Association

Senator White convened the meeting at 10:30 a.m. and introduced Mr. Costt of the Reno Claims Association, who stated that at the present time, California has a statutory requirement that adjusters must maintain physical office in the state in order to do business. This has caused a hardship especially in the border areas. Some who have been operating for years now have this burden placed on them. He stated that they were not afraid of any competition, but that his group did feel that the requirements should be equal. He proposed amendment to Section 255 of Chapter 11, Qualifications for Individual License. (See Amendment attached hereto.)

Mr. Farrell was next introduced and he stated his interest and the interest of his organization was in Chapter 31, Fraternal Benefit Societies and that they were in complete accord with the chapter as set forth in A.B. 39.

Chairman White then advised Mr. Mastos of the procedures being used for the study of A.B. 39 and Mastos noted that Mr. Nicholson would continue with the explanations beginning this date with Chapter 20.

CHAPTER 20: Group and Blanket Health Insurance. Mr. Nicholson noted that Section 512(d) Maximum limit of credit insurance has been increased from \$10,000 to \$15,000.

Section 512, sub-section 2 provides that dependents may continue to receive coverage under the group policy after death of the insured.

Section 518. At the present time, no certificate is required to be issued to the insured. However, there are many blanket policies which require that the insured pay part or all of the premium. This section has been amended to provide that in this event the insured shall receive a certificate or a statement of coverage.

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CHAPTER 21: Credit Life and Health Insurance, Nicholson noted two major changes in this chapter.

Section 522; proposed amendment on Credit transactions subject to control of this chapter raised from 5 year duration to 10 year duration. This has been agreed to by the associations involved in view of the extension of the credit levels on automobiles furniture and other personal property.

Section 527; term of insurance; at present, credit insurance can only be taken out at the time of indebtedness. Amendment would allow debtor to take out this insurance when he wishes during the term of indebtedness.

CHAPTER 22: Casualty Insurance Contracts. Mr. Erickson noted that this chapter contains existing provisions regarding uninsured motorist coverage and includes failure of coverage due to the insolvency of insurer or other driver. Also, it provides addition to policy of coverage while in Mexico to be provided by a Mexico-domiciled insurer.

Mr. Mastos stated that this measure has been a large step forward on the national-international level. It is one of the biggest factors in the advance of diplomacy with neighboring countries. Mexico is glad we are getting the ball rolling in the United States to get this permissive action going.

CHAPTER 23: Property Insurance Contracts. Mr. Erickson commented that Chapter 23 is a dummy chapter for the purpose of preserving location in the code for future developments in this area.

CHAPTER 24: No new changes. Surety Insurance Contracts.

CHAPTER 25: Title Insurance Contracts. Mr. Erickson stated this chapter covered title insurance had been deferred after meeting with Mr. Wilson, Nevada Land Title Association and Mr. Wandesford, Title Insurance and Trust on February 13, 1969. He stated the delay was due to the fact that what they presented was entirely opposite to what we presented in the code.

CHAPTER 26: Formation, Capitalization of Domestic Stock, Mutual Insurers; Financing of insurers and Holding Corporations. Mr. Mastos stated that this is a new chapter and concerns domestic insurers. He cited the sections covered and noted there are extensive provisions contained that the sections speak for themselves. Enactment of this chapter will give us an act second to none. The associations on the national level especially regarding holding companies are looking to Nevada.

Mr. Mastos stated there were people present at the hearings in November who had domestic interests and that there were no dissenting remarks made by them. They felt satisfied this chapter would do the job necessary. The chapter also provides for the formation of mutual companies in Nevada which has never been done before in the Nevada Statutes.

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Chairman White asked who had the control on Securities salesmen and Mr. Mastos said "The Commission". Upon being asked who had control when public offering is not involved, Mastos said he believed it was the S.E.C. and that they were rather strict on this matter.

CHAPTER 27: Corporate Powers, Procedures of Domestic Stock and Mutual Insurers. This is a new chapter which governs the management and corporate procedures for domestic stock and mutual insurers. Mr. Mastos then cited and described the functions of the sections contained in the chapter. He stated that this chapter will entice companies in other states to merge with a domestic corporation here rather than come in as a foreign corporation. Those who are located in the East and who would like to move here. The chapter provides the means for this. Also they are usually very proud of their charter; and Section 613.5 allows them to retain it. He said we are the first in the States to present this right. He said, however, there would be some companies we would rather not have and this chapter sets up not only the guide lines, but the requirements to be met. Some would not easily qualify.

Mr. Torvinen asked if this would eliminate the existing loopholes in holding companies and Mr. Mastos said the commission did not have authority over holding companies before but are now authorized through examination requirements.

CHAPTER 28: Continuity of Management during Emergency Resulting from Attack. No radical changes, only modernization corrections.

CHAPTER 29: Insider Trading of Equity Securities. This chapter is also a national model bill and protects with respect to trading by company insiders. The S.E.C. was going to take control of this matter. This chapter is another step to provide proper insurance. If companies meet these provisions, the S.E.C. is out and has no control.

Chairman White announced that the meeting would convene at 9:00 a.m. on Monday, February 17, 1969 to begin Chapter 30; meeting adjourned.

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RENO CLAIMS ASSOCIATION

RENO, NEVADA

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February 13, 1969

RE: SENATE BILL NO. 39 COMMITTEE ON COMMERCE

The Nevada State Claims Association, along with the Reno and Las Vegas Claims Associations, recommend the following changes in the captioned bill:

Sec. 255: Paragraph 2 - (b) - Shall be deleted and the following language substituted:

Subject to Section 88 of this act, an adjuster licensed as such and residing, or if a corporation, domiciled, in a state other than Nevada which will permit residents of Nevada to act as adjusters in such other state.