

ASSEMBLY BILL NO. 135—ASSEMBLYMEN DINI AND PERKINS

FEBRUARY 14, 2001

Referred to Concurrent Committees on Commerce and Labor
and Ways and Means

SUMMARY—Makes various changes to provisions governing investigation and prosecution
of insurance fraud. (BDR 57-332)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to insurance; making various changes to the provisions governing the investigation and prosecution of insurance fraud; providing that an insurer and certain other organizations and persons shall be deemed to be victims in cases involving insurance fraud for purposes of restitution; requiring the establishment of a fraud control unit for insurance within the office of the attorney general; defining the duties of the fraud control unit; authorizing the fraud control unit to issue subpoenas to obtain documents relating to an investigation of insurance fraud; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 **Section 1.** Chapter 679B of NRS is hereby amended by adding thereto
2 the provisions set forth as sections 2 to 6.5, inclusive, of this act.
3 **Sec. 2.** *As used in NRS 679B.153 to 679B.158, inclusive, and*
4 *sections 2 to 6.5, inclusive, of this act, unless the context otherwise*
5 *requires, the words and terms defined in sections 3 and 4 of this act have*
6 *the meanings ascribed to them in those sections.*
7 **Sec. 3.** *“Fraud control unit” means the fraud control unit for*
8 *insurance established by the attorney general pursuant to section 27 of*
9 *this act.*
10 **Sec. 4.** *“Insurance fraud” has the meaning ascribed to it in section*
11 *14 of this act.*
12 **Sec. 5.** *Nothing in section 27 of this act limits or diminishes the*
13 *exclusive jurisdiction of the commissioner otherwise granted by statute to*
14 *investigate or take administrative or civil action:*
15 1. *For any violation of this Title by any person or entity who is or has*
16 *been licensed by the commissioner pursuant to this Title;*



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2. Against any person or entity who is or has been engaged in the business of insurance without a license as required by this Title, including, without limitation, the unauthorized transaction of insurance in violation of chapter 685B of NRS; or

3. Against any person or entity as the commissioner deems appropriate.

Sec. 6. 1. The books, records, payroll reports and other documents of a business which is not a criminal suspect that are relevant to an investigation of insurance fraud must be open to inspection by an investigator for the attorney general in order to ascertain the correctness of such information and as may be necessary for the attorney general to carry out his duties pursuant to section 27 of this act, NRS 679B.153 to 679B.158, inclusive, and sections 2 to 6.5, inclusive, of this act, and NRS 686A.281 to 686A.295, inclusive, and sections 14 to 17, inclusive, of this act.

2. If the business refuses to produce any book, record, payroll report or other document in conjunction with an investigation conducted by the fraud control unit, the attorney general may issue a subpoena to require the production of that document.

3. If the business refuses to produce any document as required by the subpoena, the attorney general may report to the district court by petition, setting forth that:

(a) Due notice has been given of the time and place of the production of the document;

(b) The business has been subpoenaed by the attorney general pursuant to this section; and

(c) The business has failed or refused to produce the document required by the subpoena, and asking for an order of the court compelling the business to produce the document.

4. Upon such petition, the court shall enter an order directing the business to appear before the court at a time and place to be fixed by the court in its order, the time to be not more than 10 days after the date of the order, and to show cause why the business has not produced the document. A certified copy of the order must be served upon the business.

5. If it appears to the court that the subpoena was regularly issued by the attorney general, the court shall enter an order that the business produce the required document at the time and place fixed in the order. Failure to obey the order constitutes contempt of court.

Sec. 6.5 1. All records and other information related to an investigation conducted by the attorney general and the fraud control unit for the prosecution of insurance fraud are confidential unless:

(a) The attorney general releases, in such manner as he deems appropriate, all or any part of the records or information for public inspection after determining that the release of the records or information:

(1) Will not harm the investigation or the person who is being investigated; or



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- 1 (2) *Serves the interests of a policyholder, the shareholders of the*
2 *insurer or the public; or*
3 (b) *A court orders the release of the records or information after*
4 *determining that the production of the records or information will not*
5 *damage any investigation being conducted by the fraud control unit.*
6 2. *The attorney general may classify as confidential specific records*
7 *and other information if the records or other information was obtained*
8 *from a governmental agency or other source upon the express condition*
9 *that the contents would remain confidential.*
10 3. *All information and documents in the possession of the attorney*
11 *general and the fraud control unit that are related to cases or matters*
12 *under investigation are confidential for the duration of the investigation*
13 *and may not be made public unless the attorney general finds the*
14 *existence of an imminent threat of harm to the safety or welfare of the*
15 *policyholder, shareholders or the public and determines that the interests*
16 *of the policyholder, shareholders or the public will be served by*
17 *publication thereof, in which event he may make a record public or*
18 *publish all or any part of the record in any manner he deems*
19 *appropriate.*
20 **Sec. 7.** NRS 679B.155 is hereby amended to read as follows:
21 679B.155 To investigate ~~fraudulent claims for benefits from a policy~~
22 ~~of insurance,~~ *violations of the provisions of this Title, or to assist the*
23 *attorney general or other local, state or federal investigative and law*
24 *enforcement agencies in investigating an act of insurance fraud,* the
25 commissioner may:
26 1. Designate employees of the division as investigators to carry out the
27 provisions of NRS 679B.153 to 679B.158, inclusive ~~1~~, *and sections 2 to*
28 *6.5, inclusive, of this act.*
29 2. Conduct investigations into such activities occurring outside this
30 state, if necessary. To conduct these investigations, the commissioner or
31 his investigators may:
32 (a) Travel outside this state;
33 (b) Cooperate with appropriate agencies or persons outside this state; or
34 (c) Designate those agencies to conduct investigations for the
35 commissioner.
36 3. Assist officials of investigative or law enforcement agencies of any
37 other state or the Federal Government who are investigating fraudulent
38 claims and who request assistance from the commissioner.
39 **Sec. 8.** NRS 679B.156 is hereby amended to read as follows:
40 679B.156 1. Every person in charge of an investigative or law
41 enforcement agency within this state shall ~~cooperate~~ :
42 (a) *Cooperate* with the commissioner ~~for~~ and his investigators ~~and~~
43 ~~shall furnish the commissioner, upon his~~, *and the attorney general and*
44 *the members of the fraud control unit; and*
45 (b) *Upon request, furnish the commissioner or attorney general, as*
46 *appropriate, with any information necessary for* ~~this~~ *the* investigation of
47 ~~fraudulent claims.~~ *insurance fraud.*
48 2. The commissioner *and the attorney general* shall:



1 (a) Assist any official of an investigative or *a* law enforcement agency
2 of this state, any other state or the Federal Government who requests
3 assistance in investigating ~~{fraudulent claims against an insurer;}~~ *any act of*
4 *insurance fraud;* and

5 (b) Furnish to those officials any information, not otherwise
6 confidential, concerning his investigation or his report on ~~{fraudulent~~
7 ~~claims;}~~ *insurance fraud.*

8 **Sec. 9.** NRS 679B.157 is hereby amended to read as follows:

9 679B.157 ~~{Aa}~~ *Any person, governmental entity*, insurer, employee or
10 representative of an insurer, official of an investigative or law enforcement
11 agency, employee of the division, ~~{or}~~ the commissioner, *the attorney*
12 *general or a member of the fraud control unit* is not subject to a criminal
13 penalty or subject to civil liability for libel, slander or any similar cause of
14 action in tort if he, without malice, discloses information on a fraudulent
15 claim or suspicious fire.

16 **Secs. 10-12.** (Deleted by amendment.)

17 **Sec. 13.** Chapter 686A of NRS is hereby amended by adding thereto
18 the provisions set forth as sections 14 to 17, inclusive, of this act.

19 **Sec. 14.** *"Insurance fraud" means knowingly and willfully:*

20 *1. Presenting or causing to be presented any statement to an insurer,*
21 *a reinsurer, a producer, a broker or any agent thereof, if the person who*
22 *presents or causes the presentation of the statement knows that the*
23 *statement conceals or omits facts, or contains false or misleading*
24 *information concerning any fact material to an application for the*
25 *issuance of a policy of insurance pursuant to this Title.*

26 *2. Presenting or causing to be presented any statement as a part of,*
27 *or in support of, a claim for payment or other benefits under a policy of*
28 *insurance issued pursuant to this Title, if the person who presents or*
29 *causes the presentation of the statement knows that the statement*
30 *conceals or omits facts, or contains false or misleading information*
31 *concerning any fact material to that claim.*

32 *3. Assisting, abetting, soliciting or conspiring with another person to*
33 *present or cause to be presented any statement to an insurer, a reinsurer,*
34 *a producer, a broker or any agent thereof, if the person who assists,*
35 *abets, solicits or conspires knows that the statement conceals or omits*
36 *facts, or contains false or misleading information concerning any fact*
37 *material to an application for the issuance of a policy of insurance*
38 *pursuant to this Title or a claim for payment or other benefits under such*
39 *a policy.*

40 *4. Acting or failing to act with the intent of defrauding or deceiving*
41 *an insurer, a reinsurer, a producer, a broker or any agent thereof, to*
42 *obtain a policy of insurance pursuant to this Title or any proceeds or*
43 *other benefits under such a policy.*

44 *5. As a practitioner, an insurer or any agent thereof, acting to assist,*
45 *conspire with or urge another person to commit any act or omission*
46 *specified in this section through deceit, misrepresentation or other*
47 *fraudulent means.*

48 *6. Accepting any proceeds or other benefits under a policy of*
49 *insurance issued pursuant to this Title, if the person who accepts the*



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1 *proceeds or other benefits knows that the proceeds or other benefits are*
2 *derived from any act or omission specified in this section.*

3 7. *Employing a person to procure clients, patients or other persons*
4 *who obtain services or benefits under a policy of insurance issued*
5 *pursuant to this Title for the purpose of engaging in any act or omission*
6 *specified in this section, except that such insurance fraud does not*
7 *include contact or communication by an insurer or his agent or*
8 *representative with a client, patient or other person if the contact or*
9 *communication is made for a lawful purpose, including, without*
10 *limitation, communication by an insurer with a holder of a policy of*
11 *insurance issued by the insurer or with a claimant concerning the*
12 *settlement of any claims against the policy.*

13 8. *Participating in, aiding, abetting, conspiring to commit, soliciting*
14 *another person to commit, or permitting an employee or agent to commit*
15 *any act or omission specified in this section.*

16 **Sec. 15.** *"Investigative or law enforcement agency" includes:*

17 1. *The state fire marshal;*

18 2. *The chief or other officer of the fire department in whose*
19 *jurisdiction a fire has occurred;*

20 3. *The district attorney of the county where any fraudulent activity*
21 *has occurred or where a fraudulent claim has been made; and*

22 4. *Any other officer of an agency in this state who has the authority*
23 *to investigate the fraudulent activity or claim.*

24 **Sec. 16.** *"Practitioner" means:*

25 1. *A physician, dentist, nurse, dispensing optician, optometrist,*
26 *physical therapist, podiatric physician, psychologist, chiropractor, doctor*
27 *of Oriental medicine in any form, director or technician of a medical*
28 *laboratory, pharmacist or other provider of health services who is*
29 *authorized to engage in his occupation by the laws of this state or*
30 *another state; and*

31 2. *An attorney admitted to practice law in this state or any other*
32 *state.*

33 **Sec. 17.** 1. *A court may, in addition to imposing the penalties set*
34 *forth in NRS 193.130, order a person who is convicted of, or who pleads*
35 *guilty or nolo contendere to, insurance fraud to pay:*

36 (a) *Court costs; and*

37 (b) *The cost of the investigation and prosecution of the insurance*
38 *fraud for which the person was convicted or to which the person pleaded*
39 *guilty or nolo contendere.*

40 2. *Any money received by the attorney general pursuant to*
41 *paragraph (b) of subsection 1 must be accounted for separately and used*
42 *to pay the expenses of the fraud control unit for insurance established*
43 *pursuant to section 27 of this act, and is hereby authorized for*
44 *expenditure for that purpose. The money in the account does not revert*
45 *to the state general fund at the end of any fiscal year and must be carried*
46 *forward to the next fiscal year.*

47 3. *An insurer or other organization, or any other person, subject to*
48 *the jurisdiction of the commissioner pursuant to this Title shall be*



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1 *deemed to be a victim for the purposes of restitution in a case that*
2 *involves insurance fraud or that is related to a claim of insurance fraud.*

3 **Sec. 18.** NRS 686A.281 is hereby amended to read as follows:

4 686A.281 As used in NRS 686A.281 to 686A.295, inclusive, *and*
5 *sections 14 to 17, inclusive, of this act*, unless the context otherwise
6 requires, the ~~term "investigative or law enforcement agency" includes:~~

7 ~~1. The state fire marshal;~~

8 ~~2. The district attorney of the county where any fraudulent activity has~~
9 ~~occurred or a fraudulent claim has been made;~~

10 ~~3. The chief or other officer of the fire department where a fire~~
11 ~~occurred; and~~

12 ~~4. Any other agency in this state who has the authority to investigate~~
13 ~~the fraudulent claims or activities.~~ *words and terms defined in sections*
14 *14, 15 and 16 of this act have the meanings ascribed to them in those*
15 *sections.*

16 **Sec. 19.** NRS 686A.283 is hereby amended to read as follows:

17 686A.283 1. Any person, *governmental entity*, insurer or authorized
18 representative of an insurer ~~who believes, or has reason to believe, that a~~
19 ~~fraudulent claim for benefits under a policy of insurance has been made, or~~
20 ~~is about to be made~~ shall report any information concerning ~~that claim~~
21 *insurance fraud* to the commissioner *and attorney general* on a form
22 prescribed by the commissioner ~~and attorney general.~~

23 2. The commissioner *and attorney general* shall ~~each~~
24 *independently:*

25 (a) Review each report of ~~a fraudulent claim;~~ *insurance fraud;* and

26 (b) Determine whether an investigation should be made of the facts in
27 the report.

28 3. During ~~this investigation,~~ *their respective investigations*, the
29 commissioner *and attorney general* shall *independently* determine
30 whether there is probable cause to believe that ~~there was deceit, fraud or~~
31 ~~an intentional misrepresentation of a material fact in the claim.~~

32 ~~4. If the commissioner determines that the provisions of NRS~~
33 ~~686A.010 to 686A.310, inclusive, have been violated he shall report his~~
34 ~~findings to the district attorney of the county where the violation occurred.~~
35 *insurance fraud has occurred.*

36 4. *A district attorney of any county where fraudulent activity has*
37 *occurred or is occurring or where a fraudulent claim that would*
38 *constitute insurance fraud has been made may, with the permission of*
39 *the attorney general or at the request of the attorney general, institute*
40 *proceedings in the name of the State of Nevada.*

41 **Sec. 20.** NRS 686A.285 is hereby amended to read as follows:

42 686A.285 1. If an insurer ~~believes~~ *has a reasonable suspicion* that
43 a loss to an insured may have been caused by other than an accidental or *a*
44 natural occurrence, the insurer shall notify the commissioner *and attorney*
45 *general* in writing of the insurer's reasons for ~~so believing~~ *the suspicion.*

46 2. Any insurer making such a report shall provide the commissioner
47 *and attorney general* with any information the insurer obtained during its
48 investigation of the claim.



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1 3. If the loss referred to in subsection 1 is believed to be caused by
2 fire, the insurer shall also so notify an investigative or law enforcement
3 agency.

4 **Sec. 21.** NRS 686A.287 is hereby amended to read as follows:

5 686A.287 1. Every insurer shall provide information ~~on a fraudulent~~
6 ~~claim~~ *concerning insurance fraud* to the *attorney general, the*
7 commissioner, any investigative or law enforcement agency or any agency
8 of the Federal Government, if the insurer receives a request in writing for
9 that information.

10 2. The information requested from an insurer may include:

11 (a) Information about the policy of insurance on the property which was
12 demolished or destroyed, including information from the application for
13 insurance;

14 (b) Information on previous claims made by the insured;

15 (c) Records of the premiums paid for the policy of insurance; and

16 (d) Information concerning the insurer's investigation of the claim,
17 including statements of any person, information submitted as proof of the
18 loss or any other relevant information on the claim.

19 **Sec. 22.** NRS 686A.289 is hereby amended to read as follows:

20 686A.289 1. Any insurer giving information to *the attorney general,*
21 the commissioner or any investigative or law enforcement agency
22 concerning an *act or omission* alleged ~~fraudulent claim~~ *to be insurance*
23 *fraud* is entitled to receive, upon completion of the investigation or
24 prosecution of the ~~claim,~~ *insurance fraud*, whichever occurs later, any
25 relevant information concerning the ~~claim,~~ *fraudulent activity*.

26 2. The *attorney general, the* commissioner or any investigative or law
27 enforcement agency receiving information from another person, agency or
28 insurer shall:

29 (a) Keep the information confidential and not release the information
30 except pursuant to subsection 1;

31 (b) Provide information concerning its investigation of the ~~claim~~
32 *insurance fraud* to the insurer reporting the ~~claim,~~ *fraudulent activity*
33 upon the completion of its investigation or a criminal prosecution,
34 whichever occurs later; and

35 (c) Provide any documents necessary or allow its employees or agents
36 to testify in any action by or against the insurer if the insurer or its insured
37 furnished the information for the investigation or a criminal prosecution.

38 **Sec. 23.** NRS 686A.291 is hereby amended to read as follows:

39 686A.291 ~~1. A person commits insurance fraud if he knowingly and~~
40 ~~willfully:~~

41 ~~—(a) Presents or causes to be presented any statement to an insurer, a~~
42 ~~reinsurer, a producer, a broker or any agent thereof, known by him to~~
43 ~~contain false, incomplete or misleading information concerning any fact~~
44 ~~material to an application for the issuance of a policy of insurance pursuant~~
45 ~~to this Title.~~

46 ~~—(b) Presents or causes to be presented any statement as a part of, or in~~
47 ~~support of, a claim for payment or other benefits under a policy of~~
48 ~~insurance issued pursuant to this Title, known by him to contain false,~~



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1 ~~incomplete or misleading information concerning any fact material to that~~
2 ~~claim.~~

3 ~~—(c) Assists, abets, solicits or conspires with another person to present or~~
4 ~~cause to be presented any statement to an insurer, reinsurer, producer,~~
5 ~~broker or any agent thereof, known by him to contain false, incomplete or~~
6 ~~misleading information concerning any fact material to an application for~~
7 ~~the issuance of a policy of insurance pursuant to this Title or a claim for~~
8 ~~payment or other benefits under such a policy.~~

9 ~~—(d) Acts or fails to act with the intent of defrauding or deceiving an~~
10 ~~insurer, a reinsurer, a producer, a broker or any agent thereof, in order to~~
11 ~~obtain a policy of insurance pursuant to this Title or any proceeds or other~~
12 ~~benefits under such a policy.~~

13 ~~—(e) As a practitioner, an insurer or any agent thereof, acts to assist,~~
14 ~~conspire with or urge another person to violate any provision of this section~~
15 ~~through deceit, misrepresentation or other fraudulent means.~~

16 ~~—(f) Accepts any proceeds or other benefits under a policy of insurance~~
17 ~~issued pursuant to this Title known by him to be derived from any act or~~
18 ~~omission which violates any provision of this section.~~

19 ~~—(g) Employs a person to procure clients, patients or other persons who~~
20 ~~obtain services or benefits under a policy of insurance issued pursuant to~~
21 ~~this Title for the purpose of engaging in any activity prohibited by this~~
22 ~~section. This paragraph does not prohibit contact or communication by an~~
23 ~~insurer or his agent or representative with a client, patient or other person if~~
24 ~~the contact or communication is made for a lawful purpose, including,~~
25 ~~without limitation, communication by an insurer with a holder of a policy~~
26 ~~of insurance issued by the insurer or with a claimant concerning the~~
27 ~~settlement of any claims against the policy.~~

28 ~~—2. A person commits insurance fraud if he knowingly and willfully~~
29 ~~participates in, aids, abets, conspires to commit, solicits another person to~~
30 ~~commit, or permits an employee or agent to commit an act of insurance~~
31 ~~fraud prohibited by subsection 1.~~

32 ~~—3.] A person who commits insurance fraud is guilty of a category D~~
33 ~~felony and shall be punished as provided in NRS 193.130.~~

34 ~~[4. For the purposes of this section, “practitioner” means:~~

35 ~~—(a) A physician, dentist, nurse, dispensing optician, optometrist,~~
36 ~~physical therapist, podiatric physician, psychologist, chiropractor, doctor of~~
37 ~~Oriental medicine in any form, director or technician of a medical~~
38 ~~laboratory, pharmacist or other provider of health services who is~~
39 ~~authorized to engage in his occupation by the laws of this state or another~~
40 ~~state; and~~

41 ~~—(b) An attorney admitted to practice law in this state or any other state.]~~

42 **Sec. 24.** NRS 686A.295 is hereby amended to read as follows:

43 686A.295 If a person who is licensed or registered under the laws of
44 the State of Nevada to engage in a business or profession is convicted of or
45 pleads guilty to engaging in an act of insurance fraud, ~~prohibited by NRS~~
46 ~~686A.291,]~~ the commissioner and the attorney general shall forward to
47 each agency by which the convicted person is licensed or registered a copy
48 of the conviction or plea and all supporting evidence of the act of insurance
49 fraud. An agency that receives information from the commissioner and



1 attorney general pursuant to this section shall, not later than 1 year after the
2 date on which it receives the information, submit a report which sets forth
3 the action taken by the agency against the convicted person, including, but
4 not limited to, the revocation or suspension of the license or any other
5 disciplinary action, to the director of the legislative counsel bureau for
6 transmittal to the legislature.

7 **Sec. 25.** NRS 686A.315 is hereby amended to read as follows:

8 686A.315 1. If a hospital submits to an insurer the form commonly
9 referred to as the "UB-82," the form must contain or be accompanied by a
10 statement in substantially the following form:

11
12 Any person who misrepresents or falsifies essential information
13 requested on this form may, upon conviction, be subject to a fine and
14 imprisonment under state or federal law, or both.

15
16 2. If a person who is licensed to practice one of the health professions
17 regulated by Title 54 of NRS submits to an insurer the form commonly
18 referred to as the "HCFA-1500" for a patient who is not covered by any
19 governmental program which offers insurance coverage for health care, the
20 form must be accompanied by a statement in substantially the following
21 form:

22
23 Any person who knowingly files a statement of claim containing any
24 misrepresentation or any false, incomplete or misleading information
25 may be guilty of a criminal act punishable under state or federal law,
26 or both, and may be subject to civil penalties.

27
28 3. The failure to provide any of the statements required by this section
29 is not a defense in a prosecution for ~~la violation of~~ *insurance fraud*
30 *pursuant to* NRS 686A.291.

31 **Sec. 26.** NRS 207.360 is hereby amended to read as follows:

32 207.360 "Crime related to racketeering" means the commission of,
33 attempt to commit or conspiracy to commit any of the following crimes:

- 34 1. Murder;
35 2. Manslaughter;
36 3. Mayhem;
37 4. Battery which is punished as a felony;
38 5. Kidnapping;
39 6. Sexual assault;
40 7. Arson;
41 8. Robbery;
42 9. Taking property from another under circumstances not amounting to
43 robbery;
44 10. Extortion;
45 11. Statutory sexual seduction;
46 12. Extortionate collection of debt in violation of NRS 205.322;
47 13. Forgery;
48 14. Any violation of NRS 199.280 which is punished as a felony;
49 15. Burglary;



- 1 16. Grand larceny;
- 2 17. Bribery or asking for or receiving a bribe in violation of chapter
- 3 197 or 199 of NRS which is punished as a felony;
- 4 18. Battery with intent to commit a crime in violation of NRS 200.400;
- 5 19. Assault with a deadly weapon;
- 6 20. Any violation of NRS 453.232, 453.316 to 453.3395, inclusive, or
- 7 453.375 to 453.401, inclusive;
- 8 21. Receiving or transferring a stolen vehicle;
- 9 22. Any violation of NRS 202.260, 202.275 or 202.350 which is
- 10 punished as a felony;
- 11 23. Any violation of subsection 2 or 3 of NRS 463.360 or chapter 465
- 12 of NRS;
- 13 24. Receiving, possessing or withholding stolen goods valued at \$250
- 14 or more;
- 15 25. Embezzlement of money or property valued at \$250 or more;
- 16 26. Obtaining possession of money or property valued at \$250 or
- 17 more, or obtaining a signature by means of false pretenses;
- 18 27. Perjury or subornation of perjury;
- 19 28. Offering false evidence;
- 20 29. Any violation of NRS 201.300 or 201.360;
- 21 30. Any violation of NRS 90.570, 91.230 ~~H~~ or 686A.290 , or
- 22 *insurance fraud pursuant to NRS 686A.291; or*
- 23 31. Any violation of NRS 205.506, 205.920 or 205.930.
- 24 **Sec. 27.** Chapter 228 of NRS is hereby amended by adding thereto a
- 25 new section to read as follows:
- 26 *1. The attorney general has primary jurisdiction to conduct criminal*
- 27 *investigations into and may bring a criminal prosecution for any act*
- 28 *alleged to be insurance fraud.*
- 29 *2. The attorney general shall establish within his office a fraud*
- 30 *control unit for insurance. The fraud control unit must consist of such*
- 31 *persons as are necessary to carry out the duties set forth in this section,*
- 32 *NRS 679B.153 to 679B.158, inclusive, and sections 2 to 6.5, inclusive, of*
- 33 *this act, and NRS 686A.281 to 686A.291, inclusive, and sections 14 to 17,*
- 34 *inclusive, of this act, including, without limitation, attorneys and*
- 35 *investigators.*
- 36 *3. The attorney general, acting through the fraud control unit:*
- 37 *(a) Is the single state agency responsible for the criminal prosecution*
- 38 *of insurance fraud;*
- 39 *(b) Shall cooperate with the commissioner of insurance, insurers, and*
- 40 *investigators and prosecutors of other states and the Federal Government*
- 41 *in coordinating state and federal criminal investigations and criminal*
- 42 *prosecutions involving insurance fraud;*
- 43 *(c) Shall protect the privacy of insurers and insured persons who are*
- 44 *eligible to receive benefits pursuant to the provisions of Title 57 of NRS*
- 45 *and shall establish procedures to prevent the misuse of information*
- 46 *obtained in carrying out this section; and*
- 47 *(d) May, upon written request, inspect the records of any insurer, the*
- 48 *commissioner of insurance and the division of insurance of the*



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1 *department of business and industry to conduct a criminal investigation*
2 *into any act alleged to be insurance fraud.*

3 4. *To investigate any act alleged to be insurance fraud, the attorney*
4 *general and members of the fraud control unit may conduct*
5 *investigations into any activity related thereto occurring outside of this*
6 *state, if necessary. To conduct these investigations, the attorney general*
7 *and members of the fraud control unit may:*

8 (a) *Travel outside of this state;*

9 (b) *Cooperate with appropriate agencies or persons outside of this*
10 *state; and*

11 (c) *Designate those agencies or persons to conduct investigations for*
12 *the attorney general.*

13 5. *When acting pursuant to this section, the attorney general may*
14 *commence his investigation and file a criminal action without leave of*
15 *court, and he has exclusive charge of the conduct of the prosecution. The*
16 *attorney general may conduct preliminary hearings or grand juries for*
17 *the purposes of filing an information or indictment.*

18 6. *The attorney general shall report the name of each person who*
19 *has been convicted of insurance fraud to the commissioner of insurance.*

20 7. *The provisions of this section must not be construed to limit or*
21 *diminish the jurisdiction of the commissioner of insurance to regulate*
22 *persons transacting insurance in this state.*

23 8. *As used in this section, "insurance fraud" has the meaning*
24 *ascribed to it in section 14 of this act.*

25 **Sec. 28.** NRS 477.030 is hereby amended to read as follows:

26 477.030 1. Except as otherwise provided in this section, the state fire
27 marshal shall enforce all laws and adopt regulations relating to:

28 (a) The prevention of fire.

29 (b) The storage and use of:

30 (1) Combustibles, flammables and fireworks; and

31 (2) Explosives in any commercial construction, but not in mining or
32 the control of avalanches,

33 under those circumstances that are not otherwise regulated by the division
34 of industrial relations of the department of business and industry pursuant
35 to NRS 618.890.

36 (c) The safety, access, means and adequacy of exit in case of fire from
37 mental and penal institutions, facilities for the care of children, foster
38 homes, residential facilities for groups, facilities for intermediate care,
39 nursing homes, hospitals, schools, all buildings, except private residences,
40 which are occupied for sleeping purposes, buildings used for public
41 assembly and all other buildings where large numbers of persons work, live
42 or congregate for any purpose. As used in this paragraph, "public
43 assembly" means a building or a portion of a building used for the
44 gathering together of 50 or more persons for purposes of deliberation,
45 education, instruction, worship, entertainment, amusement or awaiting
46 transportation, or the gathering together of 100 or more persons in
47 establishments for drinking or dining.

48 (d) The suppression and punishment of arson and fraudulent claims or
49 practices in connection with fire losses.



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1 The regulations of the state fire marshal apply throughout the state, but,
2 except with respect to state-owned or state-occupied buildings, his
3 authority to enforce them or conduct investigations under this chapter does
4 not extend to a county whose population is 50,000 or more or which has
5 been converted into a consolidated municipality, except in those local
6 jurisdictions in those counties where he is requested to exercise that
7 authority by the chief officer of the organized fire department of that
8 jurisdiction.

9 2. The state fire marshal may set standards for equipment and
10 appliances pertaining to fire safety or to be used for fire protection within
11 this state, including the threads used on fire hose couplings and hydrant
12 fittings.

13 3. The state fire marshal shall cooperate with the state forester
14 firewarden in the preparation of regulations relating to standards for fire
15 retardant roofing materials pursuant to paragraph (e) of subsection 1 of
16 NRS 472.040.

17 4. The state fire marshal shall cooperate with the division of child and
18 family services of the department of human resources in establishing
19 reasonable minimum standards for overseeing the safety of and directing
20 the means and adequacy of exit in case of fire from family foster homes
21 and group foster homes.

22 5. The state fire marshal shall coordinate all activities conducted
23 pursuant to 15 U.S.C. §§ 2201 et seq. and receive and distribute money
24 allocated by the United States pursuant to that act.

25 6. Except as otherwise provided in subsection 10, the state fire marshal
26 shall:

27 (a) Investigate any fire which occurs in a county other than one whose
28 population is 50,000 or more or which has been converted into a
29 consolidated municipality, and from which a death results or which is of a
30 suspicious nature.

31 (b) Investigate any fire which occurs in a county whose population is
32 50,000 or more or which has been converted into a consolidated
33 municipality, and from which a death results or which is of a suspicious
34 nature, if requested to do so by the chief officer of the fire department in
35 whose jurisdiction the fire occurs.

36 (c) Cooperate with the commissioner of insurance , *the attorney*
37 *general and the fraud control unit established pursuant to section 27 of*
38 *this act* in any investigation of a fraudulent claim under an insurance policy
39 for any fire of a suspicious nature.

40 (d) Cooperate with any local fire department in the investigation of any
41 report received pursuant to NRS 629.045.

42 (e) Provide specialized training in investigating the causes of fires if
43 requested to do so by the chief officer of an organized fire department.

44 7. The state fire marshal shall put the National Fire Incident Reporting
45 System into effect throughout the state and publish at least annually a
46 summary of data collected under the system.

47 8. The state fire marshal shall provide assistance and materials to local
48 authorities, upon request, for the establishment of programs for public
49 education and other fire prevention activities.



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- 1 9. The state fire marshal shall:
2 (a) Assist in checking plans and specifications for construction;
3 (b) Provide specialized training to local fire departments; and
4 (c) Assist local governments in drafting regulations and ordinances,
5 on request or as he deems necessary.

6 10. In a county other than one whose population is 50,000 or more or
7 which has been converted into a consolidated municipality, the state fire
8 marshal shall, upon request by a local government, delegate to the local
9 government by interlocal agreement all or a portion of his authority or
10 duties if the local government's personnel and programs are, as determined
11 by the state fire marshal, equally qualified to perform those functions. If a
12 local government fails to maintain the qualified personnel and programs in
13 accordance with such an agreement, the state fire marshal shall revoke the
14 agreement.

15 **Sec. 29.** This act becomes effective upon passage and approval.

