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Nevada State Assembly  
Judiciary Committee  
Carson City Nevada

April 07, 2003

Dear Committee Members:

I am David Breedlove, of D.L.B Insurance Marketing. Regarding Assembly Bill 350, introduced by: Assembly members Ohrenschall and Claborn, which would prohibit the State Board of Health from requiring certain residential facilities for Groups to purchase or maintain a policy of liability insurance (BDR40-971)

I'd like to focus on Section 3. Line 5 through 7. My arguments against this bill are:

1. Passage of this bill will further deteriorate any attempt and immediately kill any negotiations and or any further negotiations to secure reasonably priced premium insurance for all classifications of residential care facilities in Nevada in a very hard tight insurance market.
2. Passage of this bill will more than likely cause withdrawal of the two remaining markets we have for Assisted Living/ Group Care Homes for the Aged of Persons afflicted with Alzheimer's disease. We have just recently obtained reentry of an insurer for Group Care Facilities who are devoted to Person's with Mental Illnesses.
3. No insurer will consider underwriting any Risk who has been operating without prior General and Professional Liability Insurance.
4. An Insurer who presently underwrites insurance at a high but still reasonably priced premium may well decide for non-renew all existing policies at expiration.
5. The only insurer's who will then remain available to those risks who wish to obtain insurance in the State will be in the Excess Insurance Market who specialize in distressed risks at exorbitant prices/premiums at minimum premium considerations ranging from \$25,000.00 up to \$50,000.00... An underwritten in the unacceptable Claims Made Form of Liability.
6. Should this bill be passed who will take the place of the insurance companies in investigation of claims, legal expenses, court costs and ultimate payment of claims?
7. Will the care home operator be able to bear costs even if the claim is fraudulent or a matter of extortion? Or will the State set up of some Indemnity Fund and staff to perform all of these functions as previously born by insurer's including payment of claims?

ASSEMBLY JUDICIARY

DATE: 4-07-03 ROOM 3138 EXHIBIT H

SUBMITTED BY: Larry Fry

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While this argument is not technically in defense of insurance companies, it is in the defense of the bulk of our care facility operators who run quality facilities of any size. We know that there are some operators who due to poor management or mis-management of their operations probably should not be in the business in the first place. To pass this bill, as a panacea to certain interests will only create ramifications that will effect the entire care for Aged and Alzheimer's Patients in Nevada.

We know that the cost of insurance has risen dramatically in the past few years. Although we in Nevada have had for the most part (with a few exceptions) a very excellent claims experience, this has not been the case nationally. The industry has taken a hit for over \$50,000,000.00 in the past 3-5 years experience period. We in Nevada have been victimized by that fact as there are a good number of states that do not enjoy the good regulatory and enforcement controls we have in place here. In the past three years I have replaced six insurers' who have pulled out of the market place on a nationwide basis, which then affected us in Nevada as well.

Passage of this bill will further degrade a tough insurance situation at a time when we are fighting to rectify the insurance situation on strictly a "Nevada only" basis for acquisition of new markets and at time when we are begging to see the TV advertising barristers who are trying to set up a " construction defect litigation" situation on our care homes. I can see a hydra head rising up that is going to present big problems unless some type of controls or limitations are put in place.

We made be well advised in looking into tort reform or claims damage award limitations to control costs and make it more viable and attractive for insurer's to be interested in Nevada. With the graying of our communities we will need more facilities in the near future. Lack of availability of insurance should not be a barrier to the expansion of additional quality facilities.

David L.Breedlove  
D.L.B. Insurance Marketing  
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