

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON COMMERCE AND LABOR**

**Seventy-Sixth Session
April 27, 2011**

The Committee on Commerce and Labor was called to order by Chair Kelvin Atkinson at 1:37 p.m. on Wednesday, April 27, 2011, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/76th2011/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman Kelvin Atkinson, Chair
Assemblyman Marcus Conklin, Vice Chair
Assemblywoman Irene Bustamante Adams
Assemblywoman Maggie Carlton
Assemblyman Richard (Skip) Daly
Assemblyman John Ellison
Assemblyman Ed A. Goedhart
Assemblyman Tom Grady
Assemblyman Crescent Hardy
Assemblyman Pat Hickey
Assemblyman William C. Horne
Assemblywoman Marilyn K. Kirkpatrick
Assemblyman Kelly Kite
Assemblyman James Ohrenschall
Assemblyman Tick Segerblom

COMMITTEE MEMBERS ABSENT:

Assemblyman John Oceguela (excused)

GUEST LEGISLATORS PRESENT:

Senator Sheila Leslie, Washoe County Senatorial District No. 1

STAFF MEMBERS PRESENT:

Marji Paslov Thomas, Committee Policy Analyst
Sara Partida, Committee Counsel
Andrew Diss, Committee Manager
Diane O'Flynn, Committee Secretary
Terry Horgan, Committee Secretary
Sally Stoner, Committee Assistant

OTHERS PRESENT:

E. Marvin Jacobson, Antiques Dealer, Reno, Nevada
Gay Elliker, Antique Dealer/Owner, Tanner's Marketplace, Reno, Nevada
Cadence Matijevich, representing the City of Reno
Jesse Wadhams, representing the Nevada Independent Insurance Agents
Fred L. Hillerby, representing the American Council of Life Insurers
Elena Ahrens, Assistant Chief, Property and Casualty Section, Division of Insurance, Department of Business and Industry

Chair Atkinson:

[The roll was called, and a quorum was present.] We have two bills today, and we will be taking them out of order because Senator Leslie has to get to her Committee. We will open the hearing on Senate Bill 353.

Senate Bill 353: Revises provisions governing dealers in coins and collectibles. (BDR 54-903)

Senator Sheila Leslie, Washoe County Senatorial District No. 1:

I have a very interesting bill for you this afternoon, Senate Bill 353. This is a bill that my predecessor, Senator Bernice Mathews, worked on last session, but there was just one little glitch. Does this sound familiar? I was not on the Assembly Committee on Commerce and Labor last session, so I did not hear the previous bill, but there was one little glitch that has to do with antiques and collectibles. What I found out, when I testified in the Senate Committee on Commerce and Labor hearing, was that the Chairman was an antique, because he is over 60. I told him, "I am still a collectible, because I am under 60." What I prefer to do, Mr. Chairman, is to let you hear from my primary witnesses, and they can explain what the problem is and why we think this bill fixes it, if that meets with your approval.

Chair Atkinson:
Okay.

E. Marvin Jacobson, Antiques Dealer, Reno, Nevada:

I would like to begin by giving you some of the background for this bill ([Exhibit C](#)). As it works in Reno right now, if your mother wanted to sell some of her personal belongings that had been in the family for years, all she would have to do is obtain a business license from the City of Reno, rent a space in an antiques mall, and sell those belongings. However, if she had also started collecting teabag tags, which are considered not antiques but collectibles, she would have to submit to a full FBI investigation and background check. That is because as the law reads right now, antiques and collectibles have been separated in the law, and we want to change that.

In 2008, the City of Reno Business License Division found a state law that linked all antique stores and dealers with pawnshops, secondhand dealers, and scrap metal dealers. It mandated that all antique dealers submit to the background check I mentioned, as well as be obligated to produce extensive record keeping, weekly inventory reports to the police department, and a number of other things just to get a business license. This applied not only to businesses that were located in Reno, but also to vendors from out-of-state who came to various shows, such as during the Reno Rodeo, and Hot August Nights. We mentioned to the city that this would be virtually impossible to comply with. If a man is coming from Biloxi, Mississippi, and wants to open a booth in a show, the city requires him to have a background check that takes 90 days. This licensing process takes up to three months. An antiques mall will not accept an antiques dealer until he has a business license. The process, again, takes three months, so you might be paying rent on a space for up to 90 days before you ever got a business license. The antique bottle show in northern Nevada was canceled after ten years. Other shows moved to Sparks, which is fine. It is still within the state. But we lost a number of shows to South Lake Tahoe in California.

A committee of antique dealers made numerous visits to the City Council in Reno to discuss these difficulties. One of the City Council members finally said, "Well, your next step is to change the law." We started doing that in 2008, and, hopefully, we are almost finished. Mrs. Elliker and I were both members of the task force that the city developed to look into the issue of these business licenses for collectibles and antiques dealers. We reviewed all types of licenses. We asked Senator Bernice Mathews for guidance in creating a new bill that would separate antiques and collectibles dealers from secondhand dealers and pawnshops. Senate Bill No. 193 of the 75th Session was drafted and

presented in the Senate Commerce and Labor Committee on March 23, 2009. The bill passed both houses, and the Governor signed it.

However, this did not solve the problem in Reno. All jurisdictions in the state were happy with the bill, but the City of Reno attorney could not accept it as it was written. He wanted collectible dealers and antique dealers separated. You just cannot do that. For years, they have been classified as either antiques or collectibles and sold by the same dealers. If you were selling antiques, you had no problem, but if you were selling collectibles, you had to get a background check. We thank Senator Leslie, who has agreed to present Senate Bill 353, and that is what brings us here today. I am hoping those three little words and two punctuation marks—"including, without limitation,"—can be removed from the law. Thank you.

Chair Atkinson:

I know some of us on the Committee were saying, "Did we not hear this same bill a short while ago?" It rings a bell with us.

Gay Elliker, Antiques Dealer/Owner, Tanner's Marketplace, Reno, Nevada:

I have been an antiques dealer for 20 years in Reno, Nevada. I have owned one of the malls, and I promote Tanner's Marketplace, which is an antiques and collectibles show. Because of the way these three little words appear in the law, and the way that the City Attorney in Reno looks at it, I have had to take the "collectible" out of my show, and I can advertise it now only as an antiques show. You cannot separate antiques and collectibles; they go together like salt and pepper, and cream and sugar. It has always been antiques and collectibles, and that is why we need these words in the law changed. I think the City of Reno has seen the error of its ways.

In a new magazine promoting Hot August Nights, it says, "Just a reminder. Neither the City of Reno nor Washoe County require any special secondhand sales permits or background checks." But, we need this to be legal, in black and white, so the big shows and small shows are treated properly and so that other antique shows will come back into our market.

Chair Atkinson:

Are there any questions from the Committee? Mrs. Kirkpatrick?

Assemblywoman Kirkpatrick:

I remember that last time we had a lot of discussion on the definition of a secondhand dealer. We went back and forth on the books, the coins, and the antiques. I recall that we asked about the phrase in question—"including, without limitations,"—so I am confused about what is not clear on that piece.

E. Marvin Jacobson:

Actually, the only one who is confused is one City of Reno attorney. Every other jurisdiction understood it, but he asked for these changes so that he could go along with the rest of the jurisdictions in the state, and that is why we are here.

Assemblywoman Kirkpatrick:

I heard you talk about collectibles. It seems that the last time we talked about collectibles, we never really addressed this problem. Where would collectibles fall in this bill?

E. Marvin Jacobson:

We would delete the words "including, without limitation," so that it would read "other than antiques, used books, coins, and collectibles."

Assemblywoman Kirkpatrick:

Last time, that was one of the big hangups for many in the Committee, because we did not want people selling garage sale stuff all the time. I thought that was why we left this language somewhat specific. Do we need to put the word "collectibles" in there, so that it is clear?

E. Marvin Jacobson:

It is already in the bill.

Gay Elliker:

We just need to take those words out.

Senator Leslie:

This was what Brenda Erdoes, our Legislative Counsel, has suggested. I do not know if you want to have our Legal Counsel elaborate on it, but apparently the way it has been interpreted, at least in Reno, is that collectibles are not included because of that language, "including, without limitations." It is a little strange, but Brenda has reviewed the bill carefully and this was her suggestion.

Assemblyman Ohrenschall:

Have you had to comply with the same requirements as pawnshops, in terms of those weekly reports stating the items that have been sold? How has that been working in Reno?

E. Marvin Jacobson:

The reports became too burdensome, and the city decided there was no way to provide all the required documentation. Pawnshops are loaning money on items that they do not own. We own and have titles to our goods, so there is not the

same concern that we would confiscate property that does not belong to us, or of having some way to identify everything that we own. They found there was a problem with heirlooms, for example. There is no record of purchasing that particular item, because it is something you have had in your family's possession for generations. When it came to reporting that, it fell through the cracks, so they decided to not hold us to those reports anymore. The police department did not have the time to go through them anyway, and it was never an issue.

Assemblyman Ohrenschall:

So no other jurisdictions are interpreting the law this way?

E. Marvin Jacobson:

No jurisdiction other than Reno. In fact, if I were to apply for a business license in Las Vegas, I would walk in, fill out the paperwork, and pay my fee, and I would be given a business license on the spot.

Gay Elliker:

And it is the same in Sparks.

Assemblyman Ohrenschall:

You mentioned pawnshops earlier. They do lend money, but they also purchase items as well. My question is, the way the pawnshops file their reports, it makes it easy for the police to find out if an item is stolen. How do you folks in your industry work with the police, in terms of trying to make sure that something is not stolen when it is brought to you, and if it is stolen, that it is recovered to its rightful owner?

E. Marvin Jacobson:

We take copies of the police reports of stolen items. For example, just recently in Reno, there were a number of gold coins that were stolen, and they were purchased by a pawnshop. We were notified by the police that there had been a robbery and were told to look out for these coins. So we work very closely with the police department.

Assemblyman Ohrenschall:

I believe that when someone goes into a pawnshop to get a loan or sell an item, he has to present ID, and I think the pawnbroker writes down the individual's ID. Do you do that in your industry?

E. Marvin Jacobson:

We do not buy anything from anyone that comes off the street without obtaining an ID and his fingerprints, which we keep on file. We also turn those reports over to the police department.

Assemblyman Ohrenschall:

Is that just your policy, or is that a regulation?

E. Marvin Jacobson:

That is part of the regulation. Rather than sending a report that would include all of the goods that we buy, we simply send a report of all the people we buy from with a description of anything that we buy off the street.

Assemblyman Ohrenschall:

And that is in the state regulations right now.

E. Marvin Jacobson:

I believe so, yes.

Assemblywoman Carlton:

I remember the bill also, and I think most of us thought we had this fixed. I find it very frustrating that one City of Reno attorney has caused the time and expense to bring a bill back. I mean, drafting a bill is no easy feat, and there is an expense involved in it. Has this city attorney basically said, if you change the language of this bill, it will resolve the issue once and for all? I would hate to go through all this and have the antiques and collectibles dealers in the same spot again. It seems to me that our lawyer should trump his lawyer. We win. It is state law. Why are we having to do this just to make one attorney happy?

E. Marvin Jacobson:

That was our point exactly to the city, and the city said, "We interpret it the way we are doing right now," and it understood that the other jurisdictions interpreted it a different way. They said for them to go along with it, those changes needed to be made, and that is what we are doing.

Assemblywoman Carlton:

But they do not get to write state law; we do.

E. Marvin Jacobson:

That is right. We understand that.

Assemblywoman Carlton:

Senator Leslie, you understand our frustration, because we went through all this before. To have one city attorney put us through the time and expense of changing this law again, when we could be dealing with much bigger issues, is bothersome to me.

Senator Leslie:

I understand and share your frustration, but I have constituents who are the ones who are losing out, so I would prefer at this point to fix it. As Mrs. Elliker has pointed out, it looks like the City of Reno is fixing it for the big shows that bring in the most money. I do not want the little person to be hassled any more by this law. This is a way to fix it, and we have had our Legal Counsel study it, and have already invested the time. I would ask for your indulgence and to clarify the law so that it cannot be interpreted any way other than to include collectibles.

Chair Atkinson:

Are there any other questions? Is there anyone else in the audience wishing to testify in favor of Senate Bill 353? Is there any opposition to Senate Bill 353? [There was none.] Is there anyone neutral on Senate Bill 353?

Cadence Matijevich, representing the City of Reno:

We are neutral on the bill, and in fact, from a staff perspective, we have not had an opportunity to have our counsel consider this bill. But, from a staff perspective, we do agree that this bill is necessary. I felt, given the testimony, that it was important for me to put on record that our City Attorney's position on this has been based on an opinion from the Attorney General. Our City Attorney's Office based its interpretation on that of the Attorney General, stating that, as the bill was written, the city could not exempt these businesses from the provisions of the *Nevada Revised Statutes* (NRS). So we do not have any issue with this bill. We, too, would like to see it resolved once and for all. With that, I would be pleased to take any questions.

Assemblyman Horne:

First, it is a two-page bill, and it is a Senate bill, so I do not know why they have not had time to review this bill. Second, do you have a copy of that Attorney General's opinion? Third, did you ask for the Legislative Counsel Bureau's (LCB) opinion on it?

Cadence Matijevich:

I do not have a copy of the Attorney General's opinion with me today, but I would be more than happy to provide a copy of that opinion to the Committee. I do not know whether or not we have consulted with the LCB on that.

Our typical path is through the Office of the Attorney General. I can inquire with our City Attorney's Office to find out if they have had any dialogue with the LCB staff.

Chair Atkinson:

Are there any additional questions? Is there anyone else wishing to be heard on Senate Bill 353? [There was none.] I think there are a couple of questions remaining concerning this bill, so we will allow those to be answered and then bring it back to the work session. We will close the hearing on Senate Bill 353 and open the hearing on Senate Bill 143.

Senate Bill 143 (1st Reprint): Revises certain provisions governing insurance.
(BDR 57-723)

Jesse Wadhams, representing the Nevada Independent Insurance Agents:

We are pleased that you are taking a look at S.B. 143. This bill is not simple. I have learned my lesson on that. It is, however, fairly straightforward. Section 1 of the bill would essentially repeal the brick-and-mortar component for a resident producer with an insurance license. If that sounds familiar to Assemblywoman Carlton, it is. We discussed that in the Senate Committee on Commerce and Labor a couple of times, so we are back again to make another effort.

Essentially, the bill concerns two kinds of producers of insurance. There are resident and nonresident producers. Nonresident agents, as you can imagine, are in California, Utah, and other states, but they are licensed to sell policies of insurance in Nevada. They do not have to have a brick-and-mortar establishment. Resident producers, however, as you can see in the language found in section 1, subsection 5, do have to have a brick-and-mortar establishment. This bill would simply not require resident producers to have this brick-and-mortar component. We believe that this is a matter of fairness and will probably result in adding more folks to the workforce.

Section 2 adds a policy statement that an insurance certificate cannot amend or alter the terms of an insurance contract. This comes from the situation where oftentimes an insurance certificate is used as the evidence of that insurance contract, and the lenders or other folks want a component of the contract to be on the certificate. What you end up doing is confusing the two components. You are confusing the certificate with the contract and vice versa. This revision would simply say that the insurance certificate is a summary of the policy, and that the contract of insurance will control. Other parties can, of course, negotiate the insurance contract in any way they see fit, but this would simply

say that the certificate is a summary. If there are any questions, I would be happy to answer them, but it is fairly straightforward.

Assemblyman Horne:

Mr. Wadhams, can you give us an example of why there is a need for that language in section 2? Are there instances where people are utilizing the certificate as provisions in the contract?

Jesse Wadhams:

Absolutely. Thank you for the question. To explain what has happened, let us take an insurance policy on a development with a lender that says to an agent, "We need the certificate of insurance and we need it in the next couple of minutes. Oh, and it needs to say XYZ kind of indemnity"—while, nine times out of ten, you might be able to say that it is in the insurance contract, or an agent may add the certificate. The issue comes up when you have a discrepancy between the certificate and the contract. In a case where a certain provision was added to the insurance certificate, and it is not in the contract, what can happen is that our agents will be hit with an errors and omissions (E&O) claim; that is, they have bound insurance that is not under the contract. The contract then pays out its particular policy provisions, and their E&O coverage will come into play when and if it has been mistakenly added to the certificate.

Assemblyman Horne:

So are there instances where a certificate may be issued before the contract is entered into?

Jesse Wadhams:

Not to the best of my knowledge, but I do have technical folks who can probably answer that question. I do not believe that is the case. It is exactly what I have said; it is a summary of what the insurance contract would include.

Assemblyman Horne:

I am sorry if I misunderstood you, but it sounded like you said that an altering modification may be possible. What I am getting at is this: Is there a possibility, if I am issued a policy, and you issue the certificate and then modify the policy, that now someone is relying on the certificate that came before the modification, that becomes the rub? What was modified?

Jesse Wadhams:

I think that is exactly the underlying issue, that the certificate should not alter the insurance contract. The insurance certificate should remain the evidence of the coverage, not the insurance contract, which can be modified by the parties. Especially in the property/casualty situation, you probably should not rely on the

insurance certificate to show the types of coverage when you can go to the contract, which controls it.

Assemblyman Horne:

I am concerned about someone relying on a certificate that comes before a substantive modification. You had mentioned before that somebody has asked for certain indemnities to be shown on the certificate, and so they provide that, but the modification may delete the indemnity clause. Do you see what I am saying?

Jesse Wadhams:

I think I understand where your question is going. I think that is what we are fundamentally trying to say. This would not obviously have a retroactive provision in it. This would simply say that the certificate stands alone and cannot amend the underlying contract. When you want to amend the contract, you would amend the contract and add indemnities and/or coverage levels, and/or change names or insurers. All that can be done in a contract and the certificate will simply be the evidence that you have the appropriate coverage.

Assemblyman Horne:

Thank you, Mr. Chair. We will talk more at a later date.

Chair Atkinson:

Are there any additional questions from the Committee members?

Assemblywoman Carlton:

I will go back to the brick-and-mortar portion. I think we started this process with your father 12 years ago, with the same issue. One thing I am consistent with is being stubborn on this particular issue. If he is doing business here and he is a resident agent, he should have a brick-and-mortar establishment for people to visit. There are two classifications here, so I do not understand. Do you have a better argument this session than we have heard in the past? Why would we allow this?

Jesse Wadhams:

You are right; there are two different classifications. There is a resident producer and a nonresident producer. A nonresident does not have to have a brick-and-mortar establishment in the state. We think it is fundamentally unfair to say to Nevada residents that you have a different kind of requirement. Especially in modern insurance, far more producers are able to meet you at your place of business, or are able to use a Wi-Fi connected laptop or cell phone. We have now the proliferation of modern technology that allows a producer of insurance to do business wherever the consumer is, rather than have a brick-

and-mortar place of business. Again, back to your broader point, we are not taking away anything from the oversight or the regulation by the Division of Insurance for either kind of producer. They are still fully regulated in the exact same way. We are simply removing the brick-and-mortar requirement for the resident producer as well.

Assemblywoman Carlton:

But there are distinct differences between resident and nonresident agents, if I remember correctly. Are there different levels of protection?

Jesse Wadhams:

I would have to turn to the Division of Insurance for those particulars, but I do not believe there is much difference.

Assemblywoman Carlton:

I am trying to remember what the underlying issue was and what the benefits entailed, since we have discussed this before.

Jesse Wadhams:

I believe—and Ms. Ahrens can probably correct me if I am wrong—the fundamental difference is whether or not one lives in Nevada.

Assemblywoman Carlton:

And because you are here, we expect you to have a shop here, and if you operate outside the state, we do not require you to have a building here? Did not the Interstate Commerce Act come into effect concerning this issue?

Jesse Wadhams:

That is why the nonresident producers do not have that same requirement; it is because we cannot, under the Interstate Commerce Act, burden that kind of trade.

Assemblywoman Carlton:

But we can burden those that we license here in this state?

Jesse Wadhams:

I guess as a policy consideration, you could. We think we should not.

Assemblywoman Carlton:

Okay, we will flip a coin on that one. My other question concerns the change related to displaying a license; is there an issue with displaying a license, for any security reasons?

Jesse Wadhams:

I think it needs to be available upon request, but if you did not have a brick-and-mortar establishment, there would not be much of a place to display said license.

Assemblywoman Carlton:

It ties the two together.

Jesse Wadhams:

But you would have the license, and you would need to produce it upon request.

Assemblyman Ohrenschall:

If this bill passes, and people hear Nevada producers do not have to have a brick-and-mortar office, does the public then have an issue with being able to contact them, by phone or on the Internet? Will they not have the ability to see someone in person if they are a Nevada producer? How will disputes get resolved?

Jesse Wadhams:

Again, we are not changing anything. I guess you could track down your producer, whom you would have contacted in person, over the phone, or over the Internet. Certainly, the Division of Insurance is going to be able to step in and regulate that producer, just as it does currently.

Assemblyman Ohrenschall:

I guess my only fear is that Nevadans would be on one of those robo-receptionist calls, trying to talk to a human being. Has there been much frustration among consumers with the out-of-state producers?

Jesse Wadhams:

For those of you who might have an out-of-state producer, you would have to answer that question yourselves, but I do not believe so. Again, I do not think that this would fundamentally shift any form of oversight or regulation by the Division.

Assemblywoman Kirkpatrick:

My understanding was that the out-of-state insurance agents conformed to my own experience in purchasing insurance. For instance, I have Progressive Insurance, a nationwide company, that has an office here in Nevada. When I want to change my policy, I have to call the "1-800" number, and they put me in contact with a person who is licensed to do my insurance in Nevada. So my understanding of these out-of-state producers was that although they did not

physically live in Nevada, they still had to be licensed in Nevada. Furthermore, I understood that this particular bill was geared towards the bigger insurance companies, insofar as it applies to nonresident insurance producers. So if I am wrong, then I totally do not understand the process at all. The second part of my question is, what do other states do, because they would have a similar issue as Nevada?

Jesse Wadhams:

Taking your first question, the fundamental issue with licensure is that a nonresident producer and a resident producer would both have to be licensed in the State of Nevada. Again, they would be appointed by the insurer, who would also be licensed and have a certificate of authority in the state.

Assemblywoman Kirkpatrick:

I understood that the reason there are two separate classifications was because when you have the larger company headquartered somewhere else, it could still have people utilize its services through the insurance company's call centers. Apparently I have confused the issue, so this is another bill for another day.

Jesse Wadhams:

Apparently, it is going that way. They are of different types. There are producers who would live in, say, Truckee, California, and they would come into Nevada and be able to produce insurance and they would be considered a nonresident producer; so I think the nonresident producer would be the call center type, and could also be independent agents out of California or any other state.

Assemblyman Hickey:

In my business, we were with an entity that, while it was based in Nevada, it had its liability insurance or its workers' compensation associated with an entity based outside the state. So even when you have a Nevada person as a broker, he frequently is dealing with people in many other states. That I think is the intent of this bill.

Chair Atkinson:

Are there any more questions?

Fred L. Hillerby, representing the American Council of Life Insurers:

We are here not to talk about the insurance business. We have talked with the bill's sponsor. In the Senate, we agreed upon an amendment, but unfortunately in the process of its adoption, one part of it was dropped, and I will bear the blame for not catching it before it came over here. The life insurance industry invests billions of dollars in our country. In a lot of cases, that investment is in

the form of financing big commercial projects. When we are financing a project like that, before we close the loan, we need to know that all the legally required insurance has been obtained. The certificate of insurance that is contemplated in this new section does indeed give you one form to look at, rather than all the stacks of insurance that you may require to cover liability, workers' compensation, and various other forms of liability, to be certain that your investment is being protected when the construction project is under way. We see the certificate of insurance as something required to close that loan, and it gives us the information that we can rely on—that indeed the contracts, however many there may be, have provided the coverage we need to ensure that we are willing to make the loan.

We submitted a proposed amendment ([Exhibit D](#)). Again, this is what we had already agreed upon in the other house, and unfortunately it was not accomplished—that is, that section 2, line 19, is to be stricken. We think that saying a certificate is only informational is misleading and does not represent the fact that the certificate of coverage does define what is going to be provided in the insurance that we require. It goes on to say it does not constitute a part of the actual contract, and it does not amend or do anything to the contract, but it does tell you that these contracts are in place, and that you can be assured that when you make the loan you have the required insurance. With that, we support this bill and think we have agreement on this amendment for the second time. I apologize for taking up the Committee's time with this bill, but we would appreciate your support.

Chair Atkinson:

Are there any questions from the Committee? Is there anyone else wishing to testify in favor of Senate Bill 143?

Elena Ahrens, Assistant Chief, Property and Casualty Section, Division of Insurance, Department of Business and Industry:

I would like to touch on section 1, the brick-and-mortar portion. The Division does support section 1, and sees this as a positive section or law for Nevada. We see this as allowing agents to conduct business in the State of Nevada who might not otherwise be able to keep their licenses as insurance producers if they are required to have a brick-and-mortar building. You have to remember, if you want to have an agent, you have to have a place you can go to. Nevada has a healthy market, and that option is always available here, if that is your preference.

The Division does not have a problem with section 2. We are neutral. I would be glad to answer any questions.

Assemblywoman Kirkpatrick:

I understand that we have options. You know, I take a little offense to that because when you are shopping for insurance, you are shopping for price, service, and accessibility, so I think that I should be able to get all three. I do not agree with you that now I have to determine if they have a building here in the State of Nevada, that that has to be an option. I take offense to that. Other than that, what is the benefit for Nevadans by letting this happen? Does this allow them to outsource out of the country and still have a Nevada license?

Elena Ahrens:

I believe that this would be an option for an insurance producer to actually have a business, if he cannot afford to have the brick-and-mortar building. Also, you have to be careful about discrimination between an insurance producer, who is nonresident versus a resident producer. We cannot treat them differently. We should look at that.

Assemblywoman Kirkpatrick:

So they could have a home-based office, correct?

Elena Ahrens:

They could work out of their home.

Assemblywoman Kirkpatrick:

That is the brick-and-mortar, correct?

Elena Ahrens:

That is the brick-and-mortar, but I think they are talking about a business residence in this bill.

Assemblywoman Kirkpatrick:

I know, but I am saying that there are other options. I just disagree respectfully with your take, because if you have been in a situation where you are trying to get hold of someone out of the state, to get your vehicle fixed or take care of your life insurance, it is, 20 minutes on the phone. I have never been to my insurance agent's place, but I know that if I need to, I can drive over and stop in. I think a lot of people do not have that option. That is where I stand.

Elena Ahrens:

I was just referring to the fact that there are options where you can place your business with somebody who does have a brick-and-mortar office, and who does give you that type of service and possibility the price you are looking for. Or maybe you are computer savvy and want to find something that is online, and you are more comfortable with that. I did not mean any offense. I do not

believe this would limit your options to where it would not be available. I think we have a lot of availability and a healthy market.

Assemblywoman Carlton:

When we did nonresident agents, what was the history behind them?

Elena Ahrens:

Unfortunately, I work in the Property and Casualty Section and not in Producer Licensing.

Assemblywoman Carlton:

That is fine. I will look into it a little bit deeper.

Elena Ahrens:

I would be more than happy to provide you with the background.

Assemblywoman Carlton:

Yes, we can go back and find some legislative history on it, and this is strictly property and casualty, correct?

Elena Ahrens:

Section 2 is, now that it has been amended in the other house.

Assemblywoman Carlton:

For nonresident agents, would that encapsulate workers' compensation insurance? Would workers' compensation producers be allowed to leave the state, causing injured workers not to have anyplace to go to have their issues addressed?

Elena Ahrens:

I do not think I can answer that.

Assemblywoman Carlton:

I just want to make sure because that has been an issue in the past.

Elena Ahrens:

It would apply to all producers of insurance.

Assemblywoman Carlton:

Which would include workers' compensation insurance?

Elena Ahrens:

Yes, it would.

Chair Atkinson:

Are there any additional questions? Is there anyone else wishing to testify in favor of S.B.143? Anyone opposed to S.B. 143? Is anyone neutral? [There was none.] Since there appears to be a few questions raised regarding this bill, we will bring S.B. 143 back when these questions have been answered. We will close the hearing on S.B. 143. Is there any other public comment, or any other business to come before the Committee? [There was none.] We will adjourn the meeting [at 2:28 p.m.].

RESPECTFULLY SUBMITTED:

Diane O'Flynn
Committee Secretary

APPROVED BY:

Assemblyman Kelvin Atkinson, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Commerce and Labor

Date: April 27, 2011

Time of Meeting: 1:37 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 353	C	E. Marvin Jacobson	Background
S.B. 143	D	Fred L. Hillerby/ACLI	Proposed Amendment