

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON TRANSPORTATION**

**Seventy-Sixth Session
February 17, 2011**

The Committee on Transportation was called to order by Chair Marilyn Dondero Loop at 3:16 p.m. on Thursday, February 17, 2011, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, 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:

Assemblywoman Marilyn Dondero Loop, Chair
Assemblyman Jason Frierson, Vice Chair
Assemblyman Kelvin Atkinson
Assemblywoman Teresa Benitez-Thompson
Assemblyman Steven Brooks
Assemblyman Richard Carrillo
Assemblywoman Olivia Diaz
Assemblyman John Hambrick
Assemblyman Scott Hammond
Assemblyman Joseph M. Hogan
Assemblyman Randy Kirner
Assemblywoman Dina Neal
Assemblyman Mark Sherwood
Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Jennifer Ruedy, Committee Policy Analyst
Darcy Johnson, Committee Counsel
Janel Davis, Committee Secretary
Jordan Neubauer, Committee Secretary
Sally Stoner, Committee Assistant

OTHERS PRESENT:

Rhonda Bavaro, Administrator, Division of Central Services and Records,
Department of Motor Vehicles
Brett J. Barratt, Commissioner, Division of Insurance, Department of
Business and Industry
Michael Geeser, representing AAA Nevada
Jesse A. Wadhams, representing Nevada Independent Insurance Agents
Jeanette K. Belz, representing Property Casualty Insurers Association of
Nevada
Bernadette Nieto, Management Analyst III, Management Services and
Programs Division, Department of Motor Vehicles

Chair Dondero Loop:

[Roll was called. Rules and protocol were stated.] Welcome to those in the audience and those in Las Vegas. I would like to open the hearing on Assembly Bill 26. Would someone from the Department of Motor Vehicles please start the testimony on the bill?

Assembly Bill 26: Revises provisions to clarify that motor vehicle liability policies must be written specifically for Nevada. (BDR 43-488)

**Rhonda Bavaro, Administrator, Division of Central Services and Records,
Department of Motor Vehicles:**

I am here to speak to you in support of A.B. 26 ([Exhibit C](#)). This is a department-requested bill, and the intent is to add language to *Nevada Revised Statutes* (NRS) Chapter 485 to provide clarity that vehicle liability insurance policies must be written specifically for Nevada, by an agent licensed to do business in Nevada, and on behalf of a company authorized by the Department of Business and Industry's Division of Insurance.

Existing language in NRS 485.185 says every owner of a motor vehicle must continually provide insurance coverage from an insurance company licensed by the Division of Insurance. However, residents are often unaware that the insurance policies must be issued by an insurance company registered in

Nevada. Residents are required to show proof of insurance at the time of registering their vehicles and our counter technicians will look at the certificates and verify that it is Nevada insurance. However, the individual will often change insurance policies and is unaware that policy must be written in Nevada in order to meet the requirements of our statute for mandatory insurance requirements. He would be subject to vehicle registration suspension and a \$250 reinstatement fee.

The language we are proposing would make it very clear that the insurance policies have to be written for Nevada. The insurance verification program currently will only verify insurance for Nevada-licensed companies, and the Nevada insurance companies will only verify insurance coverage in Nevada. Additionally, the Nevada insurance policies are subject to Insurance Premium Tax, collected by the Department of Taxation.

Assemblyman Kirner:

In section 2, subsection 1, the bill talks about how "insurance required by subsection 1" must be in specific amounts. This does not limit somebody to have excess insurance, does it?

Rhonda Bavaro:

No. Those are the minimum liability requirements.

Assemblyman Frierson:

I recognize the language requires that both the insurer and the agent be licensed in Nevada. I was curious if there was a problem with an out-of-state agent. Is there a reason for the duality, or would only the insurer be adequate?

Brett J. Barratt, Commissioner, Division of Insurance, Department of Business and Industry:

In Nevada, we basically have two types of agents: resident and nonresident. As long as a person buys the insurance policy from a company or agent that is licensed in Nevada, whether or not that agent is a resident, it is fine. The agent or producer must be licensed in Nevada.

Assemblyman Atkinson:

Would a company like GEICO, for example, be eligible to write in Nevada? What are acceptable insurance agencies in Nevada?

Brett Barratt:

Yes. That is correct, as long as they are licensed. There is a licensure process that a company needs to go through in order to be able to write business in Nevada, and that process is handled by our office. We look at complaints, fees

involved, and solvency. We want to be sure there is an open and competitive market. We want as many insurers as possible competing in our marketplace for our friends' and neighbors' business in Nevada, but first they do need to be licensed by our office to ensure they are legitimate companies.

Assemblyman Atkinson:

Does this address the problem that has occurred throughout the years? There has been this issue of people coming to Nevada, registering their vehicle, and then finding out that their insurance is in another state. Does this help address that issue?

Rhonda Bavaro:

Yes, the intent of the language change is to provide that clarity. People think they have the correct insurance then come to find out it is not written in Nevada and is subject to suspension.

Assemblyman Hambrick:

When the consumer purchases insurance from the "big box" stores, like GEICO, Costco, et cetera, should they assume that those companies have been licensed in the state?

Brett Barratt:

I would never encourage consumers to assume anything. We have a mantra in our office: "Check before you write a check." On our website, we list information about which carriers are licensed to do business in Nevada. Generally speaking, the "big box" insurers you are referring to are licensed in Nevada, and when you look at Costco advertisements, for example, there will be some fine print that says it may not be licensed in a certain state.

Assemblywoman Benitez-Thompson:

Could you put in perspective how much of an issue this is right now? Are there hundreds of individuals getting fines for not having the proper insurance?

Rhonda Bavaro:

It is improving because we have taken steps to require people to now show their actual proof of insurance at the counter when they come into the Department of Motor Vehicles (DMV); however, we are still having problems if the individual changes insurance companies during the year.

Assemblywoman Diaz:

I thought this was going to have greater consumer protection or efficiency for people who might believe they are insured but are not because their insurance company does not satisfy the Nevada requirements. To be clear, this does not

make any entity responsible for ensuring that these insurance companies are actually adhering to our state requirements. Is that correct?

Brett Barratt:

I cannot speak to the intent of why the DMV is bringing this bill forward, but I can tell you it does clarify existing law. It is to ensure people understand when they become a resident of Nevada, they are required to get a Nevada policy. The reasons for this come down to consumer protections. Different states have different laws with regard to personal automobile coverage. It is also to ensure that Nevada receives its fair share of the Insurance Premium Tax.

Assemblywoman Diaz:

There are certain entities out there selling policies that might not be properly written. Is that correct? I am thinking of constituents that live in Assembly District 11, and I am not sure that they know to read the fine print. Ultimately, they may be held responsible for the insurance company selling them something that is not adhering to the requirements. I am concerned about the consumer protection for these constituents.

Rhonda Bavaro:

To register a vehicle at the DMV, we require proof of insurance. Our counter technicians check to make sure that the insurance is a Nevada policy. If it is not, our technicians will not register the vehicle at that time. We do advise the person to maintain Nevada insurance. It is also on our website and all of our forms that Nevada insurance is required. This procedure is to add additional clarity for the consumer.

Assemblyman Brooks:

I am with my colleague. I think she is stating that when an individual comes to the DMV and your technician tells him it is not the proper insurance, does he then go back to the insurance company to get his money back? Where is the consumer protection in that case? For example, if I spend \$500 on an insurance policy then go to the DMV to find out it is no good, I am out \$500, unless, of course, the DMV is able to deliver a letter on my behalf in order to receive my money back.

Brett Barratt:

With an insurance policy, one normally pays a premium in advance. That premium is gradually earned over the policy period. With the instance that you have brought up, I would assume that the DMV would tell the individual to go and get a Nevada policy that complies with the law. At that point, he could contact the existing insurer and cancel the old policy. The consumer would then

be entitled to a refund for that portion of the premium that had not yet been earned. Does that answer your question?

Assemblyman Brooks:

Yes. As long as that is the way it works, that is wonderful. What happens when the insurance company does not want to return the money? Is there any way we can enforce that for those individuals?

Brett Barratt:

That is exactly what we do in our office on a daily basis. If we are aware that a consumer feels slighted by an insurance company or the insurance company has not lived up to their contractual obligations, then they can file a complaint with our office, and we are very successful in resolving those types of complaints. In fact, our office got back over \$6 million last year for Nevada's consumers through that process.

Assemblyman Kirner:

When someone moves to the state, how much time does he have before he has to register his vehicle? I am asking this question in the context of how much time the individual has before he has to have insurance. Second, if he goes to register, and he does not have insurance, is there a fine connected with that?

Rhonda Bavaro:

Currently, the statute gives you 30 days from becoming a resident to obtain a Nevada driver's license. In NRS 482.385, you have 60 days to register a vehicle once becoming a resident, or you must get Nevada registration at the time of your driver's license, whichever happens first. So, you would either have 30 days if you are getting a driver's license in conjunction with your registration, or you would have 60 days from becoming a resident to register your vehicle if you are not getting a Nevada driver's license. When you came in to register the vehicle, the DMV would look at the proof of insurance to see if it met the requirements.

Chair Dondero Loop:

Any additional questions from the Committee? [There were none.] Thank you very much. I will now ask for anyone who would like to give testimony in support of A.B. 26.

Michael Geeser, representing AAA Nevada:

We would like to lend our support to this bill. I represent AAA Nevada, which was one of the companies, like many others, that got caught up in this issue. People had insurance from other states, had moved to Nevada in the last five years, and did not know they had to get Nevada-based insurance. As I

testified in the last session, we were getting calls every day to every office from members who were receiving fines. This bill has gone a long way to alleviate that, and the reason is because you cannot register your car now without the DMV asking what insurance you have. This seems to have rid us of the problem.

I was told today by a director in northern Nevada that we rarely receive calls anymore. I think that is a really good thing for the motorists of Nevada and any insurance company, so we would like to lend our support to this bill.

Chair Dondero Loop:

If my memory serves me, AAA went from "AAA" to "AAA California" and "AAA Nevada," did they not?

Michael Geeser:

Yes, a couple of years ago. We have 58 clubs across the country, but we have designated those by state so as not to confuse what club you are in.

Chair Dondero Loop:

I had no idea I was a member of a club back then.

Brett Barratt:

I just wanted to officially lend my support to A.B. 26. This bill is not necessarily new law, but it clarifies the existing law. The policies in Nevada will now be priced according to Nevada's risk and loss experience, the exposure and the rates that are approved by our office for consumers. Our law makes Nevada a prior-approval state, so we need to check the forms and rates before a company can go and market those, so that is an additional consumer protection. These amendments are clarified to be a Nevada policy. It ensures Nevada gets paid their proper amount of Insurance Premium Tax.

Assemblyman Atkinson:

There seems to be two different issues that the Committee is addressing. One is a consumer protection issue that probably would not be dealt with through this Committee, but more likely through the Committee on Commerce and Labor; the other is what the DMV is trying to do.

If someone feels that an insurance company is not acting properly, there is a way to take action in your office, or they could go to the Better Business Bureau Consumer Programs and Services and take action there as well. The problem is occurring when the individual leaves the DMV—most people are not paying for a six-month policy—so even if you go and cancel your insurance, there is not much money to get back because most people pay month-to-month. I have not

seen nor know of too many cases where someone actually cancels insurance because they prepaid for six months, and they have not gotten their money back. Are you guys experienced in knowing if insurance companies are reimbursing their customers after they dropped that insurance?

Brett Barratt:

That is not one of the major complaints that we receive in our office.

Assemblyman Sherwood:

When we have that influx of people moving around, is there a mechanism in place to automatically alert the customer? It seems the only way to find out is when you go to get your driver's license, and the DMV informs you that you owe \$250. With this bill, will people know how to fix the policy?

Brett Barratt:

I am unable to speak to what carriers may have in place as far as their information technology systems, but I can tell you that you are correct. My understanding of what this bill is doing is more of an educational type thing for the consumer because it is ultimately the consumer's responsibility to carry insurance. Maybe there is a carrier that would like to speak about how this issue is handled.

Michael Geeser:

That is exactly what was happening a few years ago. The problem is AAA insureds from New Jersey were not telling us in Nevada that they were moving here; they simply arrived. It is not that they have to tell us they are moving here, but they would show up not knowing they needed Nevada-based insurance. They would walk up to the DMV counter, and the DMV would say, "Do you have insurance?" The answer was "yes," and the procedure continued. Finally we said to the DMV, "Can you help us and ask if they have Nevada-based insurance?" That is where this bill originally came from. That is the mechanism. You arrive in Nevada, you have 30 days to register your car, you walk up to the DMV counter, and the question is asked right there: "Do you have Nevada-based insurance?" If the answer is yes, you provide evidence. The problem was we never knew who was moving here, so we did not know to ask this question. They would show up in our office with a \$250 fine.

Assemblyman Sherwood:

What if the answer is no?

Michael Geeser:

The DMV will say you need Nevada-based insurance; please go see your local AAA office.

Assemblyman Sherwood:

If there is no fine, they have 60 days?

Michael Geeser:

Correct. They will not get their car registered until they come back with a Nevada-based insurance card, leaving no trigger for a fine.

Jesse A. Wadhams, representing Nevada Independent Insurance Agents:

I am testifying in what I call a conditional support. We have a technical issue with the bill that gets into the vagaries of Commissioner Barratt's area of expertise.

In section 1, subsection 1, paragraph (b), there is a component that says: "Is provided by a duly appointed producer of casualty insurance." We would ask that the words "duly appointed" be deleted because there are a number of different kinds of producers of insurance. There are producers and there are brokers; some are appointed and some are not. They are licensed. We would simply like this language deleted.

Chair Dondero Loop:

Did you submit that amendment?

Jesse Wadhams:

I apologize. I did not.

Chair Dondero Loop:

We will have to look at that. I will need that in writing.

Jesse Wadhams:

It will be provided to you this afternoon.

Chair Dondero Loop:

Thank you.

Assemblyman Brooks:

I am a little naive on this. How have we actually been enforcing this if this has not been a law up until this point? [Committee members informed Assemblyman Brooks that it is a law.] So, we are just clarifying that the liability policy must be specifically for Nevada as opposed to what it was before? [Committee confirmed.]

Assemblyman Carrillo:

The question I had is probably pointed toward the Commissioner of Insurance. When it comes to the safeguards for consumers and the insurance is Nevada approved, but later come to find out it is not approved, is there not a safeguard through the electronic checks? We never have to show our proof of insurance from that point on and the DMV never has to see it. Is there a way to electronically verify the insurance was not from a Nevada-based company?

Rhonda Bavaro:

There is a check in place right now with our Nevada Liability Insurance Validation Electronically (LIVE) Program; however, we can only verify Nevada insurance. So, if we check on that policy, we would get an "unconfirmed" back, and that is when the individual would be subject to suspension.

Assemblyman Hambrick:

If a consumer buys a product and it is licensed and everything is approved, do you believe there should be a mechanism in place to notify the consumer that his insurer or producer is disbarred or their license is revoked?

Brett Barratt:

For instance, if we take the producer's license away, or the license expires, or he moves out of state, it does not affect the company's coverage of that individual. The coverage would continue. I do not want to speak for the carriers because they have different mechanisms in place to handle situations such as that, but it would not affect the consumer's insurance; he would probably want to go find a new producer, but it would have no effect with regard to the DMV LIVE system or the individual being insured.

Assemblyman Hambrick:

When would the consumer find out? If they are still covered, are they notified? And at what point would they need to know to start shopping for another producer?

Brett Barratt:

Yes, they would be covered as long as they pay their premium. They may continue to get a bill in the mail and pay it on a monthly basis or semi-annual or annual basis. We do encourage consumers to shop around for insurance. We have a healthy and competitive market here in Nevada.

Assemblyman Hammond:

Did you say the Nevada LIVE program is the way you verify when somebody new moves into the state and they get new insurance and a new driver's license after their initial application?

Rhonda Bavaro:

Yes, that is correct. That is our insurance verification program.

Assemblyman Hammond:

That is the one that elicited a lot of groans the first time, but you guys are getting better at it now right? [Rhonda Bavaro agreed.] Are there more insurance providers getting online with that now?

Rhonda Bavaro:

Correct. As more companies are becoming web-based, we are able to validate in real time.

Chair Dondero Loop:

Let us move on to Ms. Belz in Las Vegas.

Jeanette K. Belz, representing Property Casualty Insurers Association of Nevada:

My intern, Rebecca, should have dropped off 20 copies of a letter I submitted ([Exhibit D](#)). I would like to testify that the Property Casualty Insurers Association is also in support of the concept of this bill trying to clarify that Nevada insurance is what is required, and that has always been the case. There are some people that continue to fall into a hole where they think they have the appropriate insurance, and in fact, do not. [Continued to read from written testimony.]

What we were asking for is a short grace period of seven days, where the person could come back with the appropriate insurance and will be more educated to not do it again. The check that the DMV does at the time of registration helps to reduce the number of people that fall into this, but our insurers are telling us there are still stories of people not knowledgeable about the law.

Chair Dondero Loop:

Could you please clarify the grace period?

Jeanette Belz:

Seven days, maybe. We did not articulate this in the letter, but we chatted about it in meetings.

Chair Dondero Loop:

In the letter it states: "a short grace period of thirty days would ensure the new resident the opportunity to obtain the appropriate insurance."

Jeanette Belz:

That is right. Yesterday, I spoke with Rhonda Bavaro, and there used to be a seven-day grace period, so that is why I was falling back to the seven days. I apologize for any confusion.

Chair Dondero Loop:

Did I get an amendment on this? I know the answer. I need that, please. Any questions from the Committee?

Assemblyman Atkinson:

This question is probably for the DMV. Is there an amount of time given to these individuals who do not obtain appropriate insurance to go secure Nevada insurance before you levy the fine?

Rhonda Bavaro:

There is no grace period. Individuals must continuously provide Nevada insurance. What Jeanette Belz was speaking about are the new residents. They have 30 to 60 days to get insurance and register their car. As far as changing insurance companies and getting a non-Nevada insurance policy, there is no grace period. This is what we want to clarify in the verbiage, that it must be Nevada insurance.

Chair Dondero Loop:

What prevents somebody from going to the DMV window and walking away once they are told they do not have the appropriate insurance?

Rhonda Bavaro:

The DMV would not give them a fine at that time if they are just registering their vehicle for the first time. We would look at that insurance and verify if it met requirements, and if not, we would not register the vehicle at that time. Once they left and came back with proper insurance we would register them. The fine would only be when the vehicle is registered and the insurance changed from a Nevada-based insurance.

Chair Dondero Loop:

Any additional questions or comments?

Assemblywoman Diaz:

I was thinking about the people who get deployed and keep their vehicles registered in the state they are from. What happens in a case where the car is registered in Nevada and the individual keeps those plates because that is really home, but they are going elsewhere temporarily, and find that insurance rates are cheaper in the new state in which they are living? Then they decide to

switch their insurance over and are not aware of the law. This is where the conflict of the fines being imposed right away might set in place. As the bill is drafted right now, those people would be sanctioned with fines, correct?

Rhonda Bavaro:

That is correct. They would be subject to the fine. One of the other concerns we have is every state has its own minimum liability coverage, and some states have a minimum less than that of Nevada, so they would not have to meet the minimum requirements for Nevada insurance.

Assemblywoman Diaz:

Is there a way we can protect these people? I do not think they are doing it out of malice. Everyone is trying to save money wherever they can, and not everyone is aware of these intricacies. Is there a way we can include that grace period to inform these people that if you have Nevada plates, you need Nevada-based insurance. Is this a reasonable amendment?

Rhonda Bavaro:

The intent of what we are trying to do with this bill is educate individuals. We put this on our website and our forms. When people register and the DMV looks at their insurance, we remind them they must continue with Nevada insurance. We try to do everything we can to educate about this system, but a grace period would be hard to implement.

Assemblywoman Diaz:

I am concerned that if they already have plates and move elsewhere, these individuals may not recall that they need to keep Nevada-based insurance.

Assemblyman Kirner:

Hypothetically, if I am an active member of the United States Armed Forces and live in Nevada with Nevada plates, then I move from Nevada because I am reassigned—and still have my Nevada plates but am not required to get new plates—must I have Nevada insurance?

Rhonda Bavaro:

That is correct. You would have to maintain Nevada insurance on a Nevada registration.

Assemblyman Kirner:

Federal law does not override that?

**Bernadette Nieto, Management Analyst III, Management Services and Programs
Division, Department of Motor Vehicles:**

If you are active in the military and you are stationed in another state, you can maintain your Nevada insurance. Most bases require you to have that state's limited liability insurance. We can adjust our program to make sure they have Nevada-based insurance, but this is only if active in the military.

Jeanette Belz:

I do not have anything to add.

Chair Dondero Loop:

Questions? [There were none.] Next, we will hear testimony in opposition of A.B. 26. [There was none.] Anyone neutral on this bill? If there is no one else wishing to testify on A.B. 26, I will close the hearing on A.B. 26. We are going to hold this bill for a future work session. Next, I would like to introduce Bill Draft Request (BDR) 43-899. [Reviewed provisions of introduction of bill draft requests.]

BDR 43-899—Revises provisions governing motor vehicles. (Later introduced as [Assembly Bill 188](#).)

Chair Dondero Loop:

I will entertain a motion to introduce BDR 43-899.

ASSEMBLYMAN FRIERSON MOVED FOR COMMITTEE
INTRODUCTION OF BDR 43-899.

ASSEMBLYMAN BROOKS SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMAN HOGAN WAS ABSENT
FOR THE VOTE.)

Chair Dondero Loop:

Is there any public comment? [Reviewed Committee schedule.]

Meeting adjourned [at 4:05 p.m.].

RESPECTFULLY SUBMITTED:

Janel Davis
Committee Secretary

APPROVED BY:

Assemblywoman Marilyn Dondero Loop, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Transportation

Date: February 17, 2011

Time of Meeting: 3:16 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Sign In Sheet
A.B. 26	C	Rhonda Bavaro	Written Testimony
A.B. 26	D	Jeanette Belz	PCI written letter