

**MINUTES OF THE
SENATE COMMITTEE ON TRANSPORTATION**

**Seventy-Seventh Session
May 15, 2013**

The Senate Committee on Transportation was called to order by Chair Mark A. Manendo at 10:41 a.m. on Wednesday, May 15, 2013, in Room 2135 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Mark A. Manendo, Chair
Senator Kelvin Atkinson, Vice Chair
Senator Pat Spearman
Senator Joseph P. Hardy
Senator Donald G. Gustavson

STAFF MEMBERS PRESENT:

Jered McDonald, Policy Analyst
Darcy Johnson, Counsel
Jennie F. Bear, Committee Secretary

OTHERS PRESENT:

James Wadhams, American Insurance Association; Nevada Independent Insurance Agents
Paul J. Enos, Executive Director, Nevada Trucking Association
Jeanette K. Belz, Property Casualty Insurers Association of America
Rhonda Bavaro, Deputy Director, Department of Motor Vehicles

Chair Manendo:

We will open the hearing on Assembly Bill (A.B.) 453.

ASSEMBLY BILL 453 (1st Reprint): Excludes certain fleet vehicles from the insurance verification system. (BDR 43-1199)

James Wadhams (American Insurance Association; Nevada Independent Insurance Agents):

The American Insurance Association is a trade association of 300 property and casualty insurers that primarily write commercial auto insurance policies. The Nevada Independent Insurance Agents is an association of commercial brokerage houses that write insurance coverage for businesses, including auto insurance. We support A.B. 453.

All of us have private passenger automobiles with proof of insurance cards carried inside the vehicles at all times. The proof of insurance for each automobile is based on the vehicle identification number (VIN) of that individual automobile. If we are stopped by the police or are in an accident, the proof of insurance must be referenced. The Department of Motor Vehicles (DMV) has developed a computerized insurance verification program that confirms the existence and continued validity of insurance coverage for private passenger vehicles. The system, called Nevada Liability Insurance Validation Electronically (LIVE), is working well for this type of vehicle.

Of the approximately 2 million registered vehicles in Nevada, only about 80,000 or 90,000 are commercial vehicles. These vehicles mainly are in fleets owned by businesses. In many cases, vehicles in fleets are changed frequently. Insurance to cover fleet vehicles is not the same kind of insurance as that for private passenger vehicles. Fleets are covered by commercial automobile insurance. One policy, called a blanket policy, is purchased for the entire fleet. Insurance auditors physically check how many vehicles are in the fleets at various points in time. An insurance company is not concerned with recording the vehicle identification numbers for all the vehicles because by the end of the year the vehicles may have changed. However, the insurance company will have collected a premium for each vehicle in the fleet.

This creates a problem for the DMV and for fleet owners and insurance agents. It begins when the DMV sends a notification to an insurance company, such as The Hartford, saying that a vehicle appears to be uninsured based on records for a particular VIN. This vehicle could have been purchased recently by a flower shop, for instance, and not be in the insurance company's database yet. The insurance company responds to the DMV stating the vehicle is not insured. The DMV then sends a notice to the business indicating one of its vehicles is not insured. In this situation, the business owner becomes upset because he or she has insured the vehicle as part of a fleet. He or she calls the insurance company

and the DMV to complain. This complaint cycle continues, requiring a great deal of time for the DMV staff to resolve.

We worked with employees of the DMV last summer and in recent days to create the proposed amendment in the document ([Exhibit C](#)) before you. It clarifies that for insurance verification purposes, the DMV can verify the existence of a blanket policy for fleet vehicles if the proof of insurance cards for each vehicle in the fleet include the name of the registered owner and the fleet policy number of the vehicles. Insurance companies will supply proof of insurance cards containing the word "Fleet" for each insured vehicle. The specific language is found in section 3, subsection 1, paragraph (c), subparagraph (2) of A.B. 453.

If a fleet vehicle is in an accident or stopped for a traffic violation, the police officer will see that the vehicle has proof of insurance. The officer can verify it on the spot. The DMV also can verify the insurance coverage randomly by sending the name of the registered owner and the policy number for a particular vehicle to an insurance company. The amount of time and phone calls to resolve insurance verification will diminish for the State and the private sector. We hope this will encourage businesses to register more fleets in Nevada instead of in neighboring states, especially Utah and Arizona.

Assembly Bill 453 modernizes the *Nevada Revised Statutes* (NRS) for commercial vehicle insurance, maintains the proof of insurance requirement and simplifies the DMV insurance verification process.

Senator Hardy:

If a taxicab is hired to take someone from Las Vegas to St. George, Utah, will the proof of insurance card be valid in Utah?

Mr. Wadhams:

Yes. Although none of our neighboring states is a "no-fault" state, some states, such as Michigan, are. As long as people have their proof of insurance cards, their auto insurance policies are valid in any state in the United States.

Senator Spearman:

All of the vehicles in a fleet are covered under one policy without a vehicle identification number. How are the vehicles differentiated if one is in an accident?

Mr. Wadhams:

A proof of insurance card is carried in each vehicle of a fleet. Embedded in your question, Senator Spearman, is the nature of a commercial auto policy. The policy is issued to a fleet owner for all the vehicles he or she owns. For instance, a flower shop with six delivery vans will have one policy covering the entire fleet. A police officer at the scene of an accident will see the proof of insurance card for the vehicle involved and know that it is part of a commercial fleet. The accident will be reflected on the experience of the fleet owner.

Senator Hardy:

To clarify, every vehicle has a unique license plate linked to its VIN. If a vehicle is in an accident, the police report will reference this unique identification information. Assembly Bill 453 only deals with the insurance, not the vehicle's identification or license number.

Mr. Wadhams:

Yes. Assembly Bill 453 aims to facilitate the verification of the insurance. It will simplify the administrative process of verification between the DMV and insurance companies.

Paul J. Enos (Executive Director, Nevada Trucking Association):

We support A.B. 453. Members of my association constantly take vehicles in and out of service, depending on the needs of their companies. This bill will simplify the administrative process for insurance verification.

Jeanette K. Belz (Property Casualty Insurers Association of America):

The Property Casualty Insurers Association of America represents more than 1,000 members, of which 364 write property casualty insurance in Nevada, or about 37.6 percent of that market. We are in favor of A.B. 453 and the proposed amendment. Please see the letter of support ([Exhibit D](#)) I have submitted.

It is unfortunate that the Nevada LIVE program was set up based on vehicle identification numbers. As you have heard, commercial auto insurance policies are not based on these identification numbers. A potential for error is created because of this difference. When businesspeople receive notification from the DMV that one of their vehicles is not insured when it actually is insured, they get upset with the DMV and their insurance companies. A cycle begins that can

be avoided through this bill. The initial verification process will work more smoothly with the provisions of A.B. 453.

Rhonda Bavaro (Deputy Director, Department of Motor Vehicles):

The DMV is neutral on A.B. 453. We have been working with Mr. Wadhams on the amendment. The amendment has significantly reduced the original fiscal note. All that is left will be the cost of the regulations. The DMV had proposed an amendment, but we adopted the language proposed by Mr. Wadhams. In short, we removed the reference to NRS 482, which defines fleet vehicles for the purpose of registration, and left the reference to NRS 485, which concerns fleets for the purpose of commercial or fleet insurance liability policies. This was to clarify that we are referring to insurance on fleets with this bill.

Chair Manendo:

I think that is in section 2, subsection 3 of the bill.

Ms. Bavaro:

That is correct.

Senator Hardy:

I suspect the intent to decrease the number of calls to the DMV will be met, and the regulations will cost less than expected. The DMV probably will be able to make the regulations for less money than it takes to resolve all the calls coming in to straighten out the matter. Is this an accurate assessment?

Ms. Bavaro:

Yes, that is correct. We usually promulgate regulations for other matters after each Legislative Session. This will help us resolve some of the issues we have had with commercial policies.

Chair Manendo:

Is the DMV comfortable with the proposed effective date in Amendment No. 316?

Ms. Bavaro:

Yes. The change to October 1 is good.

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Chair Manendo:

Having no further business on the agenda, I adjourn this Committee meeting at 10:58 a.m.

RESPECTFULLY SUBMITTED:

Jennie F. Bear,
Committee Secretary

APPROVED BY:

Senator Mark A. Manendo, Chair

DATE: _____

<u>EXHIBITS</u>				
Bill	Exhibit		Witness / Agency	Description
	A	1		Agenda
	B	2		Attendance Roster
A.B. 453	C	6	James Wadhams	Proposed Amendment
A.B. 453	D	1	Jeanette K. Belz	Letter