

**MINUTES OF THE
SENATE COMMITTEE ON COMMERCE, LABOR AND ENERGY**

**Seventy-ninth Session
April 26, 2017**

The Senate Committee on Commerce, Labor and Energy was called to order by Chair Kelvin Atkinson at 9:03 a.m. on Wednesday, April 26, 2017, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, 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 Kelvin Atkinson, Chair
Senator Pat Spearman, Vice Chair
Senator Nicole J. Cannizzaro
Senator Yvanna D. Cancela
Senator Joseph P. Hardy
Senator James A. Settelmeyer
Senator Heidi S. Gansert

STAFF MEMBERS PRESENT:

Marji Paslov Thomas, Policy Analyst
Bryan Fernley, Counsel
Daniel Putney, Committee Secretary

OTHERS PRESENT:

Barbara D. Richardson, Commissioner of Insurance, Division of Insurance,
Department of Business and Industry
Joseph Decker, Administrator, Division of Industrial Relations, Department of
Business and Industry

CHAIR ATKINSON:

I will open the hearing on Assembly Bill (A.B.) 35.

ASSEMBLY BILL 35 (1st Reprint): Makes various changes relating to insurance.
(BDR 57-466)

BARBARA D. RICHARDSON (Commissioner of Insurance, Division of Insurance, Department of Business and Industry):

We call A.B. 35 our accreditation bill. This bill focuses on the financial solvency of insurance carriers. As a consumer protection agency, we work with consumers on policies and forms and make sure insurance companies are financially solvent. A lot of the provisions in this bill are financial solvency requirements we have worked on with other states and consumer representatives to develop into model laws. The model laws we develop require a long, deliberative process lasting a couple of years. We have taken some language from these model laws. We work with solvency and these models because the insurance industry is driven by underlying investments by insurance carriers. We try to standardize financial requirements for all the different ways companies set up their businesses. We have to be fairly nimble because the standards keep on rising.

I submitted a document detailing the various provisions in this bill ([Exhibit C](#)).

Sections 1 and 3 insert language from the Model Law on Examinations. Every state insurance division performs examinations. We are trying to standardize examination requirements. All of our staff members who conduct financial examinations are trained certified public accountants. We are trying to maintain similar examination reports as other states so that these other states can trust us when we review domestic companies' financial solvencies. If each state's insurance division could examine its companies and trust each other, then these companies would not have to be examined by each state individually. Examinations cost insurance companies significant amounts of money, which ultimately increase the rates consumers pay. We want to keep costs down for insurance companies and consumers.

Sections 4 through 12 deal with the corporate governance annual disclosure. These sections discuss all of the different types of corporate governance companies are developing. We are seeing more international companies, mergers and acquisitions, but depending on how the corporations are set up, we want to be able to talk to them about how they are working on their corporate governance annual disclosures. This makes a difference in how corporations treat affiliates and branches.

Sections 13 through 16 deal with the National Association of Insurance Commissioners Holding Company Model Act 440. This helps us obtain

accreditation requirements for internationally active insurance carriers. Although there are not many international insurance carriers in our State, a lot of carriers already doing business here are active at the international level. We work with fellow regulators in the U.S. and foreign countries, and this section would allow us to share information confidentially among one another.

Section 19 deals with the exclusion of certain domestic Nevada insurers. We are trying to protect the Nevada market for companies that do not sell outside of the State. There is no reason for these companies to do the overarching financial reporting some of the large insurance corporations do. We can visit these companies in person to analyze their work and exert financial controls. We do not make them complete duplicative reporting, which would happen in a large holding company.

Sections 20 through 26 amend *Nevada Revised Statutes* (NRS) chapters relating to captive insurers. We are dealing with carving out some issues specific to risk retention groups, which are a type of captive insurer in Nevada but are overseen as property, casualty and liability companies. Most of the time, captive insurers are linked to one state, but risk retention groups can be created in one state and have clients in many states. State regulators want to ensure information about these groups can be shared across state lines; we need to trust each state.

Section 27 discusses an annual audit currently in our regulations. We are making this audit a statutory requirement. This also carves out risk retention groups because they file their audits based on traditional laws.

Section 28 governs confidentiality, and section 29 deals with the effective date.

CHAIR ATKINSON:

I will close the hearing on A.B. 35 and entertain a motion on this bill.

SENATOR SETTELMAYER MOVED TO AMEND AND DO PASS AS AMENDED A.B. 35.

SENATOR CANCELA SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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CHAIR ATKINSON:

I will open the hearing on A.B. 54.

ASSEMBLY BILL 54 (1st Reprint): Revises provisions relating to reports of certain accidents or motor vehicle crashes by employers. (BDR 53-160)

JOSEPH DECKER (Administrator, Division of Industrial Relations, Department of Business and Industry):

Assembly Bill 54 amends NRS 618.378 to match our State's Occupational Safety and Health Administration (OSHA) plan with federal OSHA standards. States are required to be at least as effective as the federal standards.

Section 1, subsection 1 limits the eight-hour reporting category to only fatalities. Subsection 2 increases the reporting requirements for accidents or injuries from three or more hospitalizations to any hospitalization. Essentially, this bill brings our State's standards into accordance with federal OSHA standards, which were changed in 2015.

SENATOR HARDY:

Who is called when incidents arise?

MR. DECKER:

Employers directly notify our State OSHA plan when there is an incident that meets the qualifications of the plan.

SENATOR HARDY:

Does somebody have a phone or pager on himself or herself at all times to answer calls?

MR. DECKER:

The OSHA standards are posted on the Division of Industrial Relations Website. They are also required to be posted, with contact information listed for our State OSHA plan, in each workplace.

SENATOR HARDY:

Would such a poster be in an emergency room?

MR. DECKER:

The employer responsible for the worker injured in an incident has up to eight hours to report to the OSHA plan, so theoretically, the employer would have access to the OSHA plan's contact information. Many larger employers employ safety specialists who are familiar with the reporting requirements.

CHAIR ATKINSON:

I will close the hearing on A.B. 54.

We need to change the motion on A.B. 35, so I will entertain another motion on this bill.

SENATOR SETTELMAYER MOVED TO RESCIND THE PREVIOUS ACTION
TAKEN ON A.B. 35.

SENATOR CANCELA SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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SENATOR SETTELMAYER MOVED TO DO PASS A.B. 35.

SENATOR CANCELA SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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CHAIR ATKINSON:

I will entertain a motion on A.B. 54.

SENATOR CANCELA MOVED TO DO PASS A.B. 54.

SENATOR SETTELMAYER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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CHAIR ATKINSON:
I adjourn the meeting at 9:20 a.m.

RESPECTFULLY SUBMITTED:

Daniel Putney,
Committee Secretary

APPROVED BY:

Senator Kelvin Atkinson, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	2		Attendance Roster
A.B. 35	C	4	Barbara D. Richardson / Division of Insurance, Department of Business and Industry	Explanation Table