

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

**Eighty-First Session
February 17, 2021**

The Committee on Commerce and Labor was called to order by Chair Sandra Jauregui at 1:31 p.m. on Wednesday, February 17, 2021, Online. 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/App/NELIS/REL/81st2021.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Sandra Jauregui, Chair
Assemblywoman Maggie Carlton, Vice Chair
Assemblywoman Venicia Considine
Assemblywoman Jill Dickman
Assemblywoman Bea Duran
Assemblyman Edgar Flores
Assemblyman Jason Frierson
Assemblywoman Melissa Hardy
Assemblywoman Heidi Kasama
Assemblywoman Susie Martinez
Assemblywoman Elaine Marzola
Assemblyman P.K. O'Neill
Assemblywoman Jill Tolles

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Marjorie Paslov-Thomas, Committee Policy Analyst
Sam Quast, Committee Counsel
Julie Axelson, Committee Secretary
Cheryl Williams, Committee Assistant



OTHERS PRESENT:

Leticia Metherell, Health Program Manager, Division of Public and Behavioral Health, Department of Health and Human Services
Dillon Martin, President, Nevada Academy of Nutrition and Dietetics
Laura Kruskall, Director and Professor of Nutrition Sciences, University of Nevada, Las Vegas
Barbara Richardson, Commissioner, Division of Insurance, Department of Business and Industry
Graham Galloway, representing Nevada Justice Association
Bob Laudermilch, Executive Director, Nevada Insurance Guaranty Association

[Roll was called.] We have three items on our agenda today, and we will be taking them out of order. We will start with Assembly Bill 73. I believe we have Ms. Leticia Metherell with the Division of Public and Behavioral Health to present the bill. I will now open the hearing on Assembly Bill 73.

Assembly Bill 73: Revises provisions relating to the licensure of dietitians. (BDR 54-259)

Leticia Metherell, Health Program Manager, Division of Public and Behavioral Health, Department of Health and Human Services:

[Read from written testimony, Exhibit C.] The Division of Public and Behavioral Health is responsible for the licensing and regulation of the practice of dietetics in Nevada in accordance with *Nevada Revised Statutes* (NRS) Chapter 640E and *Nevada Administrative Code* Chapter 640E. As of February 3, 2021, there are 721 licensed dietitians and 7 provisionally licensed dietitians in Nevada.

The Division decided to move forward with Assembly Bill 73, along with the proposed amendment [Exhibit D], because effective January 1, 2024, the Commission on Dietetic Registration (CDR) of the Academy of Nutrition and Dietetics will be changing the minimum degree requirement for eligibility to take the registration examination for dietitians—which is required to become a registered dietitian—from the current requirement of a bachelor's degree to a graduate degree in 2024. All other eligibility requirements will remain the same. This bill, with accompanying amendment, is intended to clean up discrepancies in statutes and make other changes to reflect updates in names or organizations, eliminate unnecessary fees, revise provisional licensing requirements, remove a provision that would penalize registered dietitians who were previously licensed in Nevada who want to return to Nevada to practice, and repeal sections of NRS that are no longer needed.

The CDR will be grandfathering in currently registered dietitians with a bachelor's degree so they will be able to continue to work as registered dietitians and, if already licensed in Nevada, be able to continue to work as licensed dietitians in Nevada as long as they do not let their registered dietitian status expire. If an individual allows their registered dietitian status to expire, they would have to meet the graduate degree requirement in order to become

a registered dietitian. In addition, the individual would not be able to renew their dietitian license until they meet the graduate degree requirement and become a registered dietitian.

An article from the *Journal of the Academy of Nutrition and Dietetics* noted that elevating the entry-level education of registered dietitians is consistent with the knowledge and skills required in this field to protect the public, remain competitive, and increase recognition and respect. It also noted that graduate degree requirements do not deter student interest in a health professions career. The nutrition programs at the University of Nevada, Reno and University of Nevada, Las Vegas (UNLV) were also consulted, and they felt that the universities could meet the graduate level demands as a result of this change. In addition, a member of the Nevada Academy of Nutrition and Dietetics noted they were in support of the graduate level requirement and the provisions in the proposed amendment that would require an applicant for a provisional license to meet the eligibility requirements for an individual to take the registration exam but who has not yet passed the exam.

Section 1 of the bill amends NRS 640E.150, which currently requires a bachelor's degree, and it also requires successful completion of the Registration Examination for Dietitians administered by the CDR. This means that effective January 1, 2024, the statutes would require two different degrees if this bill does not pass: a bachelor's degree in one section of NRS, and a graduate degree in another section of NRS, since an applicant who has not already taken the registration exam would be required to have a graduate degree in order to take the required exam. Section 1 replaces the current initial dietitian licensure qualification criteria with criteria that an individual must be a registered dietitian in good standing to make it clear that to become a licensed dietitian in Nevada, an individual must be a registered dietitian in accordance with the new provisions of the bill. It also keeps Nevada statutes current anytime the CDR changes the qualification for an individual to become a registered dietitian. The CDR is the nationally recognized expert when it comes to administering credentialing standards for registered dietitians to protect the public.

Section 2 revises NRS 640E.170 to no longer refer to the education and experience required by NRS 640E.150, but instead, to allow a person eligible to take the registration exam but who has not successfully completed the exam, to engage in the practice of dietetics under the direct supervision of a licensed dietitian.

An amendment is being presented to change section 3 [[Exhibit D](#)], NRS 640E.180, so that an applicant for a provisional license must meet the eligibility requirements to take the registration exam, including the minimum college or university degree required by the CDR, a didactic program in dietetics, and completion of a dietetic internship, but in which an individual has not successfully completed the exam. This ensures that an individual would be qualified and have the time to take the registration exam before the provisional license expires in order to be able to apply to become a licensed dietitian once the degree requirement changes from a bachelor's degree to a graduate degree.

Section 4 amends NRS 640E.220 by repealing the requirement that the State Board of Health shall require a licensed dietitian who fails to submit an application for renewal of their license within two years after the date of the expiration of the license to take the examination required by NRS 640E.150 before renewing the license. The current statute penalizes a registered dietitian who was licensed in Nevada but left the state to practice as a registered dietitian in another state and who wants to return to practice dietetics in Nevada after two years, while at the same time, allowing a registered dietitian who was never licensed as a dietitian in Nevada to apply for licensure without retaking the registration exam. As the bill requires an individual to be a registered dietitian in order to become licensed in Nevada, the fact that an individual is a registered dietitian should be enough to allow them to apply for licensure without requiring an individual to retake the registration exam.

Section 5 eliminates three unnecessary fees. With A.B. 73 requiring an applicant for initial dietitian licensure to be a registered dietitian in good standing, the examination of an applicant for a license is not required, as the applicant will be required to take the registration examination in order to become a registered dietitian. The late renewal of a licensure fee is not required because there is no grace period, which allows for a late renewal of a license to an individual who allows their license to expire to submit a new initial application. This penalizes a licensed dietitian by requiring that they submit a new initial application, which results in the additional cost and inconvenience of getting another background check done. The Division's online licensing system allows dietitians to log into their account and print a duplicate license. Therefore, the fee for issuance of a duplicate license is not needed. The fee for processing a change of name application is still needed, so the proposed amendment would allow for keeping the authority to charge such a fee in statute.

Section 6 of the bill removes a requirement in existing law that a licensed dietitian who fails to submit an application for the renewal of their license within two years after the date of the expiration of the license must take the Registration Examination for Dietitians before renewing the license for the reason previously noted.

Section 7 repeals NRS 439.537, NRS 640E.160, and NRS 640E.210. *Nevada Revised Statutes* 439.537, the unlawful use of the words or letters designating a person as a licensed or registered dietitian, is being repealed, as NRS 640E.360 currently has language which prohibits an individual to represent themselves as licensed or qualified to engage in the practice of dietetics, including using words or letters after their name designating themselves as dietitians.

Nevada Revised Statutes 640E.160 is being repealed as the foreign education equivalency will be addressed in the process required for an individual to become a registered dietitian.

The repeal of NRS 640E.210 would remove the ability for the Board to waive requirements to become a licensed dietitian, including the requirement to take the registration examination. This provision has never been used to waive licensure requirements since the first dietitian license was issued in 2013. In addition, this would no longer be needed with passage of

A.B. 73, as all initial applicants would be required to be a registered dietitian in order to become a licensed dietitian, as it eliminates all those individual qualifications statutes.

The proposed amendment [[Exhibit D](#)] revises NRS 640E.080, NRS 640E.090, and NRS 640E.290 in order to update the name of the Commission on Dietetic Registration and the name of the Accreditation Council for Education in Nutrition and Dietetics. It also amends NRS 640E.180 so an applicant for a provisional license must meet the three eligibility requirements to take the registration exam, and keeps the ability to assess a fee for a change of name on a license in statute.

In summary, the purpose of the bill and proposed amendment is to clean up the statutes to remove any discrepancies when a graduate degree instead of a bachelor's degree becomes the requirement to take the registration exam in order to become a registered dietitian; and to make the requirements for licensure clear, providing time for provisional licensees to meet the requirement to become a licensed dietitian before the provisional license expires, not penalizing registered dietitians who become licensed in Nevada and want to return to Nevada to practice dietetics, and removing unnecessary fees.

This concludes my testimony. Can I answer any questions?

Chair Jauregui:

We do have some questions for you. We will start with Assemblywoman Carlton.

Assemblywoman Carlton:

I understand what you are trying to do. It is always good to recognize a national organization and bring things to a standard. I always have concerns when we raise the qualifications to go from an undergraduate degree, especially if there is no grace period. If I missed renewing my license by a day, I would have to go back and get a graduate degree in order to continue my career in this state, even if I had been working in the state for 20 years?

Leticia Metherell:

Yes, and I would like to clarify. If you missed renewing your registered dietitian license, the bill would require you to be a registered dietitian, so you are correct. If they lost their registered dietitian license and let it lapse by a day or two, the CDR would require them to obtain their graduate degree to become a registered dietitian. Then, in effect, it would mean that they would not be able to renew their license until obtaining their graduate degree.

Assemblywoman Carlton:

I think that is an issue. Computers go down and people make mistakes. I get penalized if I renew late on something, but if someone renews late and has to go back to get a graduate degree, that seems rather harsh. The difference between a bachelor's degree and graduate degree is an expensive fine for possibly missing your renewal date. I think there needs to be some type of grace period. I have some concerns about that; people could end up losing their jobs.

Chair Jauregui:

I am glad you brought that question up because I had read it differently. I also have the same concerns. Ms. Metherell, do dietitians have to renew their registration and renew their license?

Leticia Metherell:

That is correct.

Chair Jauregui:

The registration is renewed with the national CDR, and the license is renewed here in the state, correct?

Leticia Metherell:

That is correct.

Chair Jauregui:

How often do they have to renew their registration? Is that annually?

Leticia Metherell:

I have Dr. Kruskall on the phone from UNLV. I want to see if she is available. I think it is every two years, but I would like to confirm with her.

Chair Jauregui:

Dr. Kruskall, if you are available, that would be great if you could confirm how often the registration has to be renewed, and if the CDR offers a grace period for the registration.

Leticia Metherell:

There is no grace period that I am aware of. I think it is two years, but I would like to confirm that and get that back to you. I want to make sure you have the correct information.

Chair Jauregui:

Ms. Metherell, I have the same question for the license. How often is the license renewed?

Leticia Metherell:

The license is every two years.

Chair Jauregui:

They are both every two years, and the license has no grace period?

Leticia Metherell:

Currently in statute, the license has no grace period. It was never put in the original statute.

Assemblywoman Tolles:

I also share those same concerns and questions. I look forward to that follow-up. I am curious about the repealed section, NRS 439.537, which takes out unlawful use of words or

letters designating a person as a licensed or registered dietitian. I believe when you were referencing NRS 640E.160, you said that section was found elsewhere. I am wondering where it is covered elsewhere. If I were somebody who was not a licensed and registered dietitian, but I was promoting myself by fraudulently misusing those initials and titles, where would I find that restriction and penalty in statute?

Leticia Metherell:

It is in NRS Chapter 640E.

Assemblywoman Tolles:

It is okay if you need to get back to us and share that. I just wanted to make sure that we are not losing that restriction, so we have some way of restricting people from fraudulently presenting themselves as licensed when they are not.

Leticia Metherell:

It is in NRS Chapter 640E.

Chair Jauregui:

I am going to call on our legal counsel. I believe he might know where that is in our statute.

Sam Quast, Committee Counsel:

Yes, that is in NRS 640E.360. I believe it prohibits a person from using, in connection with his or her name, the words "L.D., or licensed dietitian," or otherwise indicating they are a dietitian.

Chair Jauregui:

Assemblywoman Tolles, did that answer your question? Do you have a follow-up?

Assemblywoman Tolles:

Yes, that answers my question.

Assemblywoman Dickman:

I am wondering if you can help me understand why we are taking this from a bachelor's degree to a graduate degree.

Leticia Metherell:

Right now, the CDR is going to be changing it from a bachelor's degree to a graduate degree. I have the journal article the CDR used as research that I would be happy to give to the Committee. The CDR felt that was the minimum requirement in modern age to have these individuals at entry level have the skills they need in order to protect the public and consumers. That is the reason why. Also, if this bill does not pass, the master's degree would still be required because if you look at the statutes regarding the criteria for qualification, it actually requires that individuals pass the registration exam. When the graduate degree becomes effective in January 2024, in order to take the exam, they will have to have the graduate degree. If the bill does not pass, they will still need the graduate degree.

Assemblywoman Dickman:

Can you tell us approximately how much longer that would take in terms of education?

Leticia Metherell:

They would require the master's degree, and most master's degrees take two to three years to acquire. I would say an additional two to three years since all the other requirements are remaining the same. It would be another two or three years at a minimum until somebody was able to obtain the master's degree.

Chair Jauregui:

Ms. Metherell, I want to clarify this. We are not changing the educational requirements; the CDR is changing the educational requirements, correct? That is a national organization?

Leticia Metherell:

That is correct.

Chair Jauregui:

I need to clarify this again for the record. We do not register dietitians; we just license dietitians. However, in order to get a license in the state, you have to be a registered dietitian. Dietitians become registered with the national organization, the CDR. You mentioned the CDR does not have a grace period on renewals, so they would not be able to renew their license with us if they, indeed, were late on their registration renewal, correct?

Leticia Metherell:

Correct.

Chair Jauregui:

If they are late with their registration renewal, then the CDR would not allow them to register until they then provided a master's degree?

Leticia Metherell:

That is correct, according to the information I have. I believe the Nevada Academy of Nutrition and Dietetics may be testifying, so they would also have some information. It is my understanding that if you are a registered dietitian and you let your registered dietitian license lapse, the CDR will then require you to get a graduate degree in order to become a registered dietitian again.

Chair Jauregui:

Does anyone else have any questions? [There were none.] I will open the hearing up for testimony in support of A.B. 73. I believe I have Dillon Martin signed up from the Nevada Academy of Nutrition and Dietetics.

Dillon Martin, President, Nevada Academy of Nutrition and Dietetics:

Our organization is composed of 447 members. That includes registered dietitians who are licensed in the state of Nevada, as well as dietetic technicians, dietetic interns, and nutrition

science students enrolled in the Nevada System of Higher Education. I want to thank the State Board of Health for utilizing one of their bill draft requests (BDRs) to improve our licensure. I also want to mention that Dr. Laura Kruskall, who I believe is on the line as an expert, has been instrumental in helping to communicate with the State Board of Health. We owe her thanks. At this point in time, the Nevada Academy of Nutrition and Dietetics has been reading the language in A.B. 73, and we do support the intended purpose. I do not want to waste the Committee's time by recapping all the points of the bill because I think Ms. Metherell did a good job of that. It is our understanding that the original language written in the first draft of A.B. 73 needed some amendments [[Exhibit D](#)], and we appreciate Ms. Metherell's time in presenting those amendments, and we look forward to seeing the final version of A.B. 73. In addition, our organization will support the State Board of Health and the Assembly Committee on Commerce and Labor to ensure the language of A.B. 73 meets the needs of nutrition professionals practicing in our state.

Because of the questions, I will add that we renew our registration with CDR every five years. I am not sure if there is a grace period with CDR. There may be a 60-day grace period to get that completed. There may be someone else on the call who can clarify what I just said.

Chair Jauregui:

Is there anyone else in support?

Laura Kruskall, Director and Professor of Nutrition Sciences, University of Nevada, Las Vegas:

I was Ms. Metherell's expert witness. I am the Director of Nutrition at UNLV, and I have been there since 1999. I was responsible for developing all our nutrition programs at UNLV. I want to clarify two points. To the point about the master's degree requirement, yes, the CDR is changing that requirement. Going back to our original eligibility requirement for getting a license, you have to be a registered dietitian nutritionist (RDN). If somebody is an RDN and he or she lets the RDN expire because of a fee and is reinstated, he or she would not have to go back and get a master's degree because he or she is an RDN in good standing with the CDR. Mr. Martin is correct; there is a grace period. There are two processes to becoming an RDN. You have to renew every five years with continuing education. That is one process. There is an annual fee to maintain that credential as well, and there is a grace period if you miss that annual fee. Yes, there are grace periods as far as your credential goes. It is very difficult to lose that credential. I fully support A.B. 73.

Chair Jauregui:

Is there anyone else in support? [There was no one.] Assemblywoman Carlton, do you have a question for one of our testifiers?

Assemblywoman Carlton:

Yes, I have a question about the students. Mr. Martin, as far as the students are concerned, we have folks in the queue right now studying for this. If they were not able to graduate before 2024, or were not able to become registered before 2024, this will apply to them after

January 1, 2024. Are they aware of this, and do they realize they will have to spend another couple of years to get that master's degree?

Dillon Martin:

Let me give you the best answer I can. I may have to defer to Dr. Kruskall, who deals with students more directly. I consider myself in this category. When I graduated, I was aware that the master's degree was pending, but the Academy has grandfathered in anyone who starts in a nutrition science didactic program prior to the year 2024 under the old requirements. The Academy also has different pathways. Even though the master's degree will be required after 2024, there are still some other pathways available for becoming a registered dietitian. I will add that this is not a change that is black and white. This is a gradual transition for the whole profession.

Assemblywoman Carlton:

When we raise standards on something, we want to make sure we are not pulling the ladder up behind us. We are making sure that it is still accessible to those who are trying to get there; we are not moving the goalpost on them.

Dillon Martin:

The Academy is aware of that, and they are offering scholarships and various provisions to try to promote diversity within our profession as well, and to make the master's level degree accessible to as many people as possible.

Assemblywoman Carlton:

We are very aware of what the student debt is, and the last thing I want to see is someone end up with more debt just because they are trying to get to that goalpost.

Chair Jauregui:

Is there anyone in opposition? [There was no one.] Is there anyone neutral? [There was no one.] Ms. Metherell, would you like to give any final remarks?

Leticia Metherell:

No. I do not know how it would work, but I would be more than willing to put a grace period into statute if that is what the Committee desires.

Chair Jauregui:

We appreciate that. We will work with you and our legal counsel on that. I will now close the hearing on A.B. 73.

The next items on our agenda are two bills from the Division of Insurance. We are going to take these out of order as well, and start with Assembly Bill 18. I will now open the hearing on Assembly Bill 18. I believe I have Commissioner Richardson to present the bill.

Assembly Bill 18: Revises provisions relating to contracts of insurance and casualty insurance. (BDR 57-315)

Barbara Richardson, Commissioner, Division of Insurance, Department of Business and Industry:

[Read from written testimony, [Exhibit E](#).] Good afternoon, Chair Jauregui, Vice Chair Carlton, and members of the Committee. I am Barbara Richardson, the Insurance Commissioner for the state of Nevada, and I am here today to present Assembly Bill 18. This bill focuses on two areas. The first is to provide Nevada's automobile insurance consumers additional choices regarding their limits of uninsured and underinsured motorist coverage. The second is to help ensure that Nevada's renewal of altered terms statutory language cannot limit potential policy improvements for insurance consumers. I will provide you with a brief overview of the changes being proposed in this bill, and then I will be happy to answer any questions you may have.

Sections 1 and 3 of this bill provide additional options to Nevada's insurance consumers regarding uninsured motorist (UM) and underinsured motorist (UIM) coverage limits in a policy of automobile insurance. Under current Nevada law, insurers are only allowed to offer consumers uninsured/underinsured limits in amounts not less than the state's minimum limits for liability insurance for bodily injury, and not more than the amount of coverage for bodily injury liability purchased by the consumer. Nevada's current minimum limits for bodily injury liability coverage are \$25,000 per person and \$50,000 per occurrence.

The language in sections 1 and 3 provides insurers the option to offer limits of UM/UIM that exceed bodily injury liability limits in a policy. For policyholders of insurers that choose to make this option available, this change provides Nevada consumers the ability to tailor their coverages to their actual needs for protection versus the current limitation that UM/UIM cannot exceed their limits of bodily injury liability.

If you are at fault in a car accident that injures someone, bodily injury liability coverage pays for the other driver and their passengers' medical expenses, lost wages, legal fees, funeral costs, and pain and suffering that are a result of their injuries. In evaluating personal exposures and adequate limits of bodily injury liability coverage, consumers may consider the amount of their assets and net worth that would be exposed if they were legally liable for injuries caused by an accident.

Uninsured and underinsured motorist coverage pays for medical bills, lost wages if you cannot work because of the car accident, pain and suffering compensation, and funeral expenses when you are injured by a vehicle caused by a driver who either does not carry liability car insurance or who does not have enough liability insurance to cover the value of your injuries.

When insureds consider the amounts of UM/UIM coverage they should carry, consideration might be given to the amount of their available liquid assets. For example: do they carry robust medical insurance to cover their medical bills; do they have disability insurance to

replace their income in the event of an accident, and the possibility that an accident could make them partially or permanently disabled. The answers to these questions may provide a need for UM/UIM coverage which is higher than the liability insurance consumers feel they need. The proposed changes in sections 1 and 3 are designed to provide the consumer with the choice to make the coverage selections that are right for their individual circumstances.

Section 2 changes the language related to when an insurer must give at least 30 days' notice to an insured prior to renewing a policy "on different terms, including different rates," to include a list of exceptions to this notice requirement where the changes at renewal are clearly consumer-friendly. The proposed changes also replace "different terms or rates" with "change in policy or coverage" to be less ambiguous.

The changes to which the 30-days notice for a change in policy or coverage would not apply would consist of a decrease in the amount of total premium charged; a change in the effective and expiration dates of the policy if the duration of the renewed policy remains the same; and changes in one or more conditions of the policy that are intended to provide coverage more favorable to the insured. An example of these types of changes would be an automobile insurer choosing to include towing and road service coverage or a home insurer including identity theft coverage at renewal for no extra cost or premium to the insured. Under the current statutory language, insurers could be prohibited from making those types of policy improvements or providing a rate decrease if they did not provide consumers notice 30 days prior to their policy renewals. The idea is to be able to provide that information but not miss out on an opportunity if the insurance company misses the exact 30-day mark.

There is one issue I do want to bring forward. There is an item I would like to discuss regarding A.B. 18. The Division of Insurance was contacted by the Nevada Justice Association on this particular bill, and they have concerns regarding section 1, subsection 2, paragraph (b) of the bill, which says, "May offer uninsured and underinsured vehicle coverage in an amount that is greater or less than the limits of coverage for bodily injury...." After long discussions with them, and in order to avoid confusion or concern, the Division is proposing deleting section 1, subsection 2, paragraph (b). We have been in communication with the Nevada Justice Association regarding this proposal.

This concludes my introduction of A.B. 18. I am available for questions if you have any.

Chair Jauregui:

Are there any questions?

Assemblywoman Carlton:

We went through an explanation over a section that I believe is going to be deleted. I want to make sure that out of all this, we know what is being proposed to be deleted.

Barbara Richardson:

It is section 1, subsection 2, paragraph (b). The language is "May offer uninsured and underinsured vehicle coverage in an amount that is greater or less than the limits of coverage for bodily injury sold to an insured under a policy of insurance covering the use of a passenger car."

Assemblywoman Carlton:

Just that? It is page 3, lines 3 through 6?

Barbara Richardson:

Exactly.

Assemblywoman Carlton:

That will be deleted. It is so people cannot undersell and still not have enough coverage. Is that correct?

Barbara Richardson:

That is exactly what the Nevada Justice Association was concerned about.

Assemblywoman Carlton:

The "must" in section 1, subsection 2, paragraph (a) is still staying?

Barbara Richardson:

Yes.

Assemblywoman Carlton:

I just wanted to make sure I have it correct.

Chair Jauregui:

Are there any other questions?

Assemblywoman Tolles:

That was the same section as my question as well. In that last clarification, I just want to add to that. It is the two parameters of "greater or less than." We are just removing that entire section completely because of the concerns around it?

Barbara Richardson:

Yes. It turns out that on the forms you use to make a change in those kinds of coverages, you are required to actually sign some kind of stipulation with the insurance carrier to make sure you understand what the limits of coverage are as part of that. This section tended to confuse the situation.

Chair Jauregui:

Are there any other questions? [There were none.] I have one question on that section that is being deleted as well. The only option would be if they do decide to do UM/UIM, they have

to buy it in the amount equivalent to the insurance amount they have for bodily injury. There is no other option?

Barbara Richardson:

They can actually have more than that on the form itself, but you have to sign something that actually acknowledges that. This particular section we are deleting would not have required any kind of agreement from the consumer, so that is why we are removing it.

Chair Jauregui:

We are going to move into testimony in support. Is there anyone in support?

Graham Galloway, representing Nevada Justice Association:

Initially, I signed in as opposition, but after discussion with the Division of Insurance, they have graciously agreed to the amendment that was discussed. This transforms us into full support of the bill. In fact, section 2 is very good consumer legislation. Again, the Nevada Justice Association is in support of this bill. We extend our gratitude to the Commissioner and her staff for making the amendment.

Chair Jauregui:

Is there anyone else in support? [There was no one.] Is there anyone in opposition? [There was no one.] Is anyone neutral? [There was no one.] Commissioner Richardson, are there any closing remarks you would like to make on A.B. 18?

Barbara Richardson:

No, I have no closing remarks.

Chair Jauregui:

I will now close the hearing on A.B. 18 and open the hearing on Assembly Bill 4. We have Commissioner Richardson to present this bill. Can we take this bill section by section in case members have any questions since it is a bigger bill?

Assembly Bill 4: Revises provisions relating to the Nevada Insurance Guaranty Association. (BDR 57-314)

Barbara Richardson, Commissioner, Division of Insurance, Department of Business and Industry:

[Read from written testimony, Exhibit F.] Good afternoon, Chair Jauregui, Vice Chair Carlton, and members of the Committee. I am here today to present Assembly Bill 4. This bill addresses changes to the Nevada Insurance Guaranty Association, which is contained in *Nevada Revised Statutes* (NRS) Chapter 687A. I am also joined today by Bob Laudermitch, the Executive Director of the Nevada Insurance Guaranty Association, who is here to help provide assistance in answering Committee members' questions. We have also provided an

Explainer Table ([Exhibit F](#)), which summarizes both the language and the reasons for the requested changes for each section of this bill.

With this being my first opportunity to be in front of the Assembly Committee on Commerce and Labor this session, I would like to start by taking just a few minutes to provide you with a brief overview of the Division of Insurance. The Division's primary focus is the regulation of Nevada's insurance industry, which produces approximately \$19 billion of annual premiums written on Nevada-based risks. Nevada's insurance premium tax provides the state's fourth-largest source of General Fund revenue, generating over \$440 million of taxes collected during our past fiscal year. Insurance is currently the largest financial sector in the United States (U.S.) and is the only financial sector that is primarily regulated by the states rather than the federal government.

Most insurance carriers doing business in Nevada transact insurance in multiple states, and many are national companies. Nevada is a fully accredited member of the National Association of Insurance Commissioners (NAIC), which is governed by the insurance commissioners from the 50 states, the District of Columbia, and the five U.S. territories. Through the NAIC, the commissioners work together to create a regulatory framework that provides increased uniformity for insurers, information sharing, and support to help create more efficient markets and better consumer advocacy.

One of the important activities of the NAIC is the drafting and adoption of model laws and regulations which are created by and voted on by the insurance commissioners through a transparent collaborative process. This also includes members of the industry and consumer advocates throughout the entire process. These particular model laws can take years to draft while making sure they are transparent during the entire process period. These approved model laws are recommended for each state to enact through their state legislatures and division of insurance regulations. Model legislation helps create efficiencies for multistate carriers through an improved uniformity of regulation, which in turn helps reduce rates for consumers. Title 57 of the NRS and accompanying regulations contain language developed by both NAIC model language and the National Council of Insurance Legislators (NCOIL).

The revisions in this bill are intended to update NRS Chapter 687A and are based upon model language created by NCOIL, the National Conference of Insurance Guaranty Funds, and NAIC. The Nevada Insurance Guaranty Association (Guaranty Association) is a nonprofit association created by the Nevada Legislature to pay certain claims of Nevada insurance consumers in the event of a property-casualty insurer insolvency, with a maximum possible payout of \$300,000 per claimant. All insurance companies that are licensed to sell property and casualty insurance in Nevada are required to be members of the Association and contribute to this fund. Insurance carriers are allowed to offset their insolvency assessments to the Guaranty Association with credits on their premium tax returns at 20 percent each year for five successive years, so insurer insolvencies do ultimately create reduced General Fund tax collections.

I am going to go through a brief overview of the changes being proposed in A.B. 4, and then we will have Mr. Laudermitch available should you have specific questions about how it might be used, or raised, by the Guaranty Association.

Sections 1 and 18 remove references to NRS 687A.110 in relation to provisions being eliminated in section 15 of this bill. Sections 2, 3, and 4 add definitions for the terms "person" and "self-insurer." Section 5 limits the claims which may be asserted against a person insured by a policy issued by an insolvent insurer.

Section 6 adds vendors' single interest and collateral protection insurance to the types of insurance that are not covered by the Guaranty Association and describes what is not covered by the Guaranty Association under insurance of warranties and service contracts. Section 7 makes the section consistent with definitions added in sections 3 and 4.

Section 8 amends what types of claims are covered by the Guaranty Association, extends the claim filing deadline from 18 months to 25 months, and lowers the net worth threshold for first-party claims, which are claims made by insurers to \$10 million.

Section 9 changes the amount of the Guaranty Association's obligation requirements by reducing the obligation for unearned premiums to \$10,000 and clarifies that the Guaranty Association is not bound by settlements or releases that were entered into in the 12 months prior to liquidation. It also adds additional powers to the Guaranty Association and amends provisions regarding lawsuits involving the Guaranty Association. After discussion with members of the Nevada Justice Association, we do want to clarify that settlements referred to under subsection 1, paragraph (f) do not apply to closed settlements where payment was already tendered by the insolvent insurer. We will be working with the Nevada Justice Association to develop language to provide that clarification.

Section 10 removes outdated reference language, and some existing language is rephrased to provide clarification of what the Guaranty Association's requirements are in providing a plan of operation.

Section 11 requires the Commissioner to provide the Guaranty Association a copy of any judicial complaint which seeks an order of liquidation against a member insurer.

Section 12 extends subrogation rights of the Guaranty Association for a cause of action which the insolvent insurer would have had if such sums had been paid by the insolvent insurer. It also changes the Guaranty Association's rights of recovering to, or on behalf of, an insured of an insolvent insurer to only those insureds whose aggregate net worth is more than \$10 million and to any person who is an affiliate of the insolvent insurer. This section also adds language to confirm that the Guaranty Association is recognized as a claimant in the liquidation estate of the insolvent insurer.

Section 13 extends the types of payors that cannot assert an action against an insured and are required to file their barred claims directly with the receiver of the insolvent insurer.

Section 14 restates the current requirement that claimants first exhaust all other available insurance coverage, including a right to a defense, before they may assert a claim with the Guaranty Association.

Section 15 eliminates provisions that cover notifying the Commissioner of any member in a hazardous financial condition, or to request that the Commissioner order an examination of a member insurer believed to be in a hazardous financial condition, and allows the Board of Directors to make recommendations to the Commissioner regarding matters generally related to improving or enhancing regulations for solvency. These changes are being requested because the Guaranty Association does not investigate or receive financial information on member insurers in order to perform these functions. It also allows the Division to make decisions; for example, performing an examination, which would then cost an insolvent insurer even more money before we take them to court if we have already done an examination in the past three years.

Section 16 expands the immunity of the Board of Directors, the Commissioner, or the representatives of the Commissioner to include liability for failure to act.

Section 17 changes the time frame an action will be stayed to allow the court hearing an action against an insolvent insurer or insolvent policy to have more leeway in the time given to the defendant to prepare a proper defense. This section also amends language regarding access to an insolvent insurer's records to ensure that the Guaranty Association has access to the insolvent insurer's records to be able to act in their stead.

Lastly, I want to talk about an amendment. The Division will be proposing one amendment to A.B. 4. We were contacted by the Nevada Justice Association that had concerns with section 9, subsection 1, paragraph (f), which allowed the Guaranty Association to reach settlements between the insolvent insurer and claimant entered into within 12 months before the order of liquidation that had already been funded and paid. Our amendment proposed by the Nevada Justice Association will add the word "unfunded" to the first sentence, so it would read, "Is not bound by an unfunded settlement, release, compromise,...." This amendment would then clarify that the Guaranty Association cannot change or claw back any funds or settlements that have already been paid out by the insurer.

This concludes my introduction of A.B. 4. Mr. Laudermilch and I would be happy to answer any questions the Committee members may have.

Chair Jauregui:

Are there any questions?

Assemblywoman Kasama:

My question is about section 9, subsection 1, paragraph (a), subparagraph (2). I am sure you mentioned or touched on this. It seems like such a large amount to go from \$300,000 to \$10,000. Could you comment on that?

Bob Laudermilch, Executive Director, Nevada Insurance Guaranty Association:

That provision works similarly as the statute contains net worth exclusions, which basically preclude coverage from businesses, primarily, that may not need to fully benefit or receive funds. The provision would reduce the unearned premium from \$300,000 to \$10,000, and it is intended to act similarly based on the amount of the premium. A business that has a premium recovery in excess of \$10,000 would seem to be equipped to handle the insolvency similarly to the exclusion or the basis for including net worth exclusions. We are trying to tailor everything to the model languages. Most other guaranty associations have already reduced the amount of that provision from \$300,000 to \$10,000.

Chair Jauregui:

Any other questions?

Assemblywoman Tolles:

I have a couple of quick questions. In section 6, subsection 5, I see that we are listing out what insurance of warranties and service contracts are. I know you briefly went through this in your overview, but if you could, help me understand better how we came to this list. Is this simply using model language?

Bob Laudermilch:

Primarily. That provision is the applicability section of the bill. It is an attempt to only cover direct types of insurance. Items that are within the credit insurance statute, which is NRS 690.015, are generally excluded, or the act should not apply to them. The basis would be that there is no transfer of risk, or they involve guaranties. It is not a direct form of insurance. The item you mentioned relates to service contracts, which are mentioned or referenced in NRS Chapter 690C. It is to only apply the act to direct forms of property and casualty insurance where there is a transfer of risk, and an attempt to avoid guaranties or warranties. Service contracts are life insurance, disability insurance, and unemployment insurance.

Assemblywoman Tolles:

Out of pure curiosity, as I know this is not a change that is being made and it is already in NRS, but we offer ocean marine insurance. Is that for cruise ships? I do not think we have a whole lot of marine activity in the state of Nevada.

Bob Laudermilch:

That is one that would be excluded, as applicable. The statute would not apply to them.

Assemblywoman Tolles:

This would not apply to them.

Bob Laudermitch:

No. Events over water, including title insurance and ocean marine, would not apply. That is already in the statute.

Chair Jauregui:

Assemblywoman Tolles asked one of my questions. I have a question in that section as well. I know we are adding to the list. Have there ever been any claims paid out through the Guaranty Association for any of these types of insurance policies that are being added for the companies that went insolvent?

Bob Laudermitch:

I do not believe so.

Chair Jauregui:

Any other questions? [There were none.] We will move on to testimony. Is there anyone in support?

Graham Galloway, representing Nevada Justice Association:

Once again, I initially registered in opposition, but after further discussions with the Division of Insurance as well as the Guaranty Association, the amendment came to fruition that we asked for. Therefore, we are in support of this bill.

Chair Jauregui:

Is there anyone else in support? [There was no one.] Is there anyone in opposition? [There was no one.] Is there anyone neutral? [There was no one.] Commissioner Richardson, do you have any closing remarks?

Barbara Richardson:

No.

Chair Jauregui:

I will now close the hearing on A.B. 4.

We will move to public comment. Is there any public comment? [There was none.]

We are adjourned [at 2:42 p.m.].

RESPECTFULLY SUBMITTED:

Julie Axelson
Committee Secretary

APPROVED BY:

Assemblywoman Sandra Jauregui, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is written testimony presented by Leticia Metherell, Health Program Manager, Division of Public and Behavioral Health, Department of Health and Human Services, regarding Assembly Bill 73.

[Exhibit D](#) is a proposed amendment to Assembly Bill 73, presented by Leticia Metherell, Health Program Manager, Division of Public and Behavioral Health, Department of Health and Human Services.

[Exhibit E](#) is written testimony presented by Barbara Richardson, Commissioner, Division of Insurance, Department of Business and Industry, regarding Assembly Bill 18.

[Exhibit F](#) is written testimony presented by Barbara Richardson, Commissioner, Division of Insurance, Department of Business and Industry, regarding Assembly Bill 4.