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DEPARTMENT OF BUSINESS AND INDUSTRY

DIVISION OF INSURANCE

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**NOTICE OF INTENT TO ACT UPON REGULATION
LCB File No. R102-22
AND HEARING AGENDA**

The Nevada Division of Insurance (“Division”) is proposing the adoption of regulations pertaining to chapter(s) 690C of the Nevada Administrative Code (“NAC”). The hearing shall take place as follows:

Date: November 29, 2022
Time: 1:30 p.m.
Location: This meeting will be held virtually via Webex, which allows participation by video or telephone.*

To join by Webex, click on the URL and enter the meeting number and password when prompted.

URL: <https://doinv.webex.com/doinv/j.php?MTID=m6f6c179c1ad76cbb92c6a0b656dd47fc>
Meeting Number: 2632 503 9458
Password: cHPjNqim263

To join by telephone, call the toll-free number and enter the access code when prompted.

Phone-in Access: 1-844-621-3956 United States Toll Free
Access Code: 2632 503 9458

If you need help using Webex, visit <https://help.webex.com>.

Live public comment and written public comment will be taken as designated in the Hearing Agenda.

* There is no physical location designated for this hearing. Accordingly, any person planning to participate must participate by using the Webex link, for video access, or by calling the phone-in access for telephone access. Meeting materials are available on the Division’s website at: <https://doi.nv.gov/News-Notices/Regulations/>.

The purpose of the hearing is to solicit comments from interested persons on the general topic(s) that may be addressed in the proposed regulation; and to assist in determining whether the proposed regulation is likely to impose a direct and significant burden upon a small business or directly restricts the formation, operation, or expansion of a small business.

HEARING AGENDA

1. Open Hearing: R102-22.
2. Presentation of Proposed Regulation.

[LCB File No. R102-22 SERVICE CONTRACT PROVIDER ELECTRONIC REPORTING](#)

A REGULATION relating to service contracts; revising the manner in which a provider of certain service contracts is to provide a status report to the Commissioner of Insurance; and providing other matters properly relating thereto. A copy of the proposed regulation prepared by the Legislative Counsel is available by clicking on the following link:

<https://www.leg.state.nv.us/Register/2022Register/R102-22P.pdf>

3. Public Comment.

The hearing officer will indicate when live public comment will be taken. Public comment may be limited to three minutes per speaker.

4. Close Hearing: R102-22.

Note: Any agenda item may be taken out of order; items may be combined for consideration by the public body; items may be pulled or removed from the agenda at any time; and discussion relating to an item may be delayed or continued at any time. The hearing officer, within his/her discretion, may allow for public comment on individual agenda items.

A copy of all materials relating to the proposal may be obtained by visiting the Division's internet website at <https://doi.nv.gov/News-Notices/Regulations/> or by contacting the Division (regs@doi.nv.gov or 775-687-0700). Members of the public who would like additional information about a proposed regulation may contact the Division by email to regs@doi.nv.gov. Members of the public are encouraged to submit written comments for the record no later than **November 22, 2022**. Persons wishing to comment upon the proposed actions of the Division may appear at the hearing via Webex or telephone and/or may address their comments, data, views, or arguments in written form, by email to regs@doi.nv.gov or by mail to 1818 E. College Parkway, Suite 103, Carson City, NV 89706.

We are pleased to make reasonable accommodations for attendees with disabilities. Please notify the Division of your request for reasonable accommodation in writing, no later than five (5) working days before the hearing via email to regs@doi.nv.gov.

Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, shall issue a concise statement of the principal reasons for and against its adoption, and incorporate therein its reason for overruling the consideration urged against its adoption.

The following information is provided pursuant to the requirements of Nevada Revised Statutes (“NRS”) 233B.0603:

(1) Why is the regulation necessary and what is its purpose?

The regulation is necessary to address an inefficiency in the service contractor provider (“SCP”) reporting process. The purpose of this regulation is to allow the Division of Insurance (“Division”) to receive reports from SCPs through the same system SCPs use to submit contract form filings.

(2) What are the terms or substance of the proposed regulation? Provide a description of the subjects, issues and problems involved.

NAC 690C.110 requires Service Contract Providers (“SCPs”) who issue contracts to repair products that are essential to the health and safety of the holder, such as heating and air conditioning to report to the holder and to the Commissioner within 3 calendar days from the date the claim was reported if the repairs cannot be completed. Currently, these reports are required to be submitted to the Commissioner by electronic mail.

The proposed regulation amends NAC 690C.110 to allow the Commissioner to specify an electronic format by which SCPs must notify the Commissioner when emergency repairs cannot be completed within 3 calendar days. The intent is to provide SCPs with a uniform system to report to the Division, and this will eliminate manual staff processing and allow for more efficient electronic review of the reports. The language also allows for increased efficiency for SCPs submitting reports when changes in technology render the current reporting system obsolete.

(3) What is the anticipated impact of the regulation on the problem(s)?

Allowing the Division to require emergency repair reports to be filed in the same manner as other form filings will eliminate manual processing of emergency reports, freeing staff processing time and ensuring consistency and uniformity in database information, and allowing for better access, search, and review capabilities of filed documents.

(4) Do other regulations address the same problem(s)? No.

(5) Are alternate forms of regulation sufficient to address the problem(s)? No.

(6) What value does the regulation have to the public?

Because of the potential impact to vulnerable persons when certain home systems, such as heating or air conditioning units, cannot be promptly repaired, SCPs are required to report when they are unable to repair the system within 3 calendar days. The ability to accurately track emergency repairs is essential to identifying trends and potential issues related to public health and safety. Through a consistent report filing system, the Division can more efficiently identify these trends and issues.

(7) What is the anticipated economic benefit of the regulation? Provide a statement as to potential beneficial impact on the following:

- a. Public
 - 1. Immediate: Consumers who need emergency repairs may see better response time to their claims since reporting a failure to complete a repair within 3 calendar days may incentivize SCPs to try to accomplish this to avoid reporting.
 - 2. Long Term: Consumers may see improved response times to claims for emergency repairs as data is analyzed to determine emergency repair trends and unfair trade practices.
- b. Insurance Business
 - 1. Immediate: None
 - 2. Long Term: The proposed regulation will allow for increased efficiency in communication between SCPs and the Commissioner.
- c. Small Businesses
 - 1. Immediate: None
 - 2. Long Term: None
- d. Small Communities
 - 1. Immediate: None
 - 2. Long Term: None
- e. Government Entities
 - 1. Immediate: None
 - 2. Long Term: None

(8) What is the anticipated adverse impact, if any? Provide a statement as to any anticipated adverse impact, including adverse economic effects, on the following:

- a. Public
 - 1. Immediate: None
 - 2. Long Term: None
- b. Insurance Business
 - 1. Immediate: There is a small fee imposed by the vendor for submitting the reports.
 - 2. Long Term: None
- c. Small Businesses
 - 1. Immediate: None
 - 2. Long Term: None
- d. Small Communities
 - 1. Immediate: None
 - 2. Long Term: None
- e. Government Entities
 - 1. Immediate: None
 - 2. Long Term: None

(9) What is the anticipated cost of the regulation, both direct and indirect? Provide a statement as to the cost of:

- a. Enactment: None
- b. Enforcement: None
- c. Compliance: None

(10) Provide a statement indicating whether the regulation establishes a new fee or increases an existing fee.

The regulation does not directly establish a new fee or increase an existing fee. However, most filing systems charge a small fee to cover their costs, which is charged to the entity submitting the filing or report.

(11) Provide a statement which identifies the methods used by the agency in determining the impact of the proposed regulation on a small business, prepared pursuant to subsection 3 of NRS 233B.0608. Attached.

(12) Provide a description of any regulations of other state or local governmental agencies which the proposed regulation overlaps or duplicates, and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, state the name of the regulating federal agency. None.

(13) If the regulation is required pursuant to federal law, provide a citation and description of the federal law. N/A.

(14) If the regulation includes provisions which are more stringent than a federal regulation that regulates the same activity, provide a summary of such provisions. N/A

Notice of the hearing has been provided as follows:

- By email to all persons on the Division's e-mail list for noticing of administrative regulations.
- By email for posting by the Nevada State Library, Archives and Public Records Administrator.
- By email for posting by the Nevada Legislature.
- Published to the Nevada Legislature website: <https://leg.state.nv.us/>.
- Published to the Division of Insurance website: <https://doi.nv.gov/>.
- Published to the State of Nevada Public Notice website: <https://notice.nv.gov/>.

DATED this 13th day of October 2022.



BARBARA D. RICHARDSON
Commissioner of Insurance

**STATE OF NEVADA
DEPARTMENT OF BUSINESS & INDUSTRY
DIVISION OF INSURANCE**

**Determination of Necessity of Small Business Impact Statement
NRS 233B.0608(1)**

This proposed regulation amends NAC 690C.110 which outlines standards applicable to notification of emergency repair delays by home Service Contract Providers (“SCPs”).

EFFECTIVE DATE OF REGULATION:
Upon filing with the Nevada Secretary of State

1. **BACKGROUND.**

NAC 690C.110 requires service contract providers (“SCPs”) who issue contracts to repair products that are essential to the health and safety of the holder, such as heating and air conditioning, to report to the holder and to the Commissioner within 3 calendar days from the date the claim was reported if the repairs cannot be completed. Currently, these reports are required to be submitted to the Commissioner by electronic mail. The reports are manually processed by the Division of Insurance (“Division”) in order for the Division to properly track, access, search, and review reports for market analysis, trend spotting, and trade practice evaluation.

The proposed regulation amends NAC 690C.110 to allow the Commissioner to specify an electronic format by which SCPs must notify the Commissioner when emergency repairs cannot be completed within 3 calendar days. The intent is to provide SCPs with a uniform system to report to the Division, and this will eliminate manual staff processing and allow for more efficient electronic review of the reports. The language also allows the Commissioner flexibility to maintain the uniformity of filings when systems become obsolete and are replaced by other platforms.

2. **DESCRIPTION OF SOLICITATION SHOWING A CONCERTED EFFORT. NRS 233B.0608(1).**

A solicitation of this regulation was not made with small businesses in Nevada, as none of the proposed changes in this regulation impact small businesses. The changes proposed in this regulation would only impact service contract providers and would pose a very small change from existing practices.

3. **DOES THE PROPOSED REGULATION IMPOSE A DIRECT AND SIGNIFICANT ECONOMIC BURDEN UPON A SMALL BUSINESS OR DIRECTLY RESTRICT THE FORMATION, OPERATION OR EXPANSION OF A SMALL BUSINESS? NRS 233B.0608(1).**

NO YES

4. HOW WAS THAT CONCLUSION REACHED? NRS 233B.0608(3).

The Division does not regulate businesses in general, and the proposed regulation does not impose any new substantive requirements on a business. The proposed regulation applies to service contracts providers that provide specific coverage, and it merely provides an option to revise the method for SCPs to file emergency reports from electronic mail to more efficient or evolving industry reporting methods.

I, BARBARA D. RICHARDSON, Commissioner of Insurance for the State of Nevada, hereby certify that to the best of my knowledge or belief a concerted effort was made to determine the impact of the proposed regulation on small businesses and that the information contained herein is accurate. (NRS 233B.0608(3))

6/17/2022
(DATE)


BARBARA D. RICHARDSON
Commissioner of Insurance

Small Business Impact Statement
NRS 233B.0608(2)-(4) and 233B.0609

1. SUMMARY OF COMMENTS RECEIVED FROM SMALL BUSINESSES.
NRS 233B.0609(1)(a).

Comments were not solicited from affected small businesses because small businesses are not subject to regulations for service contract providers. Therefore, no response to this proposed regulation from small businesses is available.

Other interested parties may receive a copy of this summary by contacting the Division at (775) 687-0700, or by emailing the Division at the regulation email address regs@doi.nv.gov.

2. HOW WAS THE ANALYSIS CONDUCTED? NRS 233B.0609(1)(b).

This regulation was reviewed and discussed by the Product Compliance Section of the Division. The Section concluded that because the regulation is intended to facilitate reporting of emergency claims submitted to service contract providers to the Division, there would be no impact to small businesses.

3. ESTIMATED ECONOMIC EFFECT ON SMALL BUSINESSES THE REGULATION IS TO REGULATE. NRS 233B.0609(1)(c).

(a) BOTH ADVERSE AND BENEFICIAL EFFECTS.

- (1) Adverse: *NA*
- (2) Beneficial: *NA*

(b) BOTH DIRECT AND INDIRECT EFFECTS.

- (1) Direct: *NA*
- (2) Indirect: *NA*

The proposed regulation will have no economic impact on small businesses in Nevada.

4. METHODS CONSIDERED TO REDUCE IMPACT ON SMALL BUSINESSES. NRS 233B.0609(1)(d).

Not applicable, as there is no negative impact expected.

5. ESTIMATED COST OF ENFORCEMENT. NRS 233B.0609(1)(e).

None.

6. FEE CHANGES. NRS 233B.0609(1)(f).

No fees are being added or changed that affect small businesses.

7. DUPLICATIVE PROVISIONS. NRS 233B.0609(1)(g).

The proposed regulation does not duplicate any existing federal, state or local standards. Therefore, it is not more stringent than any existing federal, state or local standards.

8. REASONS FOR CONCLUSIONS. NRS 233B.0609(1)(h).

The proposed regulation provides clarification of dwelling emergency repair reporting by service contract providers. Small businesses are not subject to the Division's oversight unless they are engaged in the business of insurance. As this proposed regulation only applies to service contract providers regulated by the Division, small businesses would not be affected by this regulation.

I, BARBARA D. RICHARDSON, Commissioner of Insurance for the State of Nevada, hereby certify that to the best of my knowledge or belief a concerted effort was made to determine the impact of the proposed regulation on small businesses and that this statement was prepared properly, and the information contained herein is accurate. (NRS 233B.0609(2))

6/17/2022
(DATE)


BARBARA D. RICHARDSON
Commissioner of Insurance