



**MVAPA**

**MOTOR VEHICLE ANCILLARY PRODUCTS ASSOCIATION**

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April 11, 2016

*Via Electronic Mail*

Barbara Richardson, Commissioner  
Department of Business and Industry  
Division of Insurance  
1818 East College Parkway, Suite 103  
Carson City, Nevada 89706



Re: Proposed Service Contract Regulation R007-16

Dear Commissioner Richardson:

I write to you on behalf of the Motor Vehicle Ancillary Products Association (“MVAPA”) regarding the Division’s Proposed Regulation R007-16 regarding motor vehicle ancillary products. By way of background, MVAPA is a national trade association with member companies that include providers, retailers, administrators, and insurers of motor vehicle ancillary products, which include ancillary service warranties and protection products. Collectively, MVAPA’s members represent the leading companies in the ancillary products industry and offer more than 80% of the ancillary products available in the marketplace today. MVAPA has played a significant role in the development of uniform regulatory standards appropriate for the industry and consumers since its creation in 2011, and actively pursues model legislation, lobbies for those standards, and provides industry advice for legislative and regulatory issues.

***MVAPA supports express authorization for the enumerated products to be sold as service contracts, but proposes a slight modification to the proposed regulation as currently drafted.***

Nevada’s service contract statute defines “service contract” as

a contract pursuant to which a provider, in exchange for separately stated consideration, is obligated for a specified period to a holder to repair, replace or perform maintenance on, or indemnify or reimburse the holder for the costs of repairing, replacing or performing maintenance on, goods that are described in the service contract and which have an operational or structural failure as a result of a defect in materials, workmanship or normal wear and tear without limitation:  
(a) A contract that includes a provision for incidental payment of indemnity under limited circumstances, including, without limitation, towing, rental and emergency road service . . . .

N.R.S. Tit. 57 §690C.080.

Barbara Richardson, Commissioner  
April 11, 2016  
Page 2

The most current draft of the rule proposes to define the phrase "incidental payment of indemnity" as used in N.R.S. Tit. 57 §690C.080(a) to authorize the provision of the enumerated ancillary products.

MVAPA proposes that Proposed Regulation R007-16 be revised to instead define the term "normal wear and tear," rather than "incidental payment of indemnity," to authorize these products because services addressed are provided in the event of failures that are caused by the normal, everyday operation of a motor vehicle. As such, we propose the following revision:

Section 1. Chapter 690C of NAC is hereby amended by adding thereto a new section to read as follows:

***As used in NRS 690C.080, the term "~~incidental payment of indemnity~~normal wear and tear" includes, ~~without limitation, payment for the damage which necessitates the provision of, without limitation, the following services:~~***

- 1. Repair or replacement of a tire or wheel on a motor vehicle damaged as a result of coming into contact with a road hazard;***
- 2. Removal of a dent, ding or crease on a motor vehicle that is repairable using a process of paintless dent removal without affecting the existing paint finish or removing the body panels of the motor vehicle or sanding, bonding or painting the existing finish of the motor vehicle;***
- 3. Repair of a chip or crack in the windshield or replacement of the windshield of a motor vehicle damaged as a result of a road hazard; and***
- 4. Replacement of a key or key fob of a motor vehicle if the key or key fob becomes inoperable or is lost or stolen.***

Thank you for your time and consideration of our suggestion and your time in holding this rulemaking workshop. Regrettably, I am unable to attend the workshop in person, but if I can answer any questions or otherwise, please do not hesitate to contact me.

Sincerely,



James P. Burlison  
Assistant Executive Director  
Motor Vehicle Ancillary Products Association

cc: Jesse Wadhams, Fennemore Craig