

**NOTICE OF WORKSHOP
TO SOLICIT COMMENTS ON PROPOSED REGULATIONS
AND WORKSHOP AGENDA**

The State of Nevada, Department of Business and Industry, Division of Insurance (“Division”) is proposing the adoption, amendment or repeal of regulations pertaining to chapter(s) 690C of the Nevada Administrative Code (“NAC”). A workshop has been set for **1:30 p.m., on May 29, 2018**, at the following location:

**1st Floor Hearing Room
Nevada Division of Insurance
1818 E. College Parkway, Suite 103
Carson City, Nevada 89706**

Interested persons may also participate through a simultaneous videoconference conducted at:

**4th Floor Nevada Room
Nevada State Business Center
Nevada Division of Insurance
3300 W. Sahara Avenue, Suite 275
Las Vegas, Nevada 89102**

The purpose of the workshop is to solicit comments from interested persons on the following general topic(s) that may be addressed in the proposed regulation(s); and to assist in determining whether the proposed regulation(s) 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. Please submit any written comments no later than **May 22, 2018**.

LCB File No. R064-18. Service Contract Transfer Fees and Emergency Repairs.

A regulation relating to service contracts; requiring the Commissioner of Insurance to receive a status report in certain circumstances; requiring a service contract to include a certain statement regarding the handling of a claim under the service contract; authorizing the imposition of a transfer fee in certain circumstances; and providing other matters properly relating thereto.

A copy of all materials relating to the proposal(s) may be obtained at the workshop or by visiting the Division’s Internet Web site at <http://doi.nv.gov/> or by contacting the Division, 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706, (775) 687-0700. A reasonable fee for copying may be charged. Members of the public who would like additional information about a proposed regulation may contact Susan Bell, Legal Secretary, at (775) 687-0704, or via e-mail to suebell@doi.nv.gov.

Notice of the workshop was provided via electronic means to all persons on the agency’s e-mail list for noticing of administrative regulations. This *Notice of Workshop to Solicit Comments on Proposed Regulations* was posted to the agency’s Internet Web site at <http://doi.nv.gov/>, the Nevada Legislature’s Internet Web site at <http://www.leg.state.nv.us>, and at the following locations:

Nevada Division of Insurance
1818 East College Parkway, Suite 103
Carson City, Nevada 89706

Legislative Building
401 South Carson Street
Carson City, Nevada 89701

Blasdel Building
209 East Musser Street
Carson City, Nevada 89701

Capitol Building Main Floor
101 North Carson Street
Carson City, Nevada 89701

Nevada State Library & Archives
100 North Stewart Street
Carson City, Nevada 89701

Churchill County Library
553 South Main Street
Fallon, Nevada 89406

Elko County Library
720 Court Street
Elko, Nevada 89801

Eureka Branch Library
P.O. Box 293
Eureka, Nevada 89316

Lander County Library
P.O. Box 141
Battle Mountain, Nevada 89820

Lincoln County Library
P.O. Box 330
Pioche, Nevada 89043-0330

Mineral County Public Library
P.O. Box 1390
Hawthorne, Nevada 89415

Storey County Clerk
P.O. Drawer D

Nevada Division of Insurance
3300 West Sahara Avenue, Suite 275
Las Vegas, Nevada 89102

Nevada State Business Center
3300 West Sahara Avenue
Las Vegas, Nevada 89102

Grant Sawyer Building
555 East Washington Avenue
Las Vegas, Nevada 89101

Nevada Department of Employment,
Training and Rehabilitation
2800 E. Saint Louis Avenue
Las Vegas, NV 89104

Carson City Library
900 North Roop Street
Carson City, Nevada 89701

Douglas County Library
P.O. Box 337
Minden, Nevada 89423

Esmeralda County Library
P.O. Box 430
Goldfield, Nevada 89013

Humboldt County Library
85 East 5th Street
Winnemucca, Nevada 89445

Las Vegas-Clark County Library District
7060 W. Windmill Lane
Las Vegas, NV 89113

Lyon County Library
20 Nevin Way
Yerington, Nevada 89447

Pershing County Library
P.O. Box 781
Lovelock, Nevada 89419

Tonopah Public Library
P.O. Box 449

Virginia City, Nevada 89440

Tonopah, Nevada 89049

Washoe County/Downtown Reno Library
P.O. Box 2151
Reno, Nevada 89505-2151

White Pine County Library
950 Campton Street
Ely, Nevada 89301

Members of the public who are disabled and require special accommodations or assistance at the workshop are requested to notify the Commissioner's secretary, in writing, no later than five (5) working days before the workshop: 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706, or suebell@doi.nv.gov.

DATED this 3rd day of May, 2018.


BARBARA D. RICHARDSON
Commissioner of Insurance

WORKSHOP AGENDA

The State of Nevada, Department of Business and Industry, Division of Insurance

May 29, 2018 • 1:30 p.m.

Location of Workshop:

Nevada Division of Insurance
1818 E. College Pkwy., 1st Floor Hearing Room
Carson City, NV 89706
(Division Offices located in Suite 103)

Available via Videoconference at:

Nevada Division of Insurance
3300 W. Sahara Ave., 4th Floor Nevada Room
Las Vegas, NV 89102
(Division Offices located in Suite 275)

1. Open Workshop: R064-18.
2. Presentation and Discussion of Proposed Regulation. (For Possible Action)

LCB File No. R064-18. Service Contract Transfer Fees and Emergency Repairs.

A regulation relating to service contracts; requiring the Commissioner of Insurance to receive a status report in certain circumstances; requiring a service contract to include a certain statement regarding the handling of a claim under the service contract; authorizing the imposition of a transfer fee in certain circumstances; and providing other matters properly relating thereto.

3. Public Comment.
4. Close Workshop: R064-18.

5. Adjourn.

Supporting public material for this workshop may be requested from Susan Bell, Legal Secretary, Nevada Division of Insurance, 1818 E. College Parkway, Carson City, Nevada 89706, (775) 687-0704, or suebell@doi.nv.gov.

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. Public comment may be limited to three minutes per speaker.

Members of the public are encouraged to submit written comments for the record.

We are pleased to make reasonable accommodations for attendees with disabilities. Please notify the Commissioner's secretary, in writing, no later than five (5) working days before the workshop: 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706, or suebell@doi.nv.gov.

NOTICES FOR THIS WORKSHOP HAVE BEEN POSTED IN ACCORDANCE WITH NRS 241 AT THE FOLLOWING LOCATIONS:

Nevada Division of Insurance, 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706

Nevada Division of Insurance, 3300 W. Sahara Avenue, Suite 275, Las Vegas, Nevada 89102

Nevada State Business Center, 3300 W. Sahara Avenue, Las Vegas, Nevada 89102

Nevada State Legislative Building, 401 S. Carson Street, Carson City, Nevada 89701

Grant Sawyer State Office Building, 555 E. Washington Avenue, Las Vegas, Nevada 89101

Blasdel State Office Building, 209 E. Musser Street, Carson City, Nevada 89701

Nevada State Capitol, 101 N. Carson Street, Carson City, Nevada 89701

Nevada Dept. of Employment, Training and Rehabilitation, 2800 E. Saint Louis Avenue, Las Vegas, Nevada 89104

The State of Nevada Website (www.nv.gov)

The Nevada State Legislature Website (www.leg.state.nv.us)

The Nevada Division of Insurance Website (www.doi.nv.gov)

**PROPOSED REGULATION OF
THE COMMISSIONER OF INSURANCE**

LCB File No. R064-18

April 27, 2018

EXPLANATION – Matter in *italics* is new; matter in brackets ~~omitted material~~ is material to be omitted.

AUTHORITY: §§1 and 2, NRS 679B.130 and 690C.300.

A REGULATION relating to service contracts; requiring the Commissioner of Insurance to receive a status report in certain circumstances; requiring a service contract to include a certain statement regarding the handling of a claim under the service contract; authorizing the imposition of a transfer fee in certain circumstances; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law authorizes the Commissioner of Insurance to adopt: (1) reasonable regulations for the administration of the Nevada Insurance Code; and (2) such regulations as are necessary to carry out the provisions relating to service contracts. (NRS 679B.130, 690C.300)

Existing regulations require a service contract to: (1) clearly state the procedures for making a claim on the service contract; and (2) for certain service contracts, contain a statement that the provider of the service contract will provide a status report to the holder in certain circumstances. Existing regulations require such a status report to be provided to the holder: (1) not later than 3 calendar days after the report of the claim; and (2) by verifiable means. (NAC 690C.110) **Section 1** of this regulation requires the provider to provide such a status report not later than 3 calendar days after the report of the claim to: (1) the holder by verifiable means; and (2) the Commissioner by electronic mail.

Section 1 additionally requires a service contract to include, for the purposes of clearly stating the procedures for making a claim on the service contract, a statement explaining that the holder may contact the Commissioner if the holder is not satisfied with how the provider is handling the claim on the service contract.

Existing regulations authorize a provider to charge a cancellation fee in certain circumstances if such a fee is provided for in the terms of the service contract. (NAC 690C.120) **Section 2** of this regulation authorizes a provider to impose a transfer fee if: (1) the provider transfers a service contract at the request of the holder; and (2) such a fee is provided for in the terms of the service contract.

Section 1. NAC 690C.110 is hereby amended to read as follows:

690C.110 1. A service contract must clearly state the procedures for making a claim on the contract, including, without limitation:

(a) A toll-free telephone number for claim service.

(b) Procedures for obtaining prior approval of work if such approval is required by the contract.

(c) If the service contract relates to goods that are essential to the health and safety of the holder and the repair of such goods is covered under the terms and conditions of the service contract, procedures for obtaining emergency service on such goods outside of normal business hours, including, without limitation, a statement which provides that if the emergency involves the loss of heating or cooling, loss of plumbing or substantial loss of electrical service and the emergency renders a dwelling unfit for a person to live in because of defects that immediately endanger the health and safety of the occupants of the dwelling:

(1) Repairs will commence within 24 hours after the report of the claim and will be completed as soon as reasonably practicable thereafter; and

(2) If the provider determines that repairs cannot practicably be completed within 3 calendar days after the report of the claim, the provider will provide a status report to the holder *and to the Commissioner* as described in subsection 2.

(d) A statement that if the holder is not satisfied with the manner in which the provider is handling the claim on the contract, the holder may contact the Commissioner by use of the toll-free telephone number of the Division. The statement must include the current toll-free telephone number of the Division which can be obtained from the Internet website of the Division.

2. A status report must:

(a) Be provided *to the holder by verifiable means* not later than 3 calendar days after the report of the claim;

(b) Be provided ~~{by verifiable means;}~~ *to the Commissioner by electronic mail not later than 3 calendar days after the report of the claim;* and

(c) Include, without limitation:

(1) A list of the required repairs or services;

(2) The primary reason causing the required repairs or services to extend beyond the 3-day period set forth in subparagraph (2) of paragraph (c) of subsection 1, including, without limitation, the status of any parts required for the repairs or services;

(3) The current estimated time to complete the repairs or services; and

(4) Contact information for the holder *and the Commissioner* to make additional inquiries concerning any aspect of the claim and a commitment by the provider to respond to such inquiries not later than 1 business day after such an inquiry is made.

3. If any preexisting conditions are excluded from coverage, the service contract must state the basis upon which service may be denied for such preexisting conditions.

4. As used in this section, “verifiable means” includes, without limitation, communication given by ~~{facsimile}~~ :

(a) *Facsimile* transmission ~~{, electronic}~~ ;

(b) *Electronic* mail ~~{, mail, telephone}~~ ;

(c) *Telephone*, if there is an auditable record of the communication by telephone ; ~~{}~~ or ~~{by any}~~

(d) Any similar mode of communication that is appropriate given the course of dealing between the provider and the holder.

Sec. 2. NAC 690C.120 is hereby amended to read as follows:

690C.120 1. Except as otherwise provided in this subsection, if a provider cancels a service contract pursuant to NRS 690C.270, the provider shall refund to the holder the portion of the purchase price that is unearned by the provider. The provider may deduct any outstanding balance on the account of the holder from the amount of the purchase price that is unearned by the provider when calculating the amount of the refund. A provider who cancels a contract pursuant to NRS 690C.270 may not impose a cancellation fee.

2. Except as otherwise provided in this section, if a holder who is the original purchaser of a service contract submits to the provider a request in writing to cancel the service contract in accordance with the terms of the contract, the provider shall refund to the holder the portion of the purchase price that is unearned by the provider.

3. If a holder requests the cancellation of a service contract pursuant to subsection 2, the provider may impose a reasonable cancellation fee if such a fee is provided for in the terms of the service contract.

4. *If the provider transfers a service contract at the request of the holder, the provider may impose a reasonable transfer fee if such a fee is provided for in the terms of the service contract.*

5. When calculating the amount of a refund pursuant to subsection 2, the provider may deduct from the portion of the purchase price that is unearned by the provider:

- (a) Any outstanding balance on the account of the holder; and
- (b) Any cancellation fee imposed pursuant to this section.

~~{5.}~~ 6. Except as otherwise provided in this subsection, if the purchase price of a service contract is financed and the loan has not been paid in full by the holder, the provider may provide a refund to the holder pursuant to this section or NRS 690C.250 by sending the refund to the lender. The amount of refund that may be sent to the lender must not exceed the holder's outstanding balance on the loan.

~~{6. — As used in this section, “holder” has the meaning ascribed to it in NRS 690C.060.}~~

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

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

Service Contract Transfer Fees And Emergency Repairs

A REGULATION relating to standards applicable to service contract providers and service contracts. This proposed regulation amends NAC 690C.110, which sets standards applicable to 24-hour emergency repair requirements that are not currently being met by all service contract providers. It also amends NAC 690C.120, which sets standards applicable to cancellation of service contracts, to include that service contract providers may charge a reasonable transfer fee when contract holders are changed.

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

1. BACKGROUND.

NAC 690C.110 requires service contract providers to adhere to certain timelines related to emergency repairs for the health and safety of Nevada consumers. It has come to the Division's attention that in some instances the 24-hour repair requirements are not being met by certain providers. Furthermore, it is important to raise public awareness that the Division of Insurance is the regulatory authority over service contracts. The proposed changes will strengthen public protections.

NRS 690C.260 requires that if there are restrictions to cancelling or transferring a service contract, the terms must be set forth in the contract. NAC 690C.120, adopted January 27, 2000, establishes standards applicable to service contract providers charging a cancellation fee. The Division has recently observed increasing transfer fees in service contracts. The proposed change to NAC 690C.120 will provide clarification by formalizing the Division's practice of reviewing transfer fees, to ensure that fees are reasonable and within industry standards.

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

A solicitation of this regulation was not made with small businesses, as none of the proposed changes in this regulation impact small business in Nevada. The Division relied upon the expertise and experience of Division staff. The changes proposed in this regulation will only impact service contract providers, strengthen consumer protections, and will pose only a small change to 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).

This proposed regulation was analyzed and discussed by the Property and Casualty Section of the Nevada Division of Insurance. This regulation merely formalizes the Division's existing review practice for reasonableness regarding cancellation fees and applies similar industry standards to service contract transfer fees. Further, it requires the emergency repair report that is sent to the holder to also be sent to the Commissioner. Finally, it requires that each contract contain information to make the holder aware that the Division can be contacted if the holder has claims handling concerns.

I, BARBARA D. RICHARDSON, Commissioner of Insurance for the State of Nevada, hereby certify 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.0608(3))

3/28/18
(DATE)


BARBARA D. RICHARDSON
Commissioner of Insurance

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

Service Contract Transfer Fees And Emergency Repairs

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

A solicitation of this regulation was not made with small businesses, as none of the proposed changes in this regulation impact small business in Nevada. The Division relied upon the expertise and experience of Division staff. The changes proposed in this regulation will only impact service contract providers by requiring the provision of consistent, reasonable transfer fees within industry standards, by requiring specific language on each contract, and by requiring that an emergency repairs report sent to the holder to be also sent to the Commissioner.

Other interested parties may receive a copy of this summary by contacting Susan Bell, Legal Secretary, Nevada Division of Insurance, at (775) 687-0704 or suebell@doi.nv.gov.

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

This regulation was reviewed and discussed by the Property and Casualty Section of the Nevada Division of Insurance. The experience and expertise of the section members was used to analyze the proposed language of the regulation, and they determined that no impact on small businesses would be made by these changes.

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

The proposed regulation will provide no economic impact to the small businesses in the state of Nevada.

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

No methods were considered to reduce the impact upon small businesses, as there is no direct or significant impact to be considered.

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

None.

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

No new fees are being added.

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

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

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

The Division relied upon the expertise and experience of Division staff. This proposed regulation will not impact Nevada's small businesses. The changes proposed in this regulation will only impact service contract providers, strengthen consumer protections, and will pose only a small change from existing practices. The results of the proposed new requirements will not impact other Nevada small businesses.

I, BARBARA D. RICHARDSON, Commissioner of Insurance for the State of Nevada, hereby certify 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))

3/28/18
(DATE)


BARBARA D. RICHARDSON
Commissioner of Insurance