

STATE OF NEVADA

JOE LOMBARDO
Governor

DR. KRISTOPHER SANCHEZ
Director



SCOTT J. KIPPER
Commissioner

DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

ANNUAL REPORT ON THE
NEVADA SERVICE CONTRACT INDUSTRY

In accordance with the requirements in Senate Bill 436 of the 2023 Legislative Session, the Commissioner of Insurance hereby submits this Annual Report on the Nevada Service Contract Industry to the Joint Interim Standing Committee on Commerce and Labor.

A. Overview

On September 18, 2023, the Nevada Division of Insurance (“Division”) issued to all registered providers a notice of the Division’s efforts to collect data (“data call”) to comply with S.B. 436. The Division set a submission deadline of November 30, 2023. The Division decided to start by collecting 2022 data once the bill became effective (Oct. 1, 2023) to gauge registered provider compliance and determine data quality. Three additional reminder emails were sent to registered providers. Despite these notices, 29 providers submitted data after the deadline.

The Division enforced data collection on the noncompliant providers through an Order to Compel by the Commissioner, administrative discipline, and monetary fines.

B. Number of Service Contracts Sold by Providers, by County

In 2022, service contract providers reported 8,560,485 contracts sold throughout Nevada. (Ex. 1.)

Exhibit 1

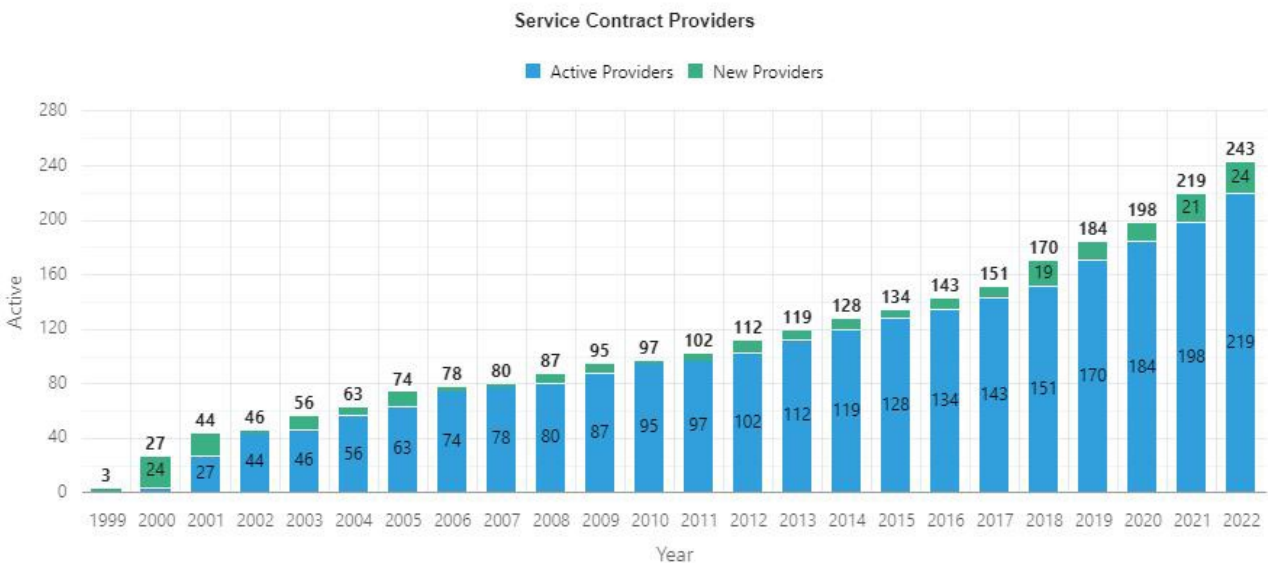
County	Contracts by County	Percent of Contracts by County
Carson City	190,122	2.22%
Churchill	120,325	1.40%
Clark	5,499,434	64.09%
Douglas	135,087	1.57%
Elko	182,343	2.13%
Esmeralda	16,251	< 1%
Eureka	7,531	< 1%
Humboldt	93,033	1.08%
Lander	33,320	< 1%
Lincoln	37,362	< 1%
Lyon	260,635	3.04%
Mineral	21,426	< 1%
Nye	138,467	1.61%
Pershing	16,746	< 1%
Storey	5,448	< 1%
Washoe	1,251,315	14.58%
White Pine	39,177	< 1%
Other*	512,463	6.1%
Total	8,560,485	100%

*Totals for the "Other" category represent service contracts that were sold to Nevada consumers without collecting address information.

C. Number of Providers Doing Business in Nevada

In 2022, the Division's records indicate 243 registered providers in Nevada. (Ex. 2.)

Exhibit 2



D. Number of Providers, by Type of Service Contract Provided

Service contracts fall into eight general categories of contract types. (Ex. 3.) Coverages, terms, and conditions are specified in each contract, and will differ from one service contract to another.

1. **Furniture/Jewelry**—contracts cover furniture and wearable jewelry.
2. **Home**—contracts cover appliances that are essential to the health and safety of consumers, such as heaters, air conditioning, dishwashers, hot water heaters and plumbing.
3. **Auto**—contracts cover vehicles, vehicle maintenance and repair from failures because of defects in materials, workmanship, or normal wear and tear, including towing, rental, and emergency road service.
4. **Consumer Electronics**—contracts cover portable electronics, TVs, phones, tablets, laptops, and headphones.
5. **Consumer Goods, Electronics, and Appliances**—contracts cover miscellaneous consumer goods, electronics, and appliances.
6. **Eyewear**—contracts cover glasses, frames, and lenses.
7. **Firearms**—contracts cover firearms.
8. **Unspecified Consumer Goods**—contracts that cover other consumer goods such as sporting goods.

Exhibit 3

Service Contract Type	Number of Service Contracts	Number of Providers by Type
Furniture/Jewelry	82,981	16
Home	161,348	41
Auto	850,663	112
Consumer Electronics	4,079,359	9
Consumer Goods, Electronics and Appliances	401,014	7
Eyewear	9,237	1
Firearms	3,458	1
Unspecified Consumer Goods	2,972,425	23
Total	8,560,485	210*

**Companies that reported 0 sales did not provide the types of contracts sold.*

E. Number of Complaints by Type of Complaint and Resolution Information

In 2022, the Division received 594 consumer complaints related to service contracts. (Ex. 4.)

Exhibit 4

Type of Complaint	Division Complaints Received Number of Complaints by Type	Resolutions
Claims Handling	1	Claim Re-opened
Policyholder Service	1	Claim Settled
Claims Handling	85	Claim Settled
Claims Handling	12	Company Position Overturned
Marketing & Sales	1	Company Position Upheld
Policyholder Service	7	Company Position Upheld
Claims Handling	86	Company Position Upheld
Claims Handling	7	Complaint Withdrawn
Policyholder Service	1	Complaint Withdrawn
Claims Handling	189	Compromised Settlement/Resolution
Marketing & Sales	1	Compromised Settlement/Resolution
Policyholder Service	18	Compromised Settlement/Resolution
Claims Handling	34	Contract Provision
Policyholder Service	1	Insufficient Information
Policyholder Service	13	No Further Action Required
Claims Handling	105	No Further Action Required
Marketing & Sales	1	No Jurisdiction
Claims Handling	6	No Jurisdiction
Policyholder Service	1	No Jurisdiction
Marketing & Sales	10	Referred for Disciplinary Action
Policyholder Service	3	Referred for Disciplinary Action
Claims Handling	10	Referred for Disciplinary Action
Claims Handling	1	State Specific
Total	594	

Resolution Key

Type of Resolution	Description
Claim Re-opened	Used when new information is provided that requires further investigation from Consumer Services.
Claim Settled	Used when a monetary settlement is offered to complainant in the natural course of the claim process.
Company Position Overturned	Used when a denial, cancellation or some other determination is overturned by DOI intervention.
Company Position Upheld	Used when a denial, cancellation or some other determination is found to be justified by NRS and/or policy language.
Complaint Withdrawn	Used when the complainant has requested the complaint be withdrawn or the complainant cannot be contacted to resolve the complaint.
Compromised Settlement/Resolution	Used when the DOI succeeds in assisting the consumer reach their desired monetary resolution.
Contract Provision	Used when the policy language justifies the Company position being upheld.
Insufficient Information	Used when the complaint as written is incomplete or does not clearly identify the complainant's problem and/or the complainant cannot be reached for clarification.
No Further Action Required	Used when a claim or an inquiry is resolved but does not fall within the other categories.
No Jurisdiction	Used when Nevada DOI cannot exercise authority in the matter to make decisions over the case.
Referred for Disciplinary Action	Used when a complaint is sent to Enforcement for administrative fines.
State Specific	Used when all other disposition codes are inappropriate for the circumstances.

F. Other Matters Relating to the Service Contract Industry in Nevada

1. Gross Revenue

The total sum of revenue received by service contract providers on behalf of Nevada residents in 2022 was \$689,403,027.

2. Claims Paid

The total sum of claims paid by service contract providers on behalf of Nevada residents in 2022 was \$175,583,111.

3. Complaints Reported to Service Contract Providers

The number of complaints received reported by all service contract providers combined in 2022 was 4,653.