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**COMPLIANCE WITH REGULATION CONCERNING EMERGENCY REPAIRS UNDER A
SERVICE CONTRACT and ANNUAL REPORT TO LEGISLATURE**

The Division of Insurance (“Division”) has recently observed numerous inconsistencies and noncompliance in reporting by Service Contract Providers licensed and doing business in Nevada who are required to provide status reports to both Nevada consumers and the Division in respect to emergency repairs. In the event that emergency repairs are deemed essential to the health and safety of the service contract holder and render the dwelling unfit to live in because of defects that endanger the health and safety of the occupants, all service contract providers must adhere to the requirements set forth in Nevada Administrative Code 690C.110.

Pursuant to Nevada Revised Statute (NRS) 690C.070, a “Provider” is defined as a person who is obligated to a holder pursuant to the terms of a service contract to repair, replace or perform maintenance on, or to indemnify the holder for the costs of repairing, replacing or performing maintenance on, goods.

NRS 690C.080 defines a “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, including, 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; and

(b) A contract that provides for the repair, replacement or maintenance of goods for damages that result from power surges or accidental damage from handling.

The Division is providing notice to all service contract providers regarding the requirements of NAC 690C.110:

- Repairs must commence within 24 hours after the report of the claim and be completed as soon as reasonably practicable thereafter.
- If repairs cannot be completed within three calendar days, **the service contract provider is required to provide a status report to the service contract holder and the Commissioner**, and include:
 - A list of required repairs or services;
 - The reason that causes the repairs or services to extend beyond three calendar days, including, without limitation, the status of any parts required for the repairs or services;
 - The estimated time to complete the repairs or services; and
 - Contact information for the service contract holder and the Commissioner to make additional inquiries concerning any aspect of the claim and a commitment by the service contract provider to respond to the inquiry no later than one business day after the inquiry.

The 2023 Nevada legislature addressed the issue of service contract providers and emergency repairs. Senate Bill 436 requires the Division to annually report on operations of service contract providers to the legislature. Therefore, the Division will require all service contract providers to submit operational information to the Division prior to the end of the calendar year. Ample notice will be given to service contract providers via an electronic communication outlining the details of the required data and submission deadline.

Providers may avoid possible repercussions for noncompliance which include financial penalties as well as suspension, limitation, or revocation of provider's certificate to operate in Nevada by adhering to the current regulation on emergency repair. The Division takes the protection of consumers seriously as should all providers, especially in the event of an emergency when Nevada consumers rely on the contractual obligations of the provider for assistance.

As a reminder, the Commissioner has the authority to inspect the records of any service contract provider at any time.

NRS 690C.310 Retention of records by provider.

1. A provider shall maintain records of the transactions governed by this chapter. The records of a provider must include:
 - (a) A copy of each type of service contract that the provider issues, sells or offers for sale;
 - (b) The name and address of each holder who possesses a service contract under which the provider has a duty to perform, to the extent that the provider knows the name and address of each holder;
 - (c) A list that includes each location where the provider issues, sells or offers for sale service contracts; and
 - (d) The date and a description of each claim made by a holder under a service contract.
2. Except as otherwise provided in this subsection, a provider shall retain all records relating to a service contract for at least 1 year after the contract has expired. A provider who intends to discontinue doing business in this state shall provide the Commissioner with satisfactory proof that the provider has discharged his or her duties to the holders in this state and shall not destroy his or her records without the prior approval of the Commissioner.

3. The records required to be maintained pursuant to this section may be stored on a computer disc or other storage device for a computer from which the records can be readily printed.

(Added to NRS by [1999, 3341](#))

NRS 690C.320 Examinations by Commissioner.

1. Except as otherwise provided in this subsection, the Commissioner may conduct examinations to enforce the provisions of this chapter pursuant to the provisions of [NRS 679B.230](#) to [679B.300](#), inclusive, at such times as the Commissioner deems necessary. The Commissioner is not required to comply with the requirement in [NRS 679B.230](#) that insurers be examined not less frequently than every 5 years in the enforcement of this chapter.

2. A provider shall, upon the request of the Commissioner, make available to the Commissioner for inspection any accounts, books and records concerning any service contract issued, sold or offered for sale by the provider which are reasonably necessary to enable the Commissioner to determine whether the provider is in compliance with the provisions of this chapter.

(Added to NRS by [1999, 3341](#))

NRS 690C.325 Suspension, limitation, revocation or refusal to renew certificate of registration: Grounds; administrative fine; immediate suspension.

1. The Commissioner may refuse to renew or may suspend, limit or revoke a provider's certificate of registration if the Commissioner finds after a hearing thereon, or upon waiver of hearing by the provider, that the provider has:

- (a) Violated or failed to comply with any lawful order of the Commissioner;
- (b) Conducted business in an unsuitable manner;
- (c) Willfully violated or willfully failed to comply with any lawful regulation of the Commissioner; or
- (d) Violated any provision of this chapter.

↳ In lieu of such a suspension or revocation, the Commissioner may levy upon the provider, and the provider shall pay forthwith, an administrative fine of not more than \$1,000 for each act or violation.

2. The Commissioner shall suspend or revoke a provider's certificate of registration on any of the following grounds if the Commissioner finds after a hearing thereon that the provider:

(a) Is in unsound condition, is being fraudulently conducted, or is in such a condition or is using such methods and practices in the conduct of its business as to render its further transaction of service contracts in this State currently or prospectively injurious to service contract holders or to the public.

(b) Refuses to be examined, or its directors, officers, employees or representatives refuse to submit to examination relative to its affairs, or to produce its books, papers, records, contracts, correspondence or other documents for examination by the Commissioner when required, or refuse to perform any legal obligation relative to the examination.

(c) Has failed to pay any final judgment rendered against it in this State upon any policy, bond, recognizance or undertaking as issued or guaranteed by it, within 30 days after the judgment became final or within 30 days after dismissal of an appeal before final determination, whichever date is the later.

3. The Commissioner may, without advance notice or a hearing thereon, immediately suspend the certificate of registration of any provider that has filed for bankruptcy or otherwise been deemed insolvent.

(Added to NRS by [2011, 3385](#))

NRS 690C.330 Civil penalty for violation of chapter or order or regulation of Commissioner. A person who violates any provision of this chapter or an order or regulation of the Commissioner issued or adopted pursuant thereto may be assessed a civil penalty by the Commissioner of not more than \$500 for each act or violation, not to exceed an aggregate amount of \$10,000 for violations of a similar nature. For the purposes of this section, violations shall be deemed to be of a similar nature if the violations consist of the same or similar conduct, regardless of the number of times the conduct occurred.

(Added to NRS by [1999, 3341](#))



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