

**LEGISLATIVE REVIEW OF ADOPTED REGULATIONS
INFORMATIONAL STATEMENT AS REQUIRED BY NRS 233B.066**

LCB FILE NO. R102-22

The following statement is submitted by the State of Nevada, Department of Business and Industry, Division of Insurance (“Division”) for adopted amendments to Nevada Administrative Code (“NAC”) Chapter(s) 690C.

1. A clear and concise explanation of the need for the adopted regulation.

NAC 690C.110 requires Service Contract Providers (“SCPs”) who cover goods that are essential to the health and safety of the holder, such as heating and air conditioning, to report to the contract holder and to the Commissioner within 3 calendar days of the report of a claim when emergency repairs cannot be practicably completed. Currently, these reports are required to be submitted to the Commissioner by electronic mail. The purpose of this regulation is to allow the Commissioner to specify other electronic means of transmission. This will allow the Division of Insurance (“Division”) to have SCPs submit these reports in the same manner they currently submit service contract form filings, ensuring these reports are managed within the same system, eliminating manual staff processing, and providing ease of handling and search capabilities. Not naming the specific electronic system in the regulation will allow the Division to change to a new system if the method for processing form filings changes in the future.

2. A description of how public comment was solicited, a summary of public response, and an explanation of how other interested persons may obtain a copy of the summary.

- (a) A description of how public comment was solicited:

Public comment was solicited by emailing the proposed regulation, notice of workshop, notice of intent to act upon the regulation, and small business impact statement to persons on the Division’s mailing list requesting notification of proposed regulations. The documents were also made available on the website of the Division, <http://doi.nv.gov/>, the website of the Nevada Legislature, <http://www.leg.state.nv.us>, and the Nevada Public Notice website, <http://www.notice.ng.gov>. The documents were also emailed, or mailed where no email address was available, to the main library for each county in Nevada.

Public comment was also solicited at the workshop held on November 3, 2022, and at the hearing held on November 29, 2022. The public workshop and hearing took place virtually via Webex.

- (b) A summary of the public response:

A letter was provided to the Division from Travis Moore, of the Service Contract Industry Council and Pierce Haley of the National Home Service Contract Association. The letter indicates that home service contracts are not emergency service contracts and that the processes contained in NAC 690C.110 places a burden on Nevada home service contract companies, creates the illusion to consumers that emergency services are provided, and that no other state has the “emergency

service” framework as stringent as Nevada. The letter states they have two primary concerns with this proposed rule change. The conditions necessitating status reports are not consistent with the nature of home service contracts and therefore result in excessive reporting volumes. Second, it is important that whatever electronic method is adopted not substantially increase the cost of compliance through submission fees.

During testimony during the November 29, 2022 hearing, Mr. Travis Moore reiterated many of the thoughts contained in their written testimony; that the industry would like to work with the Division to have the requirements of NAC 690C.110 modified in a future regulation to make it work better both for the consumers and the service contract providers. Mr. Moore indicated that NAC 690C.110 has been in effect for over 10 years and that it makes sense to take a fresh look at some potential alternative approaches. Mr. Moore did not express any opposition to the actual language contained in R102-22 but stressed that any new method of reporting selected by the Division needs to be simple for SCPs to use and to not place an unfair burden regarding costs of reporting on the SCPs. He looks forward to continuing to work with the Division as decisions regarding alternate reporting methods are considered.

(c) An explanation of how other interested persons may obtain a copy of the summary:

The summary in part 2(b) above reflects the public comments and testimony that transpired with regard to regulation R102-22. A copy of said summary may be obtained by e-mail request to regs@doi.nv.gov.

3. The number of persons who:

- (a) Attended the hearing: 10
- (b) Testified at the hearing: 2
- (c) Submitted to the agency written statements: 1

4. A list of names and contact information, including telephone number, business address, business telephone number, electronic mail address, and name of entity or organization represented, for each person identified above in #3 (b) and (c), as provided to the agency:

Testified at the hearing:

| Name | Entity/Organization Represented | Business Address | Telephone No./ Business Telephone No. | E-Mail Address |
|--------------|--|---|--|--|
| Nick Stosic | Nevada Division of Insurance | 1818 E. College Parkway, Suite 103 Carson City, NV 89706 | 775-687-0783 | nstosic@doi.nv.gov |
| Travis Moore | Service Contract Industry Council | | 913-634-8001 | travis@ppami.com |

Submitted to the agency written statements:

| Name | Entity/Organization Represented | Business Address | Telephone No./ Business Telephone No. | E-Mail Address |
|-----------------------------|--|------------------|---------------------------------------|--|
| Travis Moore & Pierce Haley | Service Contract Industry Council and National Home Service Contract Association | | TM 913-634-8001 PH 617-413-8823 | travis@ppami.com phaley@serlinhaley.com |

5. A description of how comments were solicited from affected businesses, a summary of their responses, and an explanation of how other interested persons may obtain a copy of the summary.

(a) A description of how comments were solicited from affected businesses:

Comments were solicited from affected businesses in the same manner as they were solicited from the public. Please see the description provided above in response to #2(a).

(b) A summary of the responses from affected businesses:

Please see the responses, which are contained in section 2.(b).

(c) An explanation of how other interested persons may obtain a copy of the summary:

The summary in part 5(b) above reflects the public comments and testimony that transpired with regard to regulation R102-22. A copy of said summary may be obtained by e-mail request to regs@doi.nv.gov.

6. If, after consideration of public comments, the regulation was adopted without changing any part of the proposed regulation, provide a summary of the reasons for adopting the regulation without change.

The purpose of this regulation relates to the ability of the Commissioner of Insurance to change the method of reporting of emergency claims, as required under NAC 690C.110, from the current “by electronic mail” to “using the electronic means prescribed by the Commissioner.” The comments provided by industry regarding this regulation are primarily related to the industry not liking the reporting requirements in NAC 690C.110 and are not directly related to the change in this regulation.

The industry has requested that whatever electronic means is adopted to not substantially increase the cost of compliance, which the Division of Insurance agrees with. The current language of the regulation adequately addresses the concerns provided by industry, and gives the Division the flexibility to select a reporting method that allows the Division, as a regulatory agency, to collect information in a more efficient manner, which can also be changed over time as technology changes.

7. (a) The estimated economic effect of the adopted regulation on the business which it is to regulate:

- (1) Both adverse and beneficial effects:
 - i. Beneficial: There is no beneficial impact expected from this regulation.
 - ii. Adverse: There is no adverse effect expected from this regulation.
- (2) Both immediate and long-term effects:
 - i. Immediate: There are no immediate impacts expected from this regulation.
 - ii. Long-Term: There are no long-term economic impacts expected from this regulation.

(b) The estimated economic effect of the adopted regulation on the public:

- (1) Both adverse and beneficial effects:
 - i. Beneficial: This regulation does not create an economic impact on the public.
 - ii. Adverse: This regulation does not create an economic impact on the public.
- (2) Both immediate and long-term effects:
 - i. Immediate: This regulation does not create an economic impact on the public.
 - ii. Long-Term: This regulation does not create an economic impact on the public.

8. The estimated cost to the agency for enforcement of the adopted regulation.

This regulation will not create any additional enforcement costs to the Division.

9. A description of any regulations of other state or government 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, the name of the regulating federal agency.

There are no other state or government agency regulations that duplicate or overlap with this regulation.

10. If the regulation includes provisions that are more stringent than a federal regulation which regulates the same activity, a summary of those provisions.

This regulation does not include any provisions that are included in federal law.

11. If the regulation establishes a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

This regulation does not create a new fee or increase an existing fee.