

**ADOPTED REGULATION OF THE  
COMMISSIONER OF INSURANCE**

**LCB File No. R067-07**

Effective April 17, 2008

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

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

A REGULATION relating to insurance; revising provisions concerning the information required to be included in a service contract; and providing other matters properly relating thereto.

**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 ~~[or any other condition which]~~ *and the emergency* renders a dwelling ~~[uninhabitable, repairs]~~ *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 [H] 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 as described in subsection 2.*

*2. A status report must:*

*(a) Be provided not later than 3 calendar days after the report of the claim;*

*(b) Be provided by verifiable means; 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 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 transmission, electronic mail, mail, telephone, if there is an auditable record of the communication by telephone, or by any similar mode of communication that is appropriate given the course of dealing between the provider and the holder.*

**NOTICE OF ADOPTION OF PROPOSED REGULATION**  
**LCB File No. R067-07**

The Commissioner of Insurance adopted regulations assigned LCB File No. R067-07 which pertain to chapter 690C of the Nevada Administrative Code.

**INFORMATIONAL STATEMENT**

Two workshops were held, the first on September 18, 2007, and the second on December 17, 2007, followed by a hearing on December 19, 2007, at the offices of the Department of Business and Industry, Division of Insurance (“Division”), 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, with a simultaneous video-conference of the workshops and the hearing conducted at the Bradley Building, 2501 E. Sahara Avenue, Real Estate Division Conference Room, 2<sup>nd</sup> Floor, Las Vegas, Nevada 89104. The workshops and hearing concerned regulation of emergency repairs under the provisions of a service contract. The December 17, 2007 workshop was a continuation of an earlier workshop held on September 18, 2007. Deputy Commissioner Pamela Mackay was the Hearing Officer for the September 18, 2007 workshop. Commissioner Alice A. Molasky-Arman was the Hearing Officer for the December 17, 2007 workshop and the December 19, 2007 hearing.

Public comment was solicited by posting notice of the hearing in the following public locations: the Division’s Carson City and Las Vegas offices, Carson City Courthouse, Office of the Attorney General, the Donald W. Reynolds Press Center, Capitol Building Lobby, Capitol Building Press Room, Blasdel Building, Legislative Counsel Bureau, Nevada State Library, Carson City Library, Churchill County Library, Clark County District Library, Douglas County Library, Elko County Library, Esmeralda County Library, Eureka Branch Library, Humboldt County Library, Lander County Library, Lincoln County Library, Lyon County Library, Mineral County Library, Pershing County Library, Storey County Library, Tonopah Public Library, Washoe County Library, and White Pine County Library.

The Division maintains a general list of interested parties, comprised mainly of insurance companies, agencies and other persons regulated by the Division. These persons were also notified of the hearing and that copies of the regulation could be obtained from or examined at the offices of the Division in Carson City.

At the workshop held September 18, 2007, a subgroup was formed to work with Division staff to further develop language for the proposed regulation. Subgroup members were James Wadhams, Esq. and Shirley Kerns, representing the Service Contract Industry Council; Art Chartrand, representing the National Home Service Contract Association; Kent Lashley of American Home Shield; and Jesse Wadhams. As a result of the work of Division staff and the subgroup, a proposed regulation was presented at the workshop held on December 17, 2007. At the December 17, 2007 workshop, two written comments and two oral comments were received. Due to the additional proposed language changes, Division staff was directed to again have the Legislative Counsel Bureau (“LCB”) review the proposed regulation before the hearing. The hearing was held on December 19, 2007, and was attended by one interested party in Carson

City. Elena Ahrens, Assistant Chief of the Property and Casualty Section of the Division, presented the proposed regulation, including two recommended amendments thereto. Oral comments were received from James Wadhams, Esq. of Jones Vargas, representing the Service Contract Industry Council.

Ms. Ahrens explained she was proposing two additional amendments to the proposed regulation as a result of the review conducted by LCB. The first proposed amendment was as follows: In paragraph (c) of subsection 1 of section 1, the meaning of “verifiable means” be changed to read: “ ‘Verifiable means’ may be by fax, email, letter, telephone call with an auditable record or similar mode indicated appropriate by the course of dealing with the holder.” The second proposed amendment was as follows: In subsection 3 of section 1, the definition of “uninhabitable” be changed to read: “As used in this section, “uninhabitable” means unfit for a person to live in due to defects that endanger the health and safety of occupants.” Mr. Wadhams requested that the word “imminent” be inserted after the word “that” and before the word “endanger.” However, after further discussion, it was agreed that the word “immediately” would be inserted instead.

Considering the comments at the hearing, the proposed regulation was amended, as described above, and adopted.

The economic effects of the regulation are as follows:

(a) On the business it regulates:

Service contract providers will be responsible for implementing new procedures that address the requirement of giving a “status update” to the contract holder as specified in the regulation in an emergency situation. The impact should be minimal.

(b) On the public:

Service contract holders will be better protected with immediate repair in emergency situations. If repairs cannot be completed within the first few days, the holder will be informed of the reason for the delay, the estimated completion date and be provided with contact information with a guarantee of a quick return response from the provider all with an auditable trail.

The Division does not anticipate an additional cost for enforcing the regulation. The Division is not aware of any overlap or duplication of the regulation with any state, local or federal regulation.