

**NOTICE OF INTENT TO ACT UPON REGULATION
AND
HEARING AGENDA**

Notice of Hearing for the Adoption, Amendment or Repeal of Regulations of
The Department of Business and Industry, Division of Insurance

The State of Nevada, Department of Business and Industry, Division of Insurance (“Division”), (775) 687-0700, will hold a public hearing at **9:30 a.m., on June 11, 2018**, in the 1st Floor Hearing Room, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706. Interested persons may also participate through a simultaneous videoconference conducted in the 4th Floor Nevada Room at the Nevada State Business Center/Division of Insurance, 3300 West Sahara Avenue, Suite 275, Las Vegas, Nevada 89102. The purpose of the hearing is to receive comments from all interested persons regarding the adoption, amendment or repeal of regulations pertaining to chapter(s) 690C of the Nevada Administrative Code (“NAC”).

The following information is provided pursuant to the requirements of Nevada Revised Statutes (“NRS”) 233B.0603 and the directives of the Governor:

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.

- (1) Why is the regulation necessary and what is its purpose?

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.

The proposed regulation is also needed to address claims handling for emergency repairs, transfer fees, and consumer awareness.

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) What are the terms or substance of the proposed regulation?

Section 1 of the proposed regulation amends NAC 690C.110 to require that certain language be added to each contract. The language would notify the contract holder that the holder may contact the Division of Insurance if the holder is not satisfied with the claims handling. It further requires the provider to submit a report relating to emergency repairs to the Commissioner. This report is currently required to be submitted by the provider to the holder only.

Section 2 of the proposed regulation amends NAC 690C.120 to specify that a service contract provider may charge a reasonable transfer fee if such fee is provided for in the terms of the contract.

(3) What is the anticipated impact of the regulation on the problem(s)?

Nevada consumers may not be aware that service contracts are regulated by the Division of Insurance. They may also not be aware of the existing requirement of a 24-hour initiation for emergency claims, for health and safety purposes. The proposed change in Section 1 will raise public awareness and require the provider to submit non-compliance reports to the Commissioner.

Transfer fees can vary substantially between service contracts. Clarifying that service contract transfer fees must be reasonable ensures that consumers will experience reasonable transfer fees within industry standards.

(4) Do other regulations address the same problem(s)? *No.*

(5) Are alternate forms of regulation sufficient to address the problem(s)? *No.*

(6) What value does the regulation have to the public?

a. *Consumers will be made aware that they have recourse for their claims handling concerns by contacting the Division.*

b. *The Division will be able to collect data related to providers not meeting the established requirements for emergency repairs, and eventually determine if there is a concern with a given provider's claims handling practices.*

c. *Consumers will be protected from unreasonable fees when a service contract is transferred from a current contract holder to a new contract holder.*

(7) What is the anticipated economic benefit of the regulation?

a. Public

1. *Immediate: Raising public awareness of the ability to contact the Division with any claims-related concerns; protection from unreasonable fees when transferring a service contract.*

2. *Long Term: Raising public awareness of the ability to contact the Division with any claims-related concerns; protection from unreasonable fees*

when transferring a service contract.

- b. Insurance Business
 - 1. Immediate: *None.*
 - 2. Long Term: *None.*
- c. Small Businesses
 - 1. Immediate: *None.*
 - 2. Long Term: *None.*
- d. Small Communities
 - 1. Immediate: *None.*
 - 2. Long Term: *None.*
- e. Government Entities
 - 1. Immediate: *None.*
 - 2. Long Term: *None.*

(8) What is the anticipated adverse impact, if any?

- a. Public
 - 1. Immediate: *None.*
 - 2. Long Term: *None.*
- b. Insurance Business
 - 1. Immediate: *Service contract filings will be reviewed for compliance with mandated language, and for reasonable transfer fees, adding minimal time to filing review.*
 - 2. Long Term: *None.*
- c. Small Businesses
 - 1. Immediate: *None.*
 - 2. Long Term: *None.*
- d. Small Communities
 - 1. Immediate: *None.*
 - 2. Long Term: *None.*
- e. Government Entities
 - 1. Immediate: *None.*
 - 2. Long Term: *None.*

(9) What is the anticipated cost of the regulation, both direct and indirect?

- a. Enactment: *None.*
- b. Enforcement: *None.*
- c. Compliance: *None.*

(10) Does the regulation establish a new fee or increase an existing fee? *There are no new fees or increases to existing fees.*

(11) Provide a statement which identifies the methods used by the agency in determining the impact of the proposed regulation on a small business, prepared pursuant to subsection 3 of NRS 233B.0608. *See attached Small Business Impact Statement.*

(12) Provide a description of any regulations of other state or local governmental 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, state the name of the regulating federal agency. *No overlap or duplication.*

(13) If the regulation is required pursuant to federal law, provide a citation and description of the federal law. *The regulation is not required pursuant to federal law.*

(14) If the regulation includes provisions which are more stringent than a federal regulation that regulates the same activity, provide a summary of such provisions. *None identified.*

Persons wishing to comment upon the proposed actions of the Division may appear at the scheduled public hearing or may address their comments, data, views or arguments, in written form, to the Division, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706. **Written submissions must be received by the Division on or before May 22, 2018.** If no person who is directly affected by the proposed action appears to request time to make an oral presentation, the Division may proceed immediately to act upon any written submissions.

A copy of this notice and the regulation to be adopted, amended or repealed will be on file at the State Library, 100 North Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the regulation will be available at the offices of the Division, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706, and 3300 West Sahara Avenue, Suite 275, Las Vegas, Nevada 89102, and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. This notice and the text of the proposed regulation are also available in the State of Nevada Register of Administrative Regulations, which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653, and on the Internet at <http://leg.state.nv.us/register/>. Copies of this notice and the proposed regulation will be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary. This does not apply to a public body subject to the Open Meeting Law.

Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, shall issue a concise statement of the principal reasons for and against its adoption, and incorporate therein its reason for overruling the consideration urged against its adoption.

Notice of the hearing was provided via electronic means to all persons on the agency's e-mail list for administrative regulations, and this Notice of Intent to Act Upon Regulation was posted to the agency's Internet Web site at <http://doi.nv.gov/> and was provided to or posted 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

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

service contract; authorizing the imposition of a transfer fee in certain circumstances; and providing other matters properly relating thereto.

3. Public Comment.

4. Close Hearing: R064-18.

5. Adjourn.

Supporting public material for this hearing 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 hearing: 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706, or suebell@doi.nv.gov.

NOTICES FOR THIS HEARING 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)