

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

LCB FILE NO. R064-18

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 690C.

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

This regulation is needed to ensure that emergency repairs under a service contract are performed in a timely manner. Providers must currently provide the contract holder with a status report of emergency repairs to dwellings. They must now additionally notify the Commissioner by sending a copy of the status report by electronic mail. The status report is a notification of emergency repairs for a service contract claim that immediately endanger the health and safety of the occupants and cannot practicably be completed within 3 days. Previously the Division was unaware that emergency claims were not conducted in a timely manner. The Division will now be alerted when such repairs are not performed within a reasonable amount of time.

Additionally, consumers may not be aware that service contracts are regulated by the Division of Insurance and that they can contact the Division for assistance. This regulation requires the service contract provider to notify insureds that if they are dissatisfied with the handling of a claim, they may contact the Division telephonically at the number listed on the Division’s website.

Lastly, this regulation is needed to clarify that transfer fees contained in a service contract must be reasonable when a current service contract holder transfers his or her contract rights to a new contract holder. It is necessary because the Division has observed increasing and excessive transfer fees and it is not clear that the Division currently has the authority to review such fees.

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 e-mailing 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/>, mailed to the main library for each county in Nevada, and posted at the following locations:

*Nevada Division of Insurance
1818 East College Parkway, Suite 103
Carson City, Nevada 89706*

*Nevada Division of Insurance
3300 West Sahara Avenue, Suite 275
Las Vegas, Nevada 89102*

*Legislative Building
401 South Carson Street
Carson City, Nevada 89701*

*Nevada State Business Center
3300 West Sahara Avenue
Las Vegas, Nevada 89102*

*Blasdel Building
209 East Musser Street
Carson City, Nevada 89701*

*Grant Sawyer Building
555 East Washington Avenue
Las Vegas, Nevada 89101*

*Capitol Building
101 North Carson Street
Carson City, Nevada 89701*

*Nevada Department of Employment,
Training and Rehabilitation
2800 E. Saint Louis Avenue
Las Vegas, Nevada 89104*

Public comment was also solicited at the workshop held on May 29, 2018, and at the hearing held on June 11, 2018. The public workshop and hearing took place at the offices of the Division, 1818 East College Parkway, Carson City, Nevada 89706, with simultaneous videoconferencing to the Nevada State Business Center, 3300 West Sahara Avenue, Las Vegas, Nevada 89102.

(b) A summary of the public response:

The Division received one written comment from the service contract industry. The comment expressed concern that the requirement that a statement be added to the contract regarding the contract holder's ability to contact the Commissioner would require all approved forms to be re-filed for approval and that this would impose a significant administrative burden.

The comment also proposed that emergency-repair status reports be maintained by the provider and only provided to the Commissioner upon request. It stated that requiring the report to be proactively filed with the Division in all instances was unnecessary and overly burdensome.

(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 R064-18. A copy of said summary may be obtained by contacting Rajat Jain, at (775) 687-0700 or rjain@doi.nv.gov. This summary will also be made available by e-mail request to insinfo@doi.nv.gov.

3. The number of persons who:

- (a) Attended the **hearing**: 5
- (b) Testified at the **hearing**: 1
- (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
Tim Ghan	Division of Insurance	1818 East College Pkwy Carson City NV 89706	(775) 687-0767	tghan@doi.nv.gov

Submitted to the agency written statements:

Name	Entity/Organization Represented	Business Address	Telephone No.	E-Mail Address
Stephen K. McDaniel	Service Contract Industry Council	PO Box 11247 Tallahassee FL 32302-1247	(850) 681-1058	Stephen@meenanlawfirm.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 #2(a).*

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

The Division received one written comment from the service contract industry. The comment expressed concern that the requirement that a statement be added to the contract regarding the contract holder's ability to contact the Commissioner would require all approved forms to be re-filed for approval and that this would impose a significant administrative burden.

The comment also proposed that emergency-repair status reports be maintained by the provider and only provided to the Commissioner upon request. It stated that requiring the report to be proactively filed with the Division in all instances was unnecessary and overly burdensome.

(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 R064-18. A copy of said summary may be obtained by contacting Rajat Jain, at (775) 687-0700 or rjain@doi.nv.gov. This summary will also be made available by e-mail request to insinfo@doi.nv.gov.

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

There was no testimony from the industry or interested parties at either the workshop or hearing. The Division received one comment from the service contract industry regarding two issues. First, it expressed concern that requiring a new disclosure would necessitate re-filing all previously approved forms, imposing a significant administrative burden on providers. The Division addressed this concern by explaining that a service contract provider could simply file an addendum containing the disclosure once, and the addendum containing the disclosure could be attached to any previously approved form. It would not be necessary to re-file previously approved contracts.

The second concern was that requiring status reports to be proactively filed with the Division in all instances seems unnecessary and overly burdensome. The commenter suggested that such status reports be simply maintained by the provider upon request. The Division does not believe this requirement to be overly burdensome. The provider is already required to send the status report to the contract holder. This regulation merely requires that a copy of the status report also be emailed to the Commissioner. There are no burdensome filing procedures. Regarding the suggestion that the provider maintain such status reports and provide them upon request, this would not serve the purpose of alerting the Commissioner when repairs are not being performed in a timely manner.

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

(1) Both adverse and beneficial effects: *None.*

(2) Both immediate and long-term effects: *None.*

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

(1) Both adverse and beneficial effects: *None.*

(2) Both immediate and long-term effects: *None.*

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

None.

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.

Not applicable, as there is no overlap or duplication.

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

Not applicable, as there are not more stringent provisions.

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.

Not applicable, as this regulation does not establish a new fee or increase an existing fee.