

**PROPOSED REGULATION OF
THE COMMISSIONER OF INSURANCE**

LCB File No. R064-18

April 27, 2018

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

AUTHORITY: §§1 and 2, NRS 679B.130 and 690C.300.

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.

Legislative Counsel's Digest:

Existing law authorizes the Commissioner of Insurance to adopt: (1) reasonable regulations for the administration of the Nevada Insurance Code; and (2) such regulations as are necessary to carry out the provisions relating to service contracts. (NRS 679B.130, 690C.300)

Existing regulations require a service contract to: (1) clearly state the procedures for making a claim on the service contract; and (2) for certain service contracts, contain a statement that the provider of the service contract will provide a status report to the holder in certain circumstances. Existing regulations require such a status report to be provided to the holder: (1) not later than 3 calendar days after the report of the claim; and (2) by verifiable means. (NAC 690C.110) **Section 1** of this regulation requires the provider to provide such a status report not later than 3 calendar days after the report of the claim to: (1) the holder by verifiable means; and (2) the Commissioner by electronic mail.

Section 1 additionally requires a service contract to include, for the purposes of clearly stating the procedures for making a claim on the service contract, a statement explaining that the holder may contact the Commissioner if the holder is not satisfied with how the provider is handling the claim on the service contract.

Existing regulations authorize a provider to charge a cancellation fee in certain circumstances if such a fee is provided for in the terms of the service contract. (NAC 690C.120) **Section 2** of this regulation authorizes a provider to impose a transfer fee if: (1) the provider transfers a service contract at the request of the holder; and (2) such a fee is provided for in the terms of the service contract.

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 and the emergency renders a dwelling 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 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 *and to the Commissioner* as described in subsection 2.

(d) A statement that if the holder is not satisfied with the manner in which the provider is handling the claim on the contract, the holder may contact the Commissioner by use of the toll-free telephone number of the Division. The statement must include the current toll-free telephone number of the Division which can be obtained from the Internet website of the Division.

2. A status report must:

(a) Be provided *to the holder by verifiable means* not later than 3 calendar days after the report of the claim;

(b) Be provided ~~{by verifiable means;}~~ *to the Commissioner by electronic mail not later than 3 calendar days after the report of the claim;* 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 *and the Commissioner* 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}~~ :

(a) *Facsimile* transmission ~~{, electronic}~~ ;

(b) *Electronic* mail ~~{, mail, telephone}~~ ;

(c) *Telephone*, if there is an auditable record of the communication by telephone ; ~~{}~~ or ~~{by any}~~

(d) Any similar mode of communication that is appropriate given the course of dealing between the provider and the holder.

Sec. 2. NAC 690C.120 is hereby amended to read as follows:

690C.120 1. Except as otherwise provided in this subsection, if a provider cancels a service contract pursuant to NRS 690C.270, the provider shall refund to the holder the portion of the purchase price that is unearned by the provider. The provider may deduct any outstanding balance on the account of the holder from the amount of the purchase price that is unearned by the provider when calculating the amount of the refund. A provider who cancels a contract pursuant to NRS 690C.270 may not impose a cancellation fee.

2. Except as otherwise provided in this section, if a holder who is the original purchaser of a service contract submits to the provider a request in writing to cancel the service contract in accordance with the terms of the contract, the provider shall refund to the holder the portion of the purchase price that is unearned by the provider.

3. If a holder requests the cancellation of a service contract pursuant to subsection 2, the provider may impose a reasonable cancellation fee if such a fee is provided for in the terms of the service contract.

4. *If the provider transfers a service contract at the request of the holder, the provider may impose a reasonable transfer fee if such a fee is provided for in the terms of the service contract.*

5. When calculating the amount of a refund pursuant to subsection 2, the provider may deduct from the portion of the purchase price that is unearned by the provider:

- (a) Any outstanding balance on the account of the holder; and
- (b) Any cancellation fee imposed pursuant to this section.

~~{5.}~~ 6. Except as otherwise provided in this subsection, if the purchase price of a service contract is financed and the loan has not been paid in full by the holder, the provider may provide a refund to the holder pursuant to this section or NRS 690C.250 by sending the refund to the lender. The amount of refund that may be sent to the lender must not exceed the holder's outstanding balance on the loan.

~~{6. — As used in this section, “holder” has the meaning ascribed to it in NRS 690C.060.}~~