

**ADOPTED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R195-99

Effective January 27, 2000

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

AUTHORITY: §§1-10, NRS 690C.300.

Section 1. Chapter 690C of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 10, inclusive, of this regulation.

Sec. 2. *As used in this chapter, unless the context otherwise requires, the words and terms defined in sections 3, 4 and 5 of this regulation have the meanings ascribed to them in those sections.*

Sec. 3. *“Commissioner” means the commissioner of insurance.*

Sec. 4. *“Provider” has the meaning ascribed to it in NRS 690C.070.*

Sec. 5. *“Service contract” has the meaning ascribed to it in NRS 690C.080.*

Sec. 6. *The commissioner will interpret “service contract” as used in chapter 690C of NRS not to include:*

- 1. A service contract issued by a motor club as defined in NRS 696A.070;*
- 2. A contract of insurance for home protection as defined in NRS 690B.100; and*
- 3. Contracts of insurance issued by insurers licensed pursuant to Title 57 of NRS.*

Sec. 7. *1. A provider shall not issue, sell or offer for sale a service contract unless it has been approved by the commissioner.*

2. A provider who submits a service contract to the commissioner for approval must submit with the contract:

- (a) All documents that are part of the application for the service contract;*
- (b) All documents that are part of the contract;*
- (c) A form for assessing fees as described in NAC 680B.010; and*
- (d) The appropriate fee described in subsection 3.*

3. The commissioner will charge the following fees:

(a) Twenty-five dollars for:

(1) The initial filing of all the forms that comprise a new service contract.

(2) The filing of a service contract that modifies a service contract which has been approved by the commissioner pursuant to this section.

(b) Ten dollars for the filing of a rider or endorsement to a service contract that has been approved by the commissioner pursuant to this section.

4. The commissioner may approve or disapprove a service contract submitted pursuant to this section within 60 days after the date on which the commissioner determines that the provider has fully complied with the requirements of subsection 2. If the commissioner does not approve or disapprove the contract within the 60 days described in this subsection, the contract shall be deemed to be approved by the commissioner. Each service contract shall be deemed to be complete upon its filing with the commissioner, unless the commissioner, within 15 business days after the service contract is filed with him, determines that the proposal is incomplete because the proposal does not comply with subsection 2.

Sec. 8. *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, 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, substantial loss of electrical service or any other condition which renders a dwelling uninhabitable, repairs will commence within 24 hours after the report of the claim.

2. 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.

Sec. 9. *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. 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. 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.

Sec. 10. Any provider issuing or selling service contracts in this state on or before December 1, 1999 may continue to issue or sell service contracts until the earlier of:

1. May 1, 2000; or

2. The issuance of a certificate of registration to the provider and approval of the provider's service contract pursuant to section 7 of this regulation.