

SENATE BILL NO. 436—COMMITTEE ON COMMERCE AND LABOR

MARCH 27, 2023

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to service contracts. (BDR 57-873)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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

AN ACT relating to insurance; requiring the provider of a service contract to maintain or contract for an adequate network or workforce of employees or contractors to carry out its obligations under the service contract in a timely and reasonable manner; providing that the holder of a service contract is entitled to reimbursement of costs incurred as the result of the failure by the provider to comply with such a requirement; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law provides for the regulation of providers of service contracts by the
2 Commissioner of Insurance. (Chapter 690C of NRS) Existing law defines a service
3 contract as a contract pursuant to which a provider, in exchange for separately
4 stated consideration, is obligated for a specified period to a holder to repair, replace
5 or perform maintenance on, or indemnify or reimburse the holder for the costs of
6 repairing, replacing or performing maintenance on, goods that are described in the
7 service contract and which have an operational or structural failure as a result of a
8 defect in materials, workmanship or normal wear and tear. Types of service
9 contracts include contracts that: (1) pay reimbursement for towing, rental and
10 emergency road service; and (2) provide for the repair, replacement or maintenance
11 of goods for damages that result from power surges or accidental damage from
12 handling. (NRS 690C.080) Existing law authorizes the Commissioner to assess a
13 civil penalty against a provider who fails to comply with existing law or who
14 violates an order or regulation of the Commissioner. (NRS 690C.330)

15 This bill requires a provider to ensure that the provider maintains or contracts
16 for an adequate network or workforce of employees or contractors to carry out its
17 obligations to the holder of a service contract in a timely and reasonable manner,
18 including, without limitation, the duty to repair, replace or perform maintenance on
19 goods that are described in the service contract. This bill also provides that if the



20 provider fails to comply with the requirement to maintain or contract for such an
21 adequate network or workforce of employees or contractors, then, in addition to
22 any other remedies available to the holder, a holder is entitled to reimbursement
23 from the provider for any reasonable and necessary costs incurred by the holder to
24 repair, replace or perform maintenance on the goods.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 690C of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 *1. A provider shall maintain or contract for an adequate*
4 *network or workforce of employees or contractors that is sufficient*
5 *to carry out its obligations to a holder under a service contract in a*
6 *timely and reasonable manner, including, without limitation, the*
7 *duty to repair, replace or perform maintenance on goods that are*
8 *described in the service contract.*

9 *2. If a provider fails to comply with the provisions of*
10 *subsection 1, in addition to any other remedy available to a holder,*
11 *a holder is entitled to reimbursement from the provider for any*
12 *reasonable and necessary costs incurred by the holder to repair,*
13 *replace or perform maintenance on the goods.*

