

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; requiring the Commissioner of Insurance to submit to the Joint Interim Standing Committee on Commerce and Labor a report concerning the service contract provider industry in this State; 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 **Section 1** of this bill requires a provider to ensure that the provider maintains or
16 contracts for an adequate network or workforce of employees or contractors to



17 carry out its obligations to the holder of a service contract in a timely and
18 reasonable manner, including, without limitation, the duty to repair, replace or
19 perform maintenance on goods that are described in the service contract. **Section 1**
20 also provides that if the provider fails to comply with the requirement to maintain
21 or contract for such an adequate network or workforce of employees or contractors,
22 then, in addition to any other remedies available to the holder, a holder is entitled to
23 reimbursement from the provider for any reasonable and necessary costs incurred
24 by the holder to repair, replace or perform maintenance on the goods.

25 **Section 2** of this bill requires the Commissioner of Insurance to submit to the
26 Joint Interim Standing Committee on Commerce and Labor an annual report that
27 provides certain information concerning the service contract industry in this State.

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 the provisions set forth as sections 1.5 and 2 of this act.

3 **Sec. 1.5. 1.** *A provider shall maintain or contract for an*
4 *adequate network or workforce of employees or contractors that is*
5 *sufficient to carry out its obligations to a holder under a service*
6 *contract in a timely and reasonable manner, including, without*
7 *limitation, the duty to repair, replace or perform maintenance on*
8 *goods that are 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.*

14 **Sec. 2. 1.** *On or before December 31, 2023, and on or*
15 *before December 31 of each year thereafter, the Commissioner*
16 *shall submit a report to the Joint Interim Standing Committee on*
17 *Commerce and Labor concerning the service contract industry in*
18 *this State.*

19 *2. The report must include, without limitation:*

20 *(a) For each report other than the initial report, the number of*
21 *service contracts sold by providers, by county, during the calendar*
22 *year for which the report is made;*

23 *(b) The number of providers doing business in this State;*

24 *(c) The number of providers, by the type of service contract*
25 *provided;*

26 *(d) The number of complaints concerning providers received*
27 *by the Division, by type of complaint; and*

28 *(e) Any other matter relating to the service contract industry in*
29 *this State that the Commissioner deems appropriate.*

30 **3.** *As used in this section:*



1 (a) *“Provider” has the meaning ascribed to it in*
2 *NRS 690C.070.*

3 (b) *“Service contract” has the meaning ascribed to it in*
4 *NRS 690C.080.*

5 **Sec. 3.** The provisions of subsection 1 of NRS 218D.380 do
6 not apply to any provision of this act which adds or revises a
7 requirement to submit a report to the Legislature.

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