

ASSEMBLY BILL NO. 239—ASSEMBLYMEN KOIVISTO, ANDERSON,
BOBZIEN, CLABORN, DENIS, MCCLAIN, MORTENSON,
SEGERBLOM AND WOMACK

MARCH 2, 2007

Referred to Committee on Transportation

SUMMARY—Requires a provider of a vehicle service contract to notify the buyer of the vehicle service contract if the provider ceases doing business in this State. (BDR 57-971)

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 motor vehicles; requiring a provider of a vehicle service contract to notify the buyer of a vehicle service contract if the provider ceases doing business in this State; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 This bill requires a provider of a vehicle service contract to notify the buyer of
2 a vehicle service contract in writing if the provider ceases doing business in this
3 State.
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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 who, whether directly or through a vehicle***
4 ***dealer licensed pursuant to NRS 482.325, enters into a vehicle***
5 ***service contract with a buyer shall, within 30 days after ceasing***
6 ***doing business in this State, notify any buyer who purchased such***
7 ***a contract in writing of the fact that the provider has ceased doing***
8 ***business in this State if the specified period of the vehicle service***
9 ***contract has not yet expired.***



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2. *The provisions of this section do not:*

- (a) *Render a service contract void pursuant to NRS 690C.250;*
- (b) *Cancel a service contract pursuant to NRS 690C.270; or*
- (c) *Release the provider from any liability imposed by a violation of any provision of this chapter.*

3. *As used in this section:*

- (a) *“Buyer” means the buyer of a vehicle service contract.*
- (b) *“Vehicle service contract” means a contract pursuant to which a provider, in exchange for separately stated consideration, is obligated for a specified period to a buyer to repair, replace or perform maintenance on, or indemnify or reimburse the buyer for the costs of repairing, replacing or performing maintenance on, a motor vehicle which is described in the vehicle service contract and which has an operational or structural failure as a result of a defect in materials, workmanship or normal wear and tear, including, without limitation, a contract that includes a provision for incidental payment of indemnity under limited circumstances, including, without limitation, towing, rental and emergency road service.*

Sec. 1.5. NRS 690C.100 is hereby amended to read as follows:
690C.100 1. The provisions of this title do not apply to:

- (a) A warranty;
- (b) A maintenance agreement;
- (c) A service contract provided by a public utility on its transmission device if the service contract is regulated by the Public Utilities Commission of Nevada;
- (d) A service contract sold or offered for sale to a person who is not a consumer;
- (e) A service contract for goods if the purchase price of the goods is less than \$250; or
- (f) ~~IA~~ *Except as otherwise provided in section 1 of this act, a service contract issued, sold or offered for sale by a vehicle dealer on vehicles sold by the dealer, if the dealer is licensed pursuant to NRS 482.325 and the service contract obligates either the dealer or the manufacturer of the vehicle, or an affiliate of the dealer or manufacturer, to provide all services under the service contract.*

2. The sale of a service contract pursuant to this chapter does not constitute the business of insurance for the purposes of 18 U.S.C. §§ 1033 and 1034.

3. *As used in this section:*

- (a) *“Maintenance agreement” means a contract for a limited period that provides only for scheduled maintenance.*
- (b) *“Warranty” means a warranty provided solely by a manufacturer, importer or seller of goods for which the*



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1 manufacturer, importer or seller did not receive separate
2 consideration and that:

- 3 (1) Is not negotiated or separated from the sale of the goods;
4 (2) Is incidental to the sale of the goods; and
5 (3) Guarantees to indemnify the consumer for defective
6 parts, mechanical or electrical failure, labor or other remedial
7 measures required to repair or replace the goods.

8 **Sec. 2.** (Deleted by amendment.)

9 **Sec. 3.** This act becomes effective on October 1, 2007.

