

ASSEMBLY BILL NO. 365—ASSEMBLYMAN OSCARSON

MARCH 17, 2015

Referred to Committee on Commerce and Labor

SUMMARY—Enacts provisions governing vehicle protection product warranties. (BDR 57-1055)

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

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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 warranties; enacting provisions governing vehicle protection product warranties; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law provides that service contracts are regulated by the Commissioner of Insurance and provides certain requirements for these contracts, including, without limitation: (1) the possession of a certificate of registration by providers of the contracts; (2) certain insurance requirements; (3) certain restrictions on a business name; (4) certain written information required to be given to a consumer; (5) requirements relating to the provisions of a contract; and (6) requirements relating to the regulation of providers of such contracts. (NRS 690C.150-690C.235) **Section 12** of this bill amends the definition of the term “service contract” to include specified products. **Sections 4-6** of this bill define the terms “vehicle protection product,” “vehicle protection product warrantor” and “vehicle protection warranty” for the purposes of this bill. **Section 13** of this bill authorizes the Commissioner to specify by regulation other products which may be regulated as vehicle protection products. **Sections 7, 15 and 16** of this bill require a vehicle protection product warrantor to obtain a certificate of registration from the Commissioner before issuing any vehicle protection product warranties in this State and set forth the requirements for obtaining such a certificate. **Sections 17 and 18** of this bill extend the restrictions on the business name of and the requirement to obtain a contractual liability insurance policy of service contract providers to vehicle protection product warrantors. **Section 19** of this bill prohibits requiring the purchase of a vehicle protection product as a condition for financing. **Sections 20 and 23** of this bill require that certain written documentation must be provided to the purchaser of a vehicle protection product warranty. **Section 21** of this bill extends provisions governing the discontinuation of business for a service contract provider to vehicle protection product warrantors. **Sections 22-25** of this bill extend certain requirements relating to refunds, returns, cancellation recordkeeping and contents of a service contract for service contract providers to vehicle protection product warrantors. **Sections 26 and 27** of this bill extend the authority of the



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28 Commissioner to: (1) examine service contract providers; and (2) take certain
29 disciplinary action against a service contract provider, to include a vehicle
30 protection product warrantor.

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

1 **Section 1.** NRS 680C.110 is hereby amended to read as
2 follows:

3 680C.110 1. In addition to any other fee or charge, the
4 Commissioner shall collect in advance and receipt for, and persons
5 so served must pay to the Commissioner, the fees required by this
6 section.

7 2. A fee required by this section must be:

8 (a) If an initial fee, paid at the time of an initial application or
9 issuance of a license, as applicable;

10 (b) If an annual fee, paid on or before March 1 of every year;

11 (c) If a triennial fee, paid on or before the time of continuation,
12 renewal or other similar action in regard to a certificate, license,
13 permit or other type of authorization, as applicable; and

14 (d) Deposited in the Fund for Insurance Administration and
15 Enforcement created by NRS 680C.100.

16 3. The fees required pursuant to this section are not refundable.

17 4. The following fees must be paid by the following persons to
18 the Commissioner:

19 (a) Associations of self-insured private employers, as
20 defined in NRS 616A.050:

21 (1) Initial fee..... \$1,300

22 (2) Annual fee..... \$1,300

23 (b) Associations of self-insured public employers, as
24 defined in NRS 616A.055:

25 (1) Initial fee..... \$1,300

26 (2) Annual fee..... \$1,300

27 (c) Independent review organizations, as provided for
28 in NRS 616A.469 or 683A.3715, or both:

29 (1) Initial fee..... \$60

30 (2) Annual fee..... \$60

31 (d) Insurers not otherwise provided for in this
32 subsection:

33 (1) Initial fee..... \$1,300

34 (2) Annual fee..... \$1,300

35 (e) Producers of insurance, as defined in
36 NRS 679A.117:

37 (1) Initial fee..... \$60

38 (2) Triennial fee..... \$60



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1	(f) Accredited reinsurers, as provided for in	
2	NRS 681A.160:	
3	(1) Initial fee.....	\$1,300
4	(2) Annual fee.....	\$1,300
5	(g) Intermediaries, as defined in NRS 681A.330:	
6	(1) Initial fee.....	\$60
7	(2) Triennial fee.....	\$60
8	(h) Reinsurers, as defined in NRS 681A.370:	
9	(1) Initial fee.....	\$1,300
10	(2) Annual fee.....	\$1,300
11	(i) Administrators, as defined in NRS 683A.025:	
12	(1) Initial fee.....	\$60
13	(2) Triennial fee.....	\$60
14	(j) Managing general agents, as defined in	
15	NRS 683A.060:	
16	(1) Initial fee.....	\$60
17	(2) Triennial fee.....	\$60
18	(k) Agents who perform utilization reviews, as defined	
19	in NRS 683A.376:	
20	(1) Initial fee.....	\$60
21	(2) Annual fee.....	\$60
22	(l) Insurance consultants, as defined in	
23	NRS 683C.010:	
24	(1) Initial fee.....	\$60
25	(2) Triennial fee.....	\$60
26	(m) Independent adjusters, as defined in	
27	NRS 684A.030:	
28	(1) Initial fee.....	\$60
29	(2) Triennial fee.....	\$60
30	(n) Public adjusters, as defined in NRS 684A.030:	
31	(1) Initial fee.....	\$60
32	(2) Triennial fee.....	\$60
33	(o) Associate adjusters, as defined in NRS 684A.030:	
34	(1) Initial fee.....	\$60
35	(2) Triennial fee.....	\$60
36	(p) Motor vehicle physical damage appraisers, as	
37	defined in NRS 684B.010:	
38	(1) Initial fee.....	\$60
39	(2) Triennial fee.....	\$60
40	(q) Brokers, as defined in NRS 685A.031:	
41	(1) Initial fee.....	\$60
42	(2) Triennial fee.....	\$60
43	(r) Eligible surplus line insurers, as provided for in	
44	NRS 685A.070:	
45	(1) Initial fee.....	\$1,300



1	(2) Annual fee.....	\$1,300
2	(s) Companies, as defined in NRS 686A.330:	
3	(1) Initial fee.....	\$1,300
4	(2) Annual fee.....	\$1,300
5	(t) Rate service organizations, as defined in	
6	NRS 686B.020:	
7	(1) Initial fee.....	\$1,300
8	(2) Annual fee.....	\$1,300
9	(u) Brokers of viatical settlements, as defined in	
10	NRS 688C.030:	
11	(1) Initial fee.....	\$60
12	(2) Annual fee.....	\$60
13	(v) Providers of viatical settlements, as defined in	
14	NRS 688C.080:	
15	(1) Initial fee.....	\$60
16	(2) Annual fee.....	\$60
17	(w) Agents for prepaid burial contracts subject to the	
18	provisions of chapter 689 of NRS:	
19	(1) Initial fee.....	\$60
20	(2) Triennial fee.....	\$60
21	(x) Agents for prepaid funeral contracts subject to the	
22	provisions of chapter 689 of NRS:	
23	(1) Initial fee.....	\$60
24	(2) Triennial fee.....	\$60
25	(y) Sellers of prepaid burial contracts subject to the	
26	provisions of chapter 689 of NRS:	
27	(1) Initial fee.....	\$60
28	(2) Triennial fee.....	\$60
29	(z) Sellers of prepaid funeral contracts subject to the	
30	provisions of chapter 689 of NRS:	
31	(1) Initial fee.....	\$60
32	(2) Triennial fee.....	\$60
33	(aa) Providers, as defined in NRS 690C.070:	
34	(1) Initial fee.....	\$1,300
35	(2) Annual fee.....	\$1,300
36	(bb) <i>Vehicle protection product warrantors, as</i>	
37	<i>defined in section 5 of this act:</i>	
38	(1) <i>Initial fee.....</i>	<i>\$1,300</i>
39	(2) <i>Annual fee.....</i>	<i>\$1,300</i>
40	(cc) Escrow officers, as defined in NRS 692A.028:	
41	(1) Initial fee.....	\$60
42	(2) Triennial fee.....	\$60
43	(ee) (dd) Title agents, as defined in NRS 692A.060:	
44	(1) Initial fee.....	\$60
45	(2) Triennial fee.....	\$60



1	[(dd)] (ee) Captive insurers, as defined in	
2	NRS 694C.060:	
3	(1) Initial fee.....	\$250
4	(2) Annual fee.....	\$250
5	[(ee)] (ff) Fraternal benefit societies, as defined in	
6	NRS 695A.010:	
7	(1) Initial fee.....	\$1,300
8	(2) Annual fee.....	\$1,300
9	[(ff)] (gg) Insurance agents for societies, as provided	
10	for in NRS 695A.330:	
11	(1) Initial fee.....	\$60
12	(2) Triennial fee.....	\$60
13	[(gg)] (hh) Corporations subject to the provisions of	
14	chapter 695B of NRS:	
15	(1) Initial fee.....	\$1,300
16	(2) Annual fee.....	\$1,300
17	[(hh)] (ii) Health maintenance organizations, as	
18	defined in NRS 695C.030:	
19	(1) Initial fee.....	\$1,300
20	(2) Annual fee.....	\$1,300
21	[(ii)] (jj) Organizations for dental care, as defined in	
22	NRS 695D.060:	
23	(1) Initial fee.....	\$1,300
24	(2) Annual fee.....	\$1,300
25	[(jj)] (kk) Purchasing groups, as defined in	
26	NRS 695E.100:	
27	(1) Initial fee.....	\$250
28	(2) Annual fee.....	\$250
29	[(kk)] (ll) Risk retention groups, as defined in	
30	NRS 695E.110:	
31	(1) Initial fee.....	\$250
32	(2) Annual fee.....	\$250
33	[(ll)] (mm) Prepaid limited health service	
34	organizations, as defined in NRS 695F.050:	
35	(1) Initial fee.....	\$1,300
36	(2) Annual fee.....	\$1,300
37	[(mm)] (nn) Medical discount plans, as defined in	
38	NRS 695H.050:	
39	(1) Initial fee.....	\$1,300
40	(2) Annual fee.....	\$1,300
41	[(nn)] (oo) Club agents, as defined in NRS 696A.040:	
42	(1) Initial fee.....	\$60
43	(2) Triennial fee.....	\$60
44	[(oo)] (pp) Motor clubs, as defined in NRS 696A.050:	
45	(1) Initial fee.....	\$1,300



1	(2) Annual fee.....	\$1,300
2	[(pp)] <i>(qq)</i> Bail agents, as defined in NRS 697.040:	
3	(1) Initial fee.....	\$60
4	(2) Triennial fee.....	\$60
5	[(qq)] <i>(rr)</i> Bail enforcement agents, as defined in	
6	NRS 697.055:	
7	(1) Initial fee.....	\$60
8	(2) Triennial fee.....	\$60
9	[(rr)] <i>(ss)</i> Bail solicitors, as defined in NRS 697.060:	
10	(1) Initial fee.....	\$60
11	(2) Triennial fee.....	\$60
12	[(ss)] <i>(tt)</i> General agents, as defined in NRS 697.070:	
13	(1) Initial fee.....	\$60
14	(2) Triennial fee.....	\$60
15	[(tt)] <i>(uu)</i> Exchange enrollment facilitators, as	
16	defined in NRS 695J.050:	
17	(1) Initial fee.....	\$60
18	(2) Triennial fee.....	\$60

19 **Sec. 2.** Chapter 690C of NRS is hereby amended by adding
20 thereto the provisions set forth as sections 3 to 7, inclusive, of this
21 act.

22 **Sec. 3.** *“Incidental cost” means an expense specified in a*
23 *vehicle protection product warranty that is incurred by the holder*
24 *due to the failure of the vehicle protection product to perform as*
25 *provided in the contract, which is expressed as the actual cost to*
26 *the holder or a contractually stipulated reasonable estimate of loss*
27 *or damages. An incidental cost may include, without limitation:*

- 28 1. *An insurance policy deductible;*
- 29 2. *Charges for a rental vehicle;*
- 30 3. *The difference between the actual value of a stolen vehicle*
31 *at the time of a theft and the cost of a replacement vehicle;*
- 32 4. *Sales taxes;*
- 33 5. *Transaction fees; and*
- 34 6. *Mechanical inspection fees.*

35 **Sec. 4. 1.** *“Vehicle protection product” means an*
36 *aftermarket protective chemical, substance, device or system that:*

- 37 (a) *Is installed on or applied to a motor vehicle;*
- 38 (b) *Is designed to prevent loss or damage to a motor vehicle*
39 *from a specified cause;*
- 40 (c) *Includes a vehicle protection product warranty; and*
- 41 (d) *If purchased with a new motor vehicle, is separately*
42 *itemized from the purchase price of the motor vehicle.*

43 2. *The term includes, without limitation:*

- 44 (a) *Theft protection or recovery products such as alarm*
45 *systems, fuel and ignition kill switches, steering, pedal or ignition*



locks, window etch products, body part marking products, and electronic, radio or satellite tracking systems; and

(b) Protective chemicals such as paint coatings, rustproofing, carpet and upholstery treatments and spray liners.

3. The term does not include fuel or oil additives or other chemical products applied to the engine, transmission or fuel system of a motor vehicle.

Sec. 5. "Vehicle protection product warrantor" means a person who is contractually obligated to the holder under the terms of a vehicle protection product warranty.

Sec. 6. "Vehicle protection product warranty" means a written promise provided by a vehicle protection product warrantor which provides that if a vehicle protection product fails to prevent loss or damage to a motor vehicle from a specified cause, the vehicle protection product warrantor will pay to or on behalf of the holder specified incidental costs arising from the failure of the vehicle protection product to perform pursuant to the terms of the vehicle protection product warranty.

Sec. 7. A vehicle protection product warrantor shall not issue, sell or offer for sale a vehicle protection product warranty, including the sale or offer for sale of a vehicle protection product which includes a vehicle protection product warranty, in this State unless the vehicle protection product warrantor has been issued a certificate of registration pursuant to the provisions of this chapter.

Sec. 8. NRS 690C.010 is hereby amended to read as follows:
690C.010 As used in this chapter, unless the context otherwise requires, the words and terms defined in NRS 690C.020 to 690C.080, inclusive, *and sections 3 to 6, inclusive, of this act* have the meanings ascribed to them in those sections.

Sec. 9. NRS 690C.020 is hereby amended to read as follows:
690C.020 "Administrator" means a person who is responsible for administering a service contract *or vehicle protection product warranty* that is issued, sold or offered for sale by a provider *H or vehicle protection product warrantor*.

Sec. 10. NRS 690C.040 is hereby amended to read as follows:
690C.040 "Contractual liability insurance policy" means a policy of insurance that is issued to a provider *or vehicle protection product warrantor* to either:

1. Reimburse the provider *or vehicle protection product warrantor* under the terms of a service contract *or vehicle protection product warranty* issued or sold by the provider *H or vehicle protection product warrantor; or*

2. If the provider *or vehicle protection product warrantor* does not satisfy his or her obligation under a service contract *H or*



1 *vehicle protection product warranty*, pay on behalf of the provider
2 *or vehicle protection product warrantor* any money the provider *or*
3 *vehicle protection product warrantor* has an obligation to pay under
4 the service contract ~~††~~ *or vehicle protection product warranty*.

5 **Sec. 11.** NRS 690C.060 is hereby amended to read as follows:

6 690C.060 "Holder" means a resident of this state who:

7 1. Purchases *or is issued* a service contract ~~††~~ *or vehicle*
8 *protection product warranty; or*

9 2. Is legally in possession of a service contract *or vehicle*
10 *protection product warranty* and is entitled to enforce the rights of
11 the original purchaser *or recipient* of the service contract ~~††~~ *or*
12 *vehicle protection product warranty*.

13 **Sec. 12.** NRS 690C.080 is hereby amended to read as follows:

14 690C.080 1. "Service contract" means a contract pursuant to
15 which a provider, in exchange for separately stated consideration, is
16 obligated for a specified period to a holder to repair, replace or
17 perform maintenance on, or indemnify or reimburse the holder for
18 the costs of repairing, replacing or performing maintenance on,
19 goods that are described in the service contract and which have an
20 operational or structural failure as a result of a defect in materials,
21 workmanship or normal wear and tear, including, without limitation
22 ~~††~~, *a contract that:*

23 (a) ~~†A contract that includes†~~ *Includes* a provision for incidental
24 payment of indemnity under limited circumstances, including,
25 without limitation, towing, rental and emergency road service; ~~†and†~~

26 (b) ~~†A contract that provides†~~ *Provides* for the repair,
27 replacement or maintenance of goods for damages that result from
28 power surges or accidental damage from handling ~~††~~;

29 (c) *Provides for the repair or replacement of a tire or wheel on*
30 *a motor vehicle damaged as a result of coming into contact with a*
31 *road hazard;*

32 (d) *Provides for the removal of a dent, ding or crease on a*
33 *motor vehicle that is repairable using the process of paintless dent*
34 *removal without affecting the existing paint finish and without*
35 *replacing the body panels of the motor vehicle or sanding,*
36 *bonding or painting the existing paint finish of the motor vehicle;*

37 (e) *Provides for the repair of a chip or crack in, or the*
38 *replacement of, the windshield of a motor vehicle as a result of*
39 *damage caused by a road hazard; and*

40 (f) *Provides for the replacement of a key or key fob of a motor*
41 *vehicle if the key or key fob becomes inoperable or is lost or stolen.*

42 2. The term does not include ~~††~~ :

43 (a) *A* contract pursuant to which a provider, other than the
44 manufacturer, builder, seller or lessor of a manufactured home, in
45 exchange for separately stated consideration, is obligated for a



1 specified period to a holder to repair or replace, or indemnify or
2 reimburse the holder for the costs of repairing or replacing, any
3 component of the physical structure of the manufactured home,
4 including, without limitation, the walls, roof supports, structural
5 floor base or foundation **H**; or

6 *(b) A contract which provides for the repair or replacement of*
7 *the interior surfaces of a motor vehicle or the exterior paint or*
8 *finishes of a motor vehicle which become damaged or*
9 *deteriorated.*

10 **Sec. 13.** NRS 690C.100 is hereby amended to read as follows:
11 690C.100 1. The provisions of this title do not apply to:

12 (a) A warranty;

13 (b) A maintenance agreement;

14 (c) A service contract provided by a public utility on its
15 transmission device if the service contract is regulated by the Public
16 Utilities Commission of Nevada;

17 (d) A service contract *or vehicle protection product warranty*
18 *issued*, sold or offered for sale to a person who is not a consumer;

19 (e) A service contract for goods if the purchase price of the
20 goods is less than \$250; or

21 (f) Except as otherwise provided in NRS 690C.240, a service
22 contract *or vehicle protection product warranty* issued, sold or
23 offered for sale by a vehicle dealer on vehicles sold by the dealer, if
24 the dealer is licensed pursuant to NRS 482.325 and the service
25 contract *or vehicle protection product warranty* obligates either the
26 dealer or the manufacturer of the vehicle, or an affiliate of the dealer
27 or manufacturer, to provide all services under the service contract **H**
28 *or vehicle protection product warranty.*

29 2. The sale *or issuance* of a service contract *or vehicle*
30 *protection product warranty* pursuant to this chapter does not
31 constitute the business of insurance for the purposes of 18 U.S.C. §§
32 1033 and 1034.

33 3. *The Commissioner may adopt regulations identifying*
34 *products not specifically named in this chapter which are subject*
35 *to appropriate regulation as a vehicle protection product or vehicle*
36 *protection product warranty under this chapter.*

37 4. As used in this section:

38 (a) "Maintenance agreement" means a contract for a limited
39 period that provides only for scheduled maintenance.

40 (b) "Warranty" means a warranty provided solely by a
41 manufacturer, importer or seller of goods for which the
42 manufacturer, importer or seller did not receive separate
43 consideration and that:

44 (1) Is not negotiated or separated from the sale of the goods;

45 (2) Is incidental to the sale of the goods; and



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(3) Guarantees to indemnify the consumer for defective parts, mechanical or electrical failure, labor or other remedial measures required to repair or replace the goods.

↪ *The term does not include a vehicle protection product warranty.*

Sec. 14. NRS 690C.120 is hereby amended to read as follows:

690C.120 1. Except as otherwise provided in this chapter, the marketing, issuance, sale, offering for sale, making, proposing to make and administration of service contracts *or vehicle protection product warranties* are not subject to the provisions of title 57 of NRS, except, when applicable, the provisions of:

(a) NRS 679B.020 to 679B.152, inclusive;

(b) NRS 679B.159 to 679B.300, inclusive;

(c) NRS 679B.310 to 679B.370, inclusive;

(d) NRS 679B.600 to 679B.690, inclusive;

(e) NRS 685B.090 to 685B.190, inclusive;

(f) NRS 686A.010 to 686A.095, inclusive;

(g) NRS 686A.160 to 686A.187, inclusive; and

(h) NRS 686A.260, 686A.270, 686A.280, 686A.300 and 686A.310.

2. A provider, person who sells service contracts, *vehicle protection product warrantor, person who issues a vehicle protection product warranty*, administrator or any other person is not required to obtain a certificate of authority from the Commissioner pursuant to chapter 680A of NRS to issue, sell, offer for sale or administer service contracts ~~H~~ *or vehicle protection product warranties*.

Sec. 15. NRS 690C.160 is hereby amended to read as follows:

690C.160 1. A provider who wishes to issue, sell or offer for sale service contracts in this state *or a vehicle protection product warrantor who wishes to issue, sell or offer for sale vehicle protection product warranties, including the sale or offer for sale of a vehicle protection product which includes a vehicle protection product warranty, in this State* must submit to the Commissioner:

(a) A registration application on a form prescribed by the Commissioner;

(b) Proof that the provider *or vehicle protection product warrantor* has complied with the requirements for security set forth in NRS 690C.170;

(c) A copy of each type of service contract *or vehicle protection product warranty* the provider proposes to issue, sell or offer for sale;

(d) The name, address and telephone number of each administrator with whom the provider *or vehicle protection product warrantor* intends to contract; and



(e) A fee of \$1,000 and, in addition to any other fee or charge, all applicable fees required pursuant to NRS 680C.110.

2. In addition to the fee required by subsection 1, a provider *or vehicle protection product warrantor* must pay a fee of \$25 for each type of service contract *or vehicle protection product warranty, as applicable*, the provider *or vehicle protection product warrantor* files with the Commissioner.

3. A certificate of registration is valid for 1 year after the date the Commissioner issues the certificate to the provider *or vehicle protection product warrantor*. A provider *or vehicle protection product warrantor* may renew his or her certificate of registration if, before the certificate expires, the provider *or vehicle protection product warrantor* submits to the Commissioner an application on a form prescribed by the Commissioner, a fee of \$1,000 and, in addition to any other fee or charge, all applicable fees required pursuant to NRS 680C.110.

Sec. 16. NRS 690C.170 is hereby amended to read as follows:

690C.170 To be issued a certificate of registration, a provider *or vehicle protection product warrantor* must comply with one of the following:

1. Purchase a contractual liability insurance policy which insures the obligations of each service contract *or vehicle protection product warranty that* the provider *or vehicle protection product warrantor* issues, sells or offers for sale. The contractual liability insurance policy must be issued by an insurer which is licensed, registered or otherwise authorized to transact insurance in this state or pursuant to the provisions of chapter 685A of NRS.

2. Maintain a reserve account and deposit with the Commissioner security as provided in this subsection. The reserve account must contain at all times an amount of money equal to at least 40 percent of the unearned gross consideration received by the provider *or vehicle protection product warrantor* for any unexpired service contracts *or vehicle protection product warranties*. The Commissioner may examine the reserve account at any time. The provider *or vehicle protection product warrantor* shall also deposit with the Commissioner security in an amount that is equal to \$25,000 or 10 percent of the unearned gross consideration received by the provider *or vehicle protection product warrantor* for any unexpired service contracts *or vehicle protection product warranties*, whichever is greater. The security must be:

(a) A surety bond issued by a surety company authorized to do business in this State;

(b) Securities of the type eligible for deposit pursuant to NRS 682B.030;

(c) Cash;



(d) An irrevocable letter of credit issued by a financial institution approved by the Commissioner; or

(e) In any other form prescribed by the Commissioner.

3. Maintain, or be a subsidiary of a parent company that maintains, a net worth or stockholders' equity of at least \$100,000,000. Upon request, a provider *or vehicle protection product warrantor* shall provide to the Commissioner a copy of the most recent Form 10-K report or Form 20-F report filed by the provider or *vehicle protection product warrantor*, or parent company of the provider *or vehicle protection product warrantor*, with the Securities and Exchange Commission within the previous year. If the provider, *vehicle protection product warrantor* or parent company is not required to file those reports with the Securities and Exchange Commission, the provider *or vehicle protection product warrantor* shall provide to the Commissioner a copy of the most recently audited financial statements of the provider, *vehicle protection product warrantor* or parent company. If the net worth or stockholders' equity of the parent company of the provider *or vehicle protection product warrantor* is used to comply with the requirements of this subsection, the parent company must guarantee to carry out the duties of the provider under any service contract issued or sold by the provider *or the duties of the vehicle protection product warrantor under any vehicle protection product warranty issued or sold by the vehicle protection product warrantor, as applicable.*

Sec. 17. NRS 690C.200 is hereby amended to read as follows:

690C.200 1. Except as otherwise provided in this section, a provider *or vehicle protection product warrantor* shall not include in the name of the business of the provider *or vehicle protection product warrantor*:

(a) The words "insurance," "casualty," "surety," "mutual" or any other word or term that implies that the provider *or vehicle protection product warrantor* is engaged in the business of transacting insurance or is a surety company; or

(b) A name that is deceptively similar to the name or description of an insurer or surety company or the name of another provider *or vehicle protection product warrantor.*

2. A provider *or vehicle protection product warrantor* may include the word "guaranty" or a similar word in the name of the business of the provider *or vehicle protection product warrantor.*

3. This section does not apply to a provider *or vehicle protection product warrantor* who, before January 1, 2000, includes in the name of the business of the provider *or vehicle protection product warrantor* a name that does not comply with the provisions



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1 of subsection 1. Such a provider *or vehicle protection product*
2 *warrantor* shall include in each service contract *or vehicle*
3 *protection product warranty* the provider *or vehicle protection*
4 *product warrantor* issues, sells or offers for sale a statement that the
5 service contract *or vehicle protection product warranty* is not a
6 contract of insurance.

7 **Sec. 18.** NRS 690C.210 is hereby amended to read as follows:

8 690C.210 1. A contractual liability insurance policy issued in
9 this state must provide that the issuer of the policy shall:

10 (a) Reimburse or pay on behalf of the provider *or vehicle*
11 *protection product warrantor* any money the provider *or vehicle*
12 *protection product warrantor* has a duty to pay under a service
13 contract ~~or~~ *or vehicle protection product warranty; or*

14 (b) Otherwise provide for the performance of the duties of the
15 provider *or vehicle protection product warrantor* under a service
16 contract ~~or~~ *or vehicle protection product warranty.*

17 2. If a provider *or vehicle protection product warrantor* fails
18 to perform his or her duties under a service contract *or vehicle*
19 *protection product warranty* within 60 days after receiving notice
20 from the holder that the goods described in the contract are defective
21 ~~or the vehicle protection product has failed to prevent loss or~~
22 ~~damage to the motor vehicle described in the vehicle protection~~
23 ~~product warranty,~~ the holder may apply to the issuer of the
24 contractual liability insurance policy for performance of the duties
25 of the provider *or vehicle protection product warrantor* under the
26 service contract ~~or~~ *or vehicle protection product warranty.*

27 **Sec. 19.** NRS 690C.220 is hereby amended to read as follows:

28 690C.220 No person may require the purchase of a service
29 contract *or vehicle protection product* as a condition for the
30 approval of a loan or the purchasing of goods.

31 **Sec. 20.** NRS 690C.230 is hereby amended to read as follows:

32 690C.230 1. A provider *or vehicle protection product*
33 *warrantor* shall provide a receipt for, or other written evidence of,
34 the purchase of a service contract ~~or~~ *or issuance of a vehicle*
35 *protection product warranty.*

36 2. The provider *or vehicle protection product warrantor* shall
37 furnish a copy of the service contract *or vehicle protection product*
38 *warranty* to the holder within a reasonable time after the contract *or*
39 *vehicle protection product* is purchased.

40 **Sec. 21.** NRS 690C.240 is hereby amended to read as follows:

41 690C.240 1. A provider *or vehicle protection product*
42 *warrantor* who, whether directly or through a vehicle dealer
43 licensed pursuant to NRS 482.325, enters into a vehicle service
44 contract *or vehicle protection product warranty* with a buyer shall,
45 within 30 days after ceasing doing business in this State, notify any



1 buyer who purchased such a contract *or was issued such a warranty*
2 in writing of the fact that the provider *or vehicle protection product*
3 *warrantor* has ceased doing business in this State if the specified
4 period of the vehicle service contract *or vehicle protection product*
5 *warranty* has not yet expired.

6 2. The provisions of this section do not:

7 (a) Render a service contract *or vehicle protection product*
8 *warranty* void pursuant to NRS 690C.250;

9 (b) Cancel a service contract *or vehicle protection product*
10 *warranty* pursuant to NRS 690C.270; or

11 (c) Release the provider *or vehicle protection product*
12 *warrantor* from any liability imposed by a violation of any
13 provision of this chapter.

14 3. As used in this section:

15 (a) "Buyer" means the buyer of a vehicle service contract ~~H~~ *or*
16 *vehicle protection product warranty*.

17 (b) "Vehicle service contract" means a contract pursuant to
18 which a provider, in exchange for separately stated consideration, is
19 obligated for a specified period to a buyer to repair, replace or
20 perform maintenance on, or indemnify or reimburse the buyer for
21 the costs of repairing, replacing or performing maintenance on, a
22 motor vehicle which is described in the vehicle service contract and
23 which has an operational or structural failure as a result of a defect
24 in materials, workmanship or normal wear and tear, including,
25 without limitation, a contract that ~~includes~~ :

26 (1) *Includes* a provision for incidental payment of indemnity
27 under limited circumstances, including, without limitation, towing,
28 rental and emergency road service ~~H~~ ;

29 (2) *Provides for the repair or replacement of a tire or wheel*
30 *on a motor vehicle damaged as a result of coming into contact*
31 *with a road hazard;*

32 (3) *Provides for the removal of a dent, ding or crease on a*
33 *motor vehicle that is repairable using the process of paintless dent*
34 *removal without affecting the existing paint finish and without*
35 *replacing the body panels of the motor vehicle or sanding,*
36 *bonding or painting the existing paint finish of the motor vehicle;*

37 (4) *Provides for the repair of a chip or crack in, or the*
38 *replacement of, the windshield of a motor vehicle as a result of*
39 *damage caused by a road hazard; and*

40 (5) *Provides for the replacement of a key or key fob of a*
41 *motor vehicle if the key or key fob becomes inoperable or is lost or*
42 *stolen.*

43 Sec. 22. NRS 690C.250 is hereby amended to read as follows:

44 690C.250 1. A service contract *or vehicle protection product*
45 *warranty* is void and a provider *or vehicle protection product*



1 *warrantor* shall refund to the holder the purchase price of the
2 service contract *or vehicle protection product warranty* if the holder
3 has not made a claim under the service contract *or vehicle*
4 *protection product warranty* and the holder returns the service
5 contract *or vehicle protection product warranty* to the provider ~~H~~
6 *or vehicle protection product warrantor*;

7 (a) Within 20 days after the date the provider *or vehicle*
8 *protection product warrantor* mails a copy of the service contract
9 *or vehicle protection product warranty* to the holder;

10 (b) Within 10 days after the purchaser receives a copy of
11 the service contract *or vehicle protection product warranty* if the
12 provider *or vehicle protection product warrantor* furnishes the
13 holder with the copy at the time the contract *or vehicle protection*
14 *product warranty* is purchased; or

15 (c) Within a longer period specified in the service contract ~~H~~ *or*
16 *vehicle protection product warranty*.

17 2. The right of a holder to return a service contract *or vehicle*
18 *protection product warranty* pursuant to this section applies only to
19 the original purchaser of the service contract ~~H~~ *or vehicle*
20 *protection product warranty*.

21 3. A service contract *or vehicle protection product warranty*
22 must include a provision that clearly states the right of a holder to
23 return a service contract *or vehicle protection product warranty*
24 pursuant to this section.

25 4. The provider *or vehicle protection product warrantor* shall
26 refund to the holder the purchase price of the service contract *or*
27 *vehicle protection product warranty* within 45 days after a service
28 contract *or vehicle protection product warranty* is returned pursuant
29 to subsection 1. If the provider *or vehicle protection product*
30 *warrantor* fails to refund the purchase price within that time, the
31 provider *or vehicle protection product warrantor* shall pay the
32 holder a penalty of 10 percent of the purchase price for each 30-day
33 period or portion thereof that the refund and any accrued penalties
34 remain unpaid.

35 **Sec. 23.** NRS 690C.260 is hereby amended to read as follows:

36 690C.260 1. A service contract *or vehicle protection product*
37 *warranty* must:

38 (a) Be written in language that is understandable and printed in a
39 typeface that is easy to read.

40 (b) Indicate that it is insured by a contractual liability insurance
41 policy if it is so insured, and include the name and address of the
42 issuer of the policy or that it is backed by the full faith and credit of
43 the provider *or vehicle protection product warrantor* if the service
44 contract *or vehicle protection product warranty* is not insured by a
45 contractual liability insurance policy.



(c) Include the amount of any deductible that the holder is required to pay.

(d) Include the name and address of the provider *or vehicle protection product warrantor* and, if applicable:

(1) The name and address of the administrator; and

(2) The name of the holder, if provided by the holder.

➔ The names and addresses of such persons are not required to be preprinted on the service contract *or vehicle protection product warranty* and may be added to the service contract *or vehicle protection product warranty* at the time of the sale.

(e) Include the purchase price of the service contract *H or vehicle protection product warranty*. The purchase price must be determined pursuant to a schedule of fees established by the provider *H or vehicle protection product warrantor*. The purchase price is not required to be preprinted on the service contract *or vehicle protection product warranty* and may be negotiated with the holder and added to the service contract *or vehicle protection product warranty* at the time of sale.

(f) Include a description of the goods covered by the service contract *H, the motor vehicle and the vehicle protection product covered by the vehicle protection product warranty*.

(g) Specify the duties of the provider *or vehicle protection product warrantor* and any limitations, exceptions or exclusions.

(h) If the service contract *or vehicle protection product warranty* covers a motor vehicle, indicate whether replacement parts that are not made for or by the original manufacturer of the motor vehicle may be used to comply with the terms of the service contract *H or vehicle protection product warranty*.

(i) Include any restrictions on transferring or renewing the service contract.

(j) Include the terms, restrictions or conditions for cancelling the service contract *or vehicle protection product warranty* before it expires and the procedure for cancelling the service contract *H or vehicle protection product warranty*. The conditions for cancelling the service contract *or vehicle protection product warranty* must include, without limitation, the provisions of NRS 690C.270.

(k) Include the duties of the holder under the *service contract H or vehicle protection product warranty*, including, without limitation, the duty to protect against damage to the goods covered by the service contract or to comply with any instructions included in the owner's manual for the goods.

(l) Indicate whether the service contract *or vehicle protection product warranty* authorizes the holder to recover consequential damages.



(m) Indicate whether any defect in the goods covered by the service contract *or in a vehicle protection product covered by the vehicle protection product warranty* existing on the date the contract *or vehicle protection product warranty* is purchased *or issued* is not covered under the service contract ~~H~~ *or vehicle protection product warranty*.

2. A provider *or vehicle protection product warrantor* shall not allow, make or cause to be made a false or misleading statement in any of the service contracts of the provider or *vehicle protection product warranties of the vehicle protection product warrantor, or* intentionally omit a material statement that causes a service contract *or vehicle protection product warranty* to be misleading. The Commissioner may require the provider *or vehicle protection product warrantor* to amend any service contract *or vehicle protection product warranty* that the Commissioner determines is false or misleading.

Sec. 24. NRS 690C.270 is hereby amended to read as follows:

690C.270 1. No service contract *or vehicle protection product warranty* that has been in effect for at least 70 days may be cancelled by the provider *or vehicle protection product warrantor* before the expiration of the agreed term or 1 year after the effective date of the service contract ~~H~~ *or vehicle protection product warranty*, whichever occurs first, except on any of the following grounds:

(a) Failure by the holder to pay an amount when due;

(b) Conviction of the holder of a crime which results in an increase in the service required under the service contract ~~H~~ *or vehicle protection product warranty*;

(c) Discovery of fraud or material misrepresentation by the holder in obtaining the service contract ~~H~~ *or vehicle protection product warranty*, or in presenting a claim for service thereunder;

(d) Discovery of:

(1) An act or omission by the holder; or

(2) A violation by the holder of any condition of the service contract ~~H~~ *or vehicle protection product warranty*,

↳ which occurred after the effective date of the service contract *or vehicle protection product warranty* and which substantially and materially increases the service required under the service contract ~~H~~ *or vehicle protection product warranty*; or

(e) A material change in the nature or extent of the required service or repair which occurs after the effective date of the service contract *or vehicle protection product warranty* and which causes the required service or repair to be substantially and materially increased beyond that contemplated at the time that the service contract *or vehicle protection product warranty* was issued or sold.



2. No cancellation of a service contract *or vehicle protection product warranty* may become effective until at least 15 days after the notice of cancellation is mailed to the holder.

Sec. 25. NRS 690C.310 is hereby amended to read as follows:

690C.310 1. A provider *or vehicle protection product warrantor* shall maintain records of the transactions governed by this chapter. The records of a provider *or vehicle protection product warrantor* must include:

(a) A copy of each type of service contract *or vehicle protection product warranty* that the provider *or vehicle protection product warrantor* issues, sells or offers for sale;

(b) The name and address of each holder who possesses a service contract *or vehicle protection product warranty* under which the provider *or vehicle protection product warrantor* has a duty to perform, to the extent that the provider *or vehicle protection product warrantor* knows the name and address of each holder;

(c) A list that includes each location where the provider *or vehicle protection product warrantor* issues, sells or offers for sale service contracts ~~H~~ *or vehicle protection product warranties*; and

(d) The date and a description of each claim made by a holder under a service contract ~~H~~ *or vehicle protection product warranty*.

2. Except as otherwise provided in this subsection, a provider *or vehicle protection product warrantor* shall retain all records relating to a service contract *or vehicle protection product warranty* for at least 1 year after the contract *or vehicle protection product warranty* has expired. A provider *or vehicle protection product warrantor* who intends to discontinue doing business in this state shall provide the Commissioner with satisfactory proof that the provider *or vehicle protection product warrantor* has discharged his or her duties to the holders in this state and shall not destroy his or her records without the prior approval of the Commissioner.

3. The records required to be maintained pursuant to this section may be stored on a computer disc or other storage device for a computer from which the records can be readily printed.

Sec. 26. NRS 690C.320 is hereby amended to read as follows:

690C.320 1. Except as otherwise provided in this subsection, the Commissioner may conduct examinations to enforce the provisions of this chapter pursuant to the provisions of NRS 679B.230 to 679B.300, inclusive, at such times as the Commissioner deems necessary. The Commissioner is not required to comply with the requirement in NRS 679B.230 that insurers be examined not less frequently than every 5 years in the enforcement of this chapter.

2. A provider *or vehicle protection product warrantor* shall, upon the request of the Commissioner, make available to the



Commissioner for inspection any accounts, books and records concerning any service contract *or vehicle protection product warranty* issued, sold or offered for sale by the provider *or vehicle protection product warrantor* which are reasonably necessary to enable the Commissioner to determine whether the provider *or vehicle protection product warrantor* is in compliance with the provisions of this chapter.

Sec. 27. NRS 690C.325 is hereby amended to read as follows:

690C.325 1. The Commissioner may refuse to renew or may suspend, limit or revoke a provider's *or vehicle protection product warrantor's* certificate of registration if the Commissioner finds after a hearing thereon, or upon waiver of hearing by the provider ~~§~~ *or vehicle protection product warrantor*, that the provider *or vehicle protection product warrantor* has:

(a) Violated or failed to comply with any lawful order of the Commissioner;

(b) Conducted business in an unsuitable manner;

(c) Willfully violated or willfully failed to comply with any lawful regulation of the Commissioner; or

(d) Violated any provision of this chapter.

➔ In lieu of such a suspension or revocation, the Commissioner may levy upon the provider ~~§~~ *or vehicle protection product warrantor*, and the provider *or vehicle protection product warrantor* shall pay forthwith, an administrative fine of not more than \$1,000 for each act or violation.

2. The Commissioner shall suspend or revoke a provider's *or vehicle protection product warrantor's* certificate of registration on any of the following grounds if the Commissioner finds after a hearing thereon that the provider ~~§~~ *or vehicle protection product warrantor*:

(a) Is in unsound condition, is being fraudulently conducted, or is in such a condition or is using such methods and practices in the conduct of its business as to render its further transaction of service contracts *or vehicle protection product warranties* in this State currently or prospectively injurious to service contract *or vehicle protection product warranty* holders or to the public.

(b) Refuses to be examined, or its directors, officers, employees or representatives refuse to submit to examination relative to its affairs, or to produce its books, papers, records, contracts, correspondence or other documents for examination by the Commissioner when required, or refuse to perform any legal obligation relative to the examination.

(c) Has failed to pay any final judgment rendered against it in this State upon any policy, bond, recognizance or undertaking as issued or guaranteed by it, within 30 days after the judgment



1 became final or within 30 days after dismissal of an appeal before
2 final determination, whichever date is the later.

3 3. The Commissioner may, without advance notice or a hearing
4 thereon, immediately suspend the certificate of registration of any
5 provider *or vehicle protection product warrantor* that has filed for
6 bankruptcy or otherwise been deemed insolvent.

7 **Sec. 28.** NRS 691D.070 is hereby amended to read as follows:

8 691D.070 1. “Portable electronics insurance” means
9 insurance which provides coverage for the repair or replacement of
10 portable electronics and which may cover portable electronics
11 against loss, theft, inoperability due to mechanical failure,
12 malfunction, accidental damage or other similar perils in accordance
13 with the terms of the policy.

14 2. The term does not include:

15 (a) A service contract *or vehicle protection product warranty*
16 governed by chapter 690C of NRS;

17 (b) A maintenance agreement;

18 (c) A warranty;

19 (d) A policy of homeowners’ insurance, renter’s insurance or
20 motor vehicle insurance; or

21 (e) A policy of property or casualty insurance for business and
22 commercial risks.

23 **Sec. 29.** This act becomes effective:

24 1. Upon passage and approval for the purpose of adopting any
25 regulations and performing any other preparatory administrative
26 tasks necessary to carry out the provisions of this act; and

27 2. On January 1, 2016, for all other purposes.

