

ASSEMBLY BILL NO. 402—ASSEMBLYWOMEN SHELTON AND FIORE

MARCH 17, 2015

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing motor vehicle insurance. (BDR 57-1065)

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 insurance; revising provisions relating to an insurer who issues a policy of insurance covering damage to a motor vehicle; providing a penalty; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Existing law provides a list of acts which, if engaged in by an insurer, are considered to be unfair practices and authorizes the Commissioner of Insurance to impose certain penalties and administrative fines. (NRS 686A.160, 686A.170, 686A.300, 686A.310) **Section 3** of this bill provides a list of acts which, if engaged in by an insurer who issues insurance covering damage to a motor vehicle, are considered to be unfair practices, subject to the existing authority of the Commissioner. **Section 10** of this bill revises the maximum amount of the administrative fines the Commissioner is authorized to impose on a person who the Commissioner determines has engaged in an unfair practice. (NRS 686A.183) **Section 11** of this bill revises the maximum amount of the administrative fine that the Commissioner is authorized to impose for the violation by an insurer of a cease and desist order issued by the Commissioner related to an unfair practice. (NRS 686A.187)

Existing law requires an insurer who issues insurance covering damage to a motor vehicle to make payment for any claim involving damage to a motor vehicle within 30 days after the insurer's receipt of the statement of charges for repairs which have been satisfactorily completed. (NRS 686A.300) **Section 13** of this bill provides that such payment be made within 15 business days after the insurer's receipt of the statement of charges.

Existing law prohibits an insurer who issues insurance covering damage to a motor vehicle from knowingly recommending an insured or claimant to a body shop which is not licensed in this State, and from requiring an insured or claimant to patronize any licensed body shop in this State in preference to another. (NRS 690B.016) **Section 21** of this bill includes registered garages to the existing prohibitions, and requires that a specific notice be provided to an insured or



claimant about the insured's or claimant's right to choose the body shop or garage where his or her vehicle will be repaired. **Section 21** also authorizes an insurer, if the insured or claimant has not chosen a body shop or garage, to inform the insured or claimant about any licensed body shop or registered garage which participates with the insurer in a preferred vendor program, whereby the body shop or garage provides a discount to customers insured by the insurer. An insurer who enters into any such program is required to annually provide a list of the participating body shops and garages to the Commissioner. **Section 19** of this bill enacts similar provisions for the repair or replacement of any damaged glass of a motor vehicle covered by such insurance.

**Section 16** of this bill newly provides duties and obligations of, and prohibitions on, an insurer who issues insurance covering damage to a motor vehicle that, in the case of a motor vehicle that is declared a total loss by the insurer, require the insurer to: (1) replace the insured's motor vehicle with a motor vehicle of like kind or quality; or (2) pay to the insured the actual-cost value of the insured's motor vehicle. **Section 17** of this bill newly provides duties and obligations for, and prohibitions on, an insurer who issues insurance covering damage to a motor vehicle when the motor vehicle is damaged but is not declared a total loss by the insurer. **Section 18** of this bill newly provides certain requirements regarding the subrogation of claims for an insurer who issues insurance covering damage to a motor vehicle.

**Sections 3 and 16-19** each contain a provision which makes an insurer who violates any of the provisions of the respective sections liable to the insured for any damages sustained by the insured as a result of such violation. Existing law makes a violation of any of the new provisions in **sections 3 and 16-19** a misdemeanor. (NRS 679A.180)

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

**Section 1.** NRS 679B.630 is hereby amended to read as follows:

679B.630 The Commissioner shall establish a program within the Division to investigate any act or practice which:

1. Violates the provisions of NRS 686A.010 to 686A.310, inclusive ~~§~~, *and section 3 of this act*; or

2. Defrauds or is an attempt to defraud an insurer.

**Sec. 2.** NRS 684A.035 is hereby amended to read as follows:

684A.035 1. The provisions of NRS 683A.341 and 686A.310 *and section 3 of this act* apply to adjusters and associate adjusters.

2. For the purposes of subsection 1, unless the context requires that a section apply only to producers of insurance or insurers, any reference in those sections to "producer of insurance" or "insurer" must be replaced by a reference to "adjuster or associate adjuster."

**Sec. 3.** Chapter 686A of NRS is hereby amended by adding thereto a new section to read as follows:

*1. Engaging in any of the following activities or omissions by an insurer who issues a policy of insurance covering damage to a motor vehicle is considered to be an unfair practice:*



(a) *Failing to inform an insured or claimant who has reported a claim that the insured or claimant may have a claim against another party for loss of use of the motor vehicle of the insured or claimant, if the liability of the third party has become reasonably clear and the insurer has knowledge of that fact;*

(b) *Failing to make a good faith assignment of comparative negligence percentages in ascertaining liability for a claim and notify the insured or claimant of that assignment;*

(c) *Making any partial or final offer of settlement, settlement or payment to an insured for a claim without informing the insured with specificity what the offer, settlement or payment covers or addresses;*

(d) *Using a threat of cancellation, rescission or nonrenewal of a policy to coerce or induce an insured to accept a partial or final offer of settlement of a claim;*

(e) *Failing to issue payment to an insured as agreed in a settlement or partial settlement agreement within 15 business days after the later of the date of:*

(1) *Receipt of the signed agreement by the insurer; or*

(2) *Completion by the insured of any performance required of the insured by the agreement;*

(f) *Failing to inform the insured of the specific policy provision or provisions under which any settlement payment to the insured is or will be made; or*

(g) *Reducing or attempting to reduce the amount of any partial or final offer of settlement, settlement or payment to an insured for a claim:*

(1) *Due to depreciation concerning an item or items that are not adversely affected by depreciation; or*

(2) *For any other reason, except if the resale value of the item or items has increased compared to the value of the item or items before the occurrence of the loss that is the basis of the claim.*

2. *In addition to any rights or remedies available to the Commissioner, an insurer is liable to its insured for any damages sustained by the insured as a result of the commission or omission by the insurer of any act set forth in subsection 1 as an unfair practice.*

3. *As used in this section, "motor vehicle" has the meaning ascribed to it in NRS 485.050.*

**Sec. 4.** NRS 686A.010 is hereby amended to read as follows:

686A.010 The purpose of NRS 686A.010 to 686A.310, inclusive, *and section 3 of this act* is to regulate trade practices in the business of insurance in accordance with the intent of Congress as expressed in the Act of Congress approved March 9, 1945, being



c. 20, 59 Stat. 33, also designated as 15 U.S.C. §§ 1011 to 1015, inclusive, and Title V of Public Law 106-102, 15 U.S.C. §§ 6801 et seq.

**Sec. 5.** NRS 686A.015 is hereby amended to read as follows:

686A.015 1. Notwithstanding any other provision of law, the Commissioner has exclusive jurisdiction in regulating the subject of trade practices in the business of insurance in this state.

2. The Commissioner shall establish a program within the Division to investigate any act or practice which constitutes an unfair or deceptive trade practice in violation of the provisions of NRS 686A.010 to 686A.310, inclusive ~~and section 3 of this act.~~

**Sec. 6.** NRS 686A.020 is hereby amended to read as follows:

686A.020 A person shall not engage in this state in any practice which is defined in NRS 686A.010 to 686A.310, inclusive, *and section 3 of this act* as, or determined pursuant to NRS 686A.170 to be, an unfair method of competition or an unfair or deceptive act or practice in the business of insurance.

**Sec. 7.** NRS 686A.160 is hereby amended to read as follows:

686A.160 If the Commissioner has cause to believe that any person has been engaged or is engaging, in this state, in any unfair method of competition or any unfair or deceptive act or practice prohibited by NRS 686A.010 to 686A.310, inclusive, *and section 3 of this act* and that a proceeding by the Commissioner in respect thereto would be in the interest of the public, the Commissioner may issue and serve upon such person a statement of the charges and a notice of the hearing to be held thereon. The statement of charges and notice of hearing shall comply with the requirements of NRS 679B.320 and shall be served upon such person directly or by certified or registered mail, return receipt requested.

**Sec. 8.** NRS 686A.170 is hereby amended to read as follows:

686A.170 1. If the Commissioner believes that any person engaged in the insurance business is in the conduct of such business engaging in this state in any method of competition or in any act or practice not defined in NRS 686A.010 to 686A.310, inclusive, *and section 3 of this act* which is unfair or deceptive and that a proceeding by the Commissioner in respect thereto would be in the public interest, the Commissioner shall, after a hearing of which notice and of the charges against such person are given to the person, make a written report of the findings of fact relative to such charges and serve a copy thereof upon such person and any intervener at the hearing.

2. If such report charges a violation of NRS 686A.010 to 686A.310, inclusive, *and section 3 of this act* and if such method of competition, act or practice has not been discontinued, the Commissioner may, through the Attorney General, at any time after



20 days after the service of such report cause an action to be instituted in the district court of the county wherein the person resides or has his or her principal place of business to enjoin and restrain such person from engaging in such method, act or practice. The court shall have jurisdiction of the proceeding and shall have power to make and enter appropriate orders in connection therewith and to issue such writs or orders as are ancillary to its jurisdiction or necessary in its judgment to prevent injury to the public pendente lite; but the State of Nevada shall not be required to give security before the issuance of any such order or injunction under this section. If a stenographic record of the proceedings in the hearing before the Commissioner was made, a certified transcript thereof including all evidence taken and the report and findings shall be received in evidence in such action.

3. If the court finds that:

(a) The method of competition complained of is unfair or deceptive;

(b) The proceedings by the Commissioner with respect thereto are to the interest of the public; and

(c) The findings of the Commissioner are supported by the weight of the evidence,

➔ it shall issue its order enjoining and restraining the continuance of such method of competition, act or practice.

4. Either party may appeal from such final judgment or order or decree of court in a like manner as provided for appeals in civil cases.

5. If the Commissioner's report made under subsection 1 or order on hearing made under NRS 679B.360 does not charge a violation of NRS 686A.010 to 686A.310, inclusive, *and section 3 of this act*, then any intervener in the proceedings may appeal therefrom within the time and in the manner provided in this Code for appeals from the Commissioner generally.

6. Upon violation of any injunction issued under this section, the Commissioner, after a hearing thereon, may impose the appropriate penalties provided for in NRS 686A.187.

**Sec. 9.** NRS 686A.180 is hereby amended to read as follows:

686A.180 1. Service of all process, statements of charges and notices under NRS 686A.010 to 686A.310, inclusive, *and section 3 of this act* upon unauthorized insurers shall be made by delivering to and leaving with the Commissioner or some person in apparent charge of the office of the Commissioner two copies thereof, or in the manner provided for by subsection 2 of NRS 685B.050 (service of process).



2. The Commissioner shall forward all such process, statements of charges and notices to the insurer in the manner provided in subsection 3 of NRS 685B.050.

3. No default shall be taken against any such unauthorized insurer until expiration of 30 days after the date of forwarding by the Commissioner under subsection 2, or date of service of process if under subsection 2 of NRS 685B.050.

4. NRS 685B.050 applies to all process, statements of charges and notices under this section.

**Sec. 10.** NRS 686A.183 is hereby amended to read as follows:

686A.183 1. After the hearing provided for in NRS 686A.160, the Commissioner shall issue an order on hearing pursuant to NRS 679B.360. If the Commissioner determines that the person charged has engaged in an unfair method of competition or an unfair or deceptive act or practice in violation of NRS 686A.010 to 686A.310, inclusive, *and section 3 of this act*, the Commissioner shall order the person to cease and desist from engaging in that method of competition, act or practice, and may order one or both of the following:

(a) If the person knew or reasonably should have known that he or she was in violation of NRS 686A.010 to 686A.310, inclusive, *and section 3 of this act*, payment of an administrative fine of not more than ~~[\$5,000]~~ \$25,000 for each act or violation, except that as to licensed agents, brokers, solicitors and adjusters, the administrative fine must not exceed ~~[\$500]~~ \$5,000 for each act or violation.

(b) Suspension or revocation of the person's license if the person knew or reasonably should have known that he or she was in violation of NRS 686A.010 to 686A.310, inclusive ~~[ ]~~, *and section 3 of this act*.

2. Until the expiration of the time allowed for taking an appeal, pursuant to NRS 679B.370, if no petition for review has been filed within that time, or, if a petition for review has been filed within that time, until the official record in the proceeding has been filed with the court, the Commissioner may, at any time, upon such notice and in such manner as the Commissioner deems proper, modify or set aside, in whole or in part, any order issued by him or her under this section.

3. After the expiration of the time allowed for taking an appeal, if no petition for review has been filed, the Commissioner may at any time, after notice and opportunity for hearing, reopen and alter, modify or set aside, in whole or in part, any order issued by him or her under this section whenever in the opinion of the Commissioner conditions of fact or of law have so changed as to require such action or if the public interest so requires.



1     **Sec. 11.** NRS 686A.187 is hereby amended to read as follows:  
2     686A.187 Any person who violates a cease and desist order of  
3     the Commissioner issued under NRS 686A.183, except one issued  
4     with respect to NRS 686A.170, is subject, in the discretion of the  
5     Commissioner, after notice and hearing and upon order of the  
6     Commissioner, to one or both of the following:

7     1. Payment of an administrative fine of not more than ~~[\$5,000]~~  
8     **\$25,000** for each and every violation.

9     2. Suspension or revocation of the license.

10    **Sec. 12.** NRS 686A.270 is hereby amended to read as follows:  
11    686A.270 No insurer shall be held guilty of having committed  
12    any of the acts prohibited by NRS 686A.010 to 686A.310, inclusive,  
13    **and section 3 of this act** by reason of the act of any agent, solicitor  
14    or employee not an officer, director or department head thereof,  
15    unless an officer, director or department head of the insurer has  
16    knowingly permitted such act or has had prior knowledge thereof.

17    **Sec. 13.** NRS 686A.300 is hereby amended to read as follows:  
18    686A.300 1. An insurer who issues insurance covering  
19    damage to a motor vehicle shall not delay making payment for any  
20    claim involving damage to a motor vehicle after receiving a  
21    statement of charges, pursuant to the provisions of NRS 487.6893,  
22    from any garage or licensed body shop previously authorized by the  
23    insured to perform the repairs required by that claim.

24    2. A delay, within the meaning of this section, is failure to  
25    issue a check or draft, payable to the garage or licensed body shop  
26    or jointly to the insured and the garage or licensed body shop, within  
27    ~~[30]~~ **15 business** days after the insurer's receipt of the statement of  
28    charges for repairs which have been satisfactorily completed.

29    3. If the damaged vehicle is subject to a security interest or the  
30    legal owner of the damaged vehicle is different from the registered  
31    owner, the vehicle must be repaired by a garage or licensed body  
32    shop unless:

33    (a) The insurer has declared the vehicle a total loss; or

34    (b) The total charge for the repair of the vehicle, as set forth in  
35    the statement of charges presented pursuant to NRS 487.6893, is  
36    \$300 or less.

37    4. Except as otherwise provided in subsection 3, nothing in this  
38    section shall be deemed to prohibit an insurer and insured from  
39    settling a claim involving damage to a motor vehicle without  
40    providing for the repair of the vehicle.

41    5. As used in this section, "licensed body shop" means a body  
42    shop for which a license has been issued pursuant to chapter 487 of  
43    NRS.





1     **Sec. 14.** NRS 686A.520 is hereby amended to read as follows:  
2     686A.520 1. The provisions of NRS 683A.341, 683A.451,  
3     683A.461, 683A.480 and 686A.010 to 686A.310, inclusive, *and*  
4     *section 3 of this act* apply to companies.

5     2. For the purposes of subsection 1, unless the context requires  
6     that a section apply only to insurers, any reference in those sections  
7     to “insurer” must be replaced by a reference to “company.”

8     **Sec. 15.** Chapter 690B of NRS is hereby amended by adding  
9     thereto the provisions set forth as sections 16 to 19, inclusive, of this  
10    act.

11    **Sec. 16.** 1. *Except as otherwise provided in subsection 3, an*  
12    *insurer who issues a policy of insurance covering damage to a*  
13    *motor vehicle which requires the insurer to replace the motor*  
14    *vehicle of the insured with a motor vehicle of like kind or quality*  
15    *in the event that the motor vehicle of the insured is declared a total*  
16    *loss by the insurer must provide the insured, at no cost to the*  
17    *insured other than the amount of any applicable deductible as*  
18    *provided in the policy:*

19    (a) *A comparable and available motor vehicle; and*

20    (b) *Compensation equal to the cost of all applicable taxes and*  
21    *other fees required for the registration of the motor vehicle, except*  
22    *that the registration fees may be offset by any pro rata credit*  
23    *obtained by the insured from the Department of Motor Vehicles*  
24    *pursuant to NRS 482.399 on the motor vehicle that was declared a*  
25    *total loss.*

26    2. *Except as otherwise provided in subsection 3, an insurer*  
27    *who issues a policy of insurance covering damage to a motor*  
28    *vehicle that requires the insurer to pay to the insured the actual*  
29    *cash value of the motor vehicle of the insured in the event that the*  
30    *motor vehicle of the insured is declared a total loss by the insurer*  
31    *must provide the insured, at no cost to the insured other than the*  
32    *amount of any applicable deductible as provided in the policy:*

33    (a) *Compensation equal to the actual cost of the purchase of a*  
34    *motor vehicle which is comparable to the motor vehicle that was*  
35    *declared a total loss as to mileage, options and the condition of the*  
36    *motor vehicle, and such cost must be determined based on:*

37    (1) *A motor vehicle available in the local market of the*  
38    *insured; or*

39    (2) *If no such motor vehicle is available in the local market*  
40    *of the insured, two or more price quotations obtained from two or*  
41    *more licensed motor vehicle dealers in the local market of the*  
42    *insured, which must be presented to the insured before any*  
43    *settlement; and*

44    (b) *Compensation equal to the cost of all applicable taxes and*  
45    *other fees required for the registration of the motor vehicle, except*





1 *that the registration fees may be offset by any pro rata credit*  
2 *obtained by the insured from the Department of Motor Vehicles*  
3 *pursuant to NRS 482.399 on the motor vehicle that was declared a*  
4 *total loss.*

5 *3. Any offer of settlement or settlement provided by an*  
6 *insurer that does not meet the requirements of subsection 1 or 2*  
7 *must include a detailed explanation of the reason for any*  
8 *deviation from the requirements of subsection 1 or 2, as*  
9 *applicable.*

10 *4. In addition to any rights or remedies available to the*  
11 *Commissioner, an insurer is liable to its insured for any damages*  
12 *sustained by the insured as a result of the violation by the insurer*  
13 *of any provision of this section.*

14 **Sec. 17. 1. An insurer who issues a policy of insurance**  
15 **covering damage to a motor vehicle, upon receipt of notification of**  
16 **a claim from an insured or a garage or body shop to which the**  
17 **motor vehicle was towed, shall:**

18 *(a) If applicable pursuant to the policy, notify the insured of*  
19 *loss of use coverage and how such coverage may be used or*  
20 *exercised by the insured.*

21 *(b) Inspect the motor vehicle within:*

22 *(1) Two business days after receipt of notification, if the*  
23 *motor vehicle is not able to be driven; or*

24 *(2) Five business days in all other cases.*

25 *(c) If applicable pursuant to the policy, notify the insured of*  
26 *coverage for reimbursement for a vehicle leased for short term*  
27 *and how such coverage may be used or exercised by the insured. If*  
28 *the insurer recommends to the insured a particular short-term*  
29 *lessor of vehicles, the insurer must provide the insured a notice*  
30 *which sets forth the following:*

31  
32 *Nevada law gives you the right to choose any short-term*  
33 *lessor of vehicles and prohibits your insurer from requiring*  
34 *you to choose a particular short-term lessor of vehicles.*  
35

36 *2. An insurer who issues a policy of insurance covering*  
37 *damage to a motor vehicle shall not require an insured to travel an*  
38 *unreasonable distance to:*

39 *(a) Obtain an estimate for the cost of repairs to the motor*  
40 *vehicle;*

41 *(b) Allow inspection of the motor vehicle by the insurer;*

42 *(c) Have the motor vehicle repaired; or*

43 *(d) Inspect or obtain a temporary or replacement motor*  
44 *vehicle.*



3. An insurer who issues a policy of insurance covering damage to a motor vehicle shall, to the limits of the policy of the insured:

(a) Pay all costs necessary to repair all damage to the motor vehicle; or

(b) Compensate the insured for all costs necessary to repair all damage to the motor vehicle.

4. In addition to any rights or remedies available to the Commissioner, an insurer is liable to its insured for any damages sustained by the insured as a result of the violation by the insurer of any provision of this section.

**Sec. 18.** 1. An insurer who issues a policy of insurance covering damage to a motor vehicle:

(a) Shall, unless the insured has already recovered his or her deductible, include the amount of the deductible paid by the insured for a claim in any subrogation claim made by the insurer which is related to the claim of the insured for which the deductible was paid; and

(b) Must, if the insurer recovers the entire amount of the subrogation claim, pay to the insured the amount of the deductible paid by the insured.

2. Except as otherwise provided in subsections 3 and 4, if an insurer recovers an amount under a subrogation claim made by the insurer pursuant to subsection 1 which is less than the total amount of the claim, the insurer must share the amount recovered with the insured on a proportionate basis.

3. If the recovery by the insurer pursuant to subsection 2 is to be paid to the insurer in installments, the insurer must apply the installment payments first to the proportionate share of the insured.

4. If the insurer incurs costs for the collection of a recovery made pursuant to subsection 2, no deductions for those costs of collection may be taken from the proportionate share of the insured, except that necessary and reasonable attorney fees, if any, included in the costs of collection may be deducted from the proportionate share of the insured on a proportionate basis.

5. Receipt by an insured of a proportionate share of his or her deductible pursuant to subsection 2, 3 or 4 does not constitute a waiver of the right of the insured to recover any remaining amount of his or her deductible.

6. In addition to any rights or remedies available to the Commissioner, an insurer is liable to its insured for any damages sustained by the insured as a result of the violation by the insurer of any provision of this section.



**Sec. 19. 1.** *An insured or claimant under a policy of insurance covering damage to a motor vehicle may have any covered repairs to the glass of the motor vehicle made at the repair facility of the insured's or claimant's choice. An insurer of motor vehicles shall notify the insured or the claimant of this right when the insurer is first contacted concerning the claim for damage to the glass of the motor vehicle by providing a notice which sets forth the following:*

*Nevada law gives you the right to choose the repair facility that will repair or replace the damaged glass on your vehicle, and prohibits your insurer from pressuring you to choose a particular repair facility. Have you selected a repair facility?*

*2. Except as otherwise provided in subsection 3, an insurer of motor vehicles or a representative of the insurer shall not require an insured or claimant to patronize any repair facility that repairs or replaces motor vehicle glass in this State in preference to another such repair facility.*

*3. If an insured or a claimant notifies the insurer pursuant to the notice described in subsection 1 that the insured or claimant has not chosen a repair facility, the insurer may inform the insured or claimant of any repair facility which participates in a preferred vendor program. After an insured or claimant has approved a repair facility to repair or replace the damaged glass of his or her motor vehicle, the insurer may no longer recommend or direct the insured to any other such repair facility in this State.*

*4. The provisions of this section do not require an insurer to pay more than the reasonable rate required pursuant to a policy of insurance for repairs or replacement of the glass of a motor vehicle.*

*5. An insurer of motor vehicles who participates in any preferred vendor program shall provide to the Commissioner annually a list of the names of each repair facility with which the insurer has entered into an agreement pursuant to a preferred vendor program. Such a list is a public record and must be open for inspection pursuant to NRS 239.010.*

*6. In addition to any rights or remedies available to the Commissioner, an insurer is liable to its insured for any damages sustained by the insured as a result of the violation by the insurer of any provision of this section.*

*7. As used in this section, "preferred vendor program" means any agreement entered into by an insurer whereby a repair facility agrees to provide replacement or repairs of any glass of a motor*



*vehicle at a reduced cost to an insured or a claimant of the insurer.*

**Sec. 20.** NRS 690B.012 is hereby amended to read as follows:

690B.012 1. Except as otherwise provided in subsections 2, 3 and 4, an insurer shall approve or deny a claim of its insured relating to a contract of casualty insurance within 30 days after the insurer receives the claim. If the claim is approved, the insurer shall pay the claim within ~~30~~ 15 days after it is approved. If the approved claim is not paid within that period, the insurer shall pay interest on the claim at the rate of interest established pursuant to NRS 99.040. The interest must be calculated from the date the payment is due until the claim is paid.

2. If the insurer requires additional information or time to determine whether to approve or deny a claim, it shall notify the policyholder of its request for the additional information or time within 20 days after it receives the policyholder's claim, and at least once every 30 days thereafter, until the claim is approved or denied. The notice must set forth the reason why the additional information or time is required.

3. The insurer shall approve or deny the claim within:

(a) Thirty days after it receives the additional information; or

(b) Thirty-one days after the last timely notice was provided pursuant to subsection 2,  
↳ whichever is later.

4. If the claim is approved, the insurer shall pay the claim within ~~30~~ 15 days after it is approved. If the approved claim is not paid within that period, the insurer shall pay interest on the claim in the manner prescribed in subsection 1.

**Sec. 21.** NRS 690B.016 is hereby amended to read as follows:

690B.016 1. An insured or a claimant under a policy of insurance may have repairs to a motor vehicle made at the licensed body shop *or registered garage* of the insured's or claimant's choice. An insurer of motor vehicles shall notify the insured or the claimant of this right when the insurer is first contacted concerning a claim for damage to a motor vehicle ~~and~~ *by providing a notice which sets forth the following:*

*Nevada law gives you the right to choose the repair facility that will repair your vehicle. Your policy of insurance will cover the reasonable costs of repairing your vehicle to its pre-accident condition at any licensed body shop or registered garage you choose. Have you selected a repair facility?*



1       2. ~~[Aa]~~ *Except as otherwise provided in subsection 3, an*  
2 insurer of motor vehicles or a representative of the insurer shall not:

3       (a) Knowingly recommend to an insured or a claimant, or direct  
4 an insured or a claimant to, a body shop in this State which is not  
5 licensed pursuant to NRS 487.630 ~~[F]~~ *or a garage which is not*  
6 *registered pursuant to NRS 487.560;*

7       (b) Require an insured or a claimant to patronize any licensed  
8 body shop *or registered garage* in this State in preference to another  
9 such business.

10      3. *If an insured or a claimant notifies the insurer pursuant to*  
11 *the notice provided in subsection 1 that the insured or claimant*  
12 *has not chosen a repair facility, the insurer may inform the*  
13 *insured or claimant of any licensed body shop or registered garage*  
14 *which participates in a preferred vendor program. After an*  
15 *insured or claimant has approved a licensed body shop or*  
16 *registered garage to repair his or her motor vehicle, the insurer*  
17 *may no longer recommend or direct the insured to any other*  
18 *licensed body shop or registered garage in this State.*

19      4. *If the policy so provides, an insurer must provide for the*  
20 *repair of any vehicle pursuant to this section with the use of*  
21 *original manufacturer parts and equipment.*

22      ~~[4.]~~ 5. The provisions of this section do not require an insurer  
23 to pay more than the reasonable rate required pursuant to a policy of  
24 insurance for repairs to a motor vehicle.

25      6. For the purposes of this section, an insurer is entitled to rely  
26 upon the validity of the license number included by the body shop  
27 *or the registration number included by the garage, as applicable,*  
28 on its estimates and invoices for repairs.

29      7. *An insurer of motor vehicles who participates in any*  
30 *preferred vendor program shall provide to the Commissioner*  
31 *annually a list of the names of each licensed body shop and*  
32 *registered garage with which the insurer has entered into an*  
33 *agreement pursuant to a preferred vendor program. Such a list is*  
34 *a public record and must be open for inspection pursuant to*  
35 *NRS 239.010.*

36      8. *In addition to any rights or remedies available to the*  
37 *Commissioner, an insurer is liable to its insured for any damages*  
38 *sustained by the insured as a result of the violation by the insurer*  
39 *of any provision of this section.*

40      9. *As used in this section, "preferred vendor program" means*  
41 *any agreement entered into by an insurer whereby a licensed body*  
42 *shop or registered garage agrees to provide repairs at a reduced*  
43 *cost to an insured or a claimant of the insurer.*



1     **Sec. 22.** NRS 690C.120 is hereby amended to read as follows:  
2     690C.120 1. Except as otherwise provided in this chapter, the  
3     marketing, issuance, sale, offering for sale, making, proposing to  
4     make and administration of service contracts are not subject to the  
5     provisions of title 57 of NRS, except, when applicable, the  
6     provisions of:

- 7     (a) NRS 679B.020 to 679B.152, inclusive;  
8     (b) NRS 679B.159 to 679B.300, inclusive;  
9     (c) NRS 679B.310 to 679B.370, inclusive;  
10    (d) NRS 679B.600 to 679B.690, inclusive;  
11    (e) NRS 685B.090 to 685B.190, inclusive;  
12    (f) NRS 686A.010 to 686A.095, inclusive;  
13    (g) NRS 686A.160 to 686A.187, inclusive; and  
14    (h) NRS 686A.260, 686A.270, 686A.280, 686A.300 and  
15    686A.310 ~~§~~ *and section 3 of this act.*

16    2. A provider, person who sells service contracts, administrator  
17    or any other person is not required to obtain a certificate of authority  
18    from the Commissioner pursuant to chapter 680A of NRS to issue,  
19    sell, offer for sale or administer service contracts.

20    **Sec. 23.** NRS 696A.360 is hereby amended to read as follows:  
21    696A.360 Motor clubs are also subject, in the same manner as  
22    insurers, to the following provisions of this Code to the extent  
23    reasonably applicable:

- 24    1. Chapter 679A of NRS (scope and definitions);  
25    2. Chapter 679B of NRS (Commissioner of Insurance);  
26    3. NRS 683A.400 (fiduciary funds);  
27    4. Chapter 685B of NRS (unauthorized insurers);  
28    5. NRS 686A.010 to 686A.310, inclusive , *and section 3 of*  
29    *this act* (trade practices and frauds); and  
30    6. Chapter 696B of NRS (delinquent insurers).

31    **Sec. 24.** This act becomes effective:

- 32    1. Upon passage and approval for the purpose of adopting any  
33    regulations and performing any other preparatory administrative  
34    tasks necessary to carry out the provisions of this act; and  
35    2. On January 1, 2016, for all other purposes.

