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Office of the Governor

June 16, 2023

The Honorable Francisco Aguilar
Nevada Secretary of State
101 North Carson Street
Carson City, Nevada 89701

Re: Assembly Bill 334 of the 82nd Legislative Session

Dear Secretary of State Aguilar:

I am forwarding to you, for filing within the time limit set forth in the Nevada Constitution and without my approval, Assembly Bill 334 ("AB 334"), which is titled as follows:

AN ACT relating to insurance; requiring, under certain circumstances, an insurer that requires the inspection or further inspection of a motor vehicle for repair relating to a claim to conduct the inspection or further inspection within a certain period of time; providing an administrative penalty; and providing other matters properly relating thereto.

AB 334 would attempt to expedite the timeline for repairs of Nevadans' automobiles. Unfortunately, this good intention is not met, and this bill has significant potential to create unintended consequences.

At its most basic, the inspection process timeline established by AB 334 conflicts with and undermines the claims resolution process and would make Nevada's among the most restrictive timelines in the nation. The claims resolution process for insurers is set out at NAC 686A.600 through NAC 686A.680. AB 334 ignores the entirety of liability determination in a third-party claim in favor of a single unworkable timeline.

This one-size-fits-all approach to a dynamic and complicated issue is likely to exacerbate problems rather than solve them.

At a time when Nevadans are already paying some of the highest insurance rates in the United States and the highest among the western states¹, additional, extreme constraints could raise rates even further – a hidden tax working Nevadans can ill afford.

Additionally, the enactment of restrictive timelines on inspection could compromise the quality and cost effectiveness of auto repairs for consumers, further prolonging an already difficult situation for Nevadans. Further, modern vehicles are comprised of multiple, complicated systems – ensuring that repairs are necessary and done expertly cannot be constrained into such a short window.

The bill does not address concerns surrounding work force shortages and supply chain constraints in both the body shop and insurance industries – a result of the pandemic that continues to reverberate.

Restrictive timelines create the potential for fraud in claims handling by withdrawing the ability for thoughtful consideration of claims and necessary repairs from the equation in favor of speed. And the bill would leave out the costs of rental cars, other transportation costs, and storage should the short time frame be missed.

The Nevada Division of Insurance has both the capability and the authority to review any complaints regarding the insurance industry.

Since AB 334 could lead to higher costs for Nevadans and creates an unworkable timeline for complex processes, I cannot support it.

For these reasons, I veto this bill and return it to you without my signature or approval.

Respectfully submitted,



JOE LOMBARDO
Governor of Nevada

Enclosure

cc: The Honorable Stavros Anthony, President of the Senate (without enclosure)
The Honorable Nicole Cannizzaro, Senate Majority Leader (without enclosure)
The Honorable Steve Yeager, Speaker of the Assembly (without enclosure)
Brendan Bucy, Secretary of the Senate (without enclosure)
Susan Furlong, Chief Clerk of the Assembly (without enclosure)
Brenda Erdoes, Esq., Legislative Counsel Bureau, Director (without enclosure)
Bryan Fernley, Esq., Legislative Counsel (without enclosure)

¹ See, <https://www.reviewjournal.com/business/personal-finance/nevada-car-insurance-rates-among-highest-in-nation-2772246/>