

ASSEMBLY BILL NO. 173—ASSEMBLYMEN CARRILLO;  
DURAN, FLORES AND MARTINEZ (BY REQUEST)

FEBRUARY 18, 2019

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to the repair of motor vehicles. (BDR 57-835)

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 the repair of motor vehicles; prohibiting the use of aftermarket parts to repair certain damaged motor vehicles; requiring body shops and garages to provide written disclosures about and obtain written consent for the use of aftermarket parts; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

1 Existing law requires insurers to make certain disclosures to the insured owner  
2 concerning damage repairs to his or her motor vehicle. Existing law further makes  
3 it an unfair practice for an insurer to fail to provide the required disclosures or  
4 refuse to authorize repairs in accordance with manufacturer specifications or repair  
5 industry standards. In addition to rights and remedies available to the  
6 Commissioner of Insurance, an insurer is liable to its insured for any damages  
7 sustained by the insured as a result of the commission of an unfair practice. (NRS  
8 686A.310) **Section 2** of this bill prohibits an insurer from requiring the use of  
9 aftermarket parts for the repair of physical damage to a motor vehicle that is less  
10 than 60 months old unless the insurer has written consent from the owner of the  
11 motor vehicle. **Section 2** also requires the insurer to provide a written notice to the  
12 owner of a motor vehicle that is 60 or more months old of the insurer’s intent to  
13 require the use of aftermarket parts to repair the motor vehicle. **Section 1** of this bill  
14 makes the failure to comply with **section 2** an unfair practice in settling claims,  
15 which may be punished by administrative fines and suspension or revocation of a  
16 person’s applicable license. (NRS 686A.187) **Section 3** of this bill requires that  
17 body shops and garages provide a written statement to an owner of a motor vehicle  
18 providing certain information about each aftermarket part used in a repair, and  
19 obtain the written consent of the owner to use the aftermarket part.



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

1     **Section 1.** NRS 686A.310 is hereby amended to read as  
2 follows:

3     686A.310 1. Engaging in any of the following activities is  
4 considered to be an unfair practice:

5     (a) Misrepresenting to insureds or claimants pertinent facts or  
6 insurance policy provisions relating to any coverage at issue.

7     (b) Failing to acknowledge and act reasonably promptly upon  
8 communications with respect to claims arising under insurance  
9 policies.

10    (c) Failing to adopt and implement reasonable standards for the  
11 prompt investigation and processing of claims arising under  
12 insurance policies.

13    (d) Failing to affirm or deny coverage of claims within a  
14 reasonable time after proof of loss requirements have been  
15 completed and submitted by the insured.

16    (e) Failing to effectuate prompt, fair and equitable settlements of  
17 claims in which liability of the insurer has become reasonably clear.

18    (f) Compelling insureds to institute litigation to recover amounts  
19 due under an insurance policy by offering substantially less than the  
20 amounts ultimately recovered in actions brought by such insureds,  
21 when the insureds have made claims for amounts reasonably similar  
22 to the amounts ultimately recovered.

23    (g) Attempting to settle a claim by an insured for less than the  
24 amount to which a reasonable person would have believed he or she  
25 was entitled by reference to written or printed advertising material  
26 accompanying or made part of an application.

27    (h) Attempting to settle claims on the basis of an application  
28 which was altered without notice to, or knowledge or consent of, the  
29 insured, or the representative, agent or broker of the insured.

30    (i) Failing, upon payment of a claim, to inform insureds or  
31 beneficiaries of the coverage under which payment is made.

32    (j) Making known to insureds or claimants a practice of the  
33 insurer of appealing from arbitration awards in favor of insureds or  
34 claimants for the purpose of compelling them to accept settlements  
35 or compromises less than the amount awarded in arbitration.

36    (k) Delaying the investigation or payment of claims by requiring  
37 an insured or a claimant, or the physician of either, to submit a  
38 preliminary claim report, and then requiring the subsequent  
39 submission of formal proof of loss forms, both of which  
40 submissions contain substantially the same information.

41    (l) Failing to settle claims promptly, where liability has become  
42 reasonably clear, under one portion of the insurance policy coverage



1 in order to influence settlements under other portions of the  
2 insurance policy coverage.

3 (m) Failing to comply with the provisions of NRS 687B.310 to  
4 687B.390, inclusive, or 687B.410 ~~or~~ *or section 2 of this act.*

5 (n) Failing to provide promptly to an insured a reasonable  
6 explanation of the basis in the insurance policy, with respect to the  
7 facts of the insured's claim and the applicable law, for the denial of  
8 the claim or for an offer to settle or compromise the claim.

9 (o) Advising an insured or claimant not to seek legal counsel.

10 (p) Misleading an insured or claimant concerning any applicable  
11 statute of limitations.

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

16 **Sec. 2.** Chapter 690B of NRS is hereby amended by adding  
17 thereto a new section to read as follows:

18 *1. An insurer shall not require a body shop or garage to use  
19 aftermarket parts to repair physical damage to a motor vehicle that  
20 was manufactured less than 60 months before the date of the  
21 damage unless the insurer has obtained written consent from the  
22 owner of the motor vehicle to install aftermarket parts.*

23 *2. If an insurer intends to require the use of aftermarket parts  
24 to repair physical damage to a motor vehicle that is not described  
25 in subsection 1, the insurer shall notify the owner of the motor  
26 vehicle in writing.*

27 *3. If a motor vehicle was manufactured less than 60 months  
28 before the date of the damage, the insurer shall provide written  
29 notice to the owner of the motor vehicle of the appraisal of the  
30 physical damage written on behalf of the insurer and the estimate  
31 prepared by the body shop or garage. The written notice must  
32 indicate that, with regard to damage which is the subject of the  
33 claim, the owner may require the insurer to provide for the repair  
34 of each damaged part of the motor vehicle with either:*

35 *(a) An original equipment manufacturer part; or*

36 *(b) An aftermarket part.*

37 *4. An insurer shall not require any body shop or garage to  
38 repair a motor vehicle in a manner which is contrary to the  
39 recommendations of the manufacturer of the motor vehicle.*

40 *5. As used in this section:*

41 *(a) "Aftermarket part" means a replacement part for a motor  
42 vehicle that is not an original equipment manufacturer part.*

43 *(b) "Body shop" has the meaning ascribed to it in  
44 NRS 487.532.*

45 *(c) "Garage" has the meaning ascribed to it in NRS 487.540.*



1       (d) *“Original equipment manufacturer part” means a*  
2 *replacement part for a motor vehicle that is manufactured by or*  
3 *for the manufacturer of the motor vehicle to be repaired.*

4       **Sec. 3.** NRS 487.688 is hereby amended to read as follows:

5       487.688   1. If a body shop or garage performs repairs on a  
6 motor vehicle, the body shop or garage shall perform the repairs in  
7 accordance with any specifications of the manufacturer of the motor  
8 vehicle and the written estimate or statement of the cost of the  
9 repairs that is most recently agreed upon by the body shop or garage  
10 and the person authorizing repairs.

11       2. *A body shop or garage shall provide a written statement to*  
12 *the owner of the motor vehicle identifying each aftermarket part*  
13 *intended to be used in a repair and its origin, informing the owner*  
14 *in writing that any warranties applicable to the aftermarket part*  
15 *are provided by the manufacturer of the part and not the*  
16 *manufacturer of the motor vehicle, and obtain the written consent*  
17 *of the owner to use the aftermarket part.*

18       3. *As used in this section, “aftermarket part” has the*  
19 *meaning ascribed to it in section 2 of this act.*

20       **Sec. 4.** This act becomes effective upon passage and approval  
21 for the purposes of adopting regulations and performing any other  
22 preparatory administrative tasks that are necessary to carry out the  
23 provisions of this act, and on January 1, 2020 for all other purposes.

