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April 3, 2017

Nevada State Legislature  
Assembly Transportation Committee

*Filed Electronically*

**RE: AB 368, Total Loss Vehicles – NAMIC’s Written Testimony in Support**

Dear Assembly Member Richard Carrillo, Chair; Assembly Member Ellen B. Spiegel, Vice-Chair; and honorable members of the Assembly Committee on Transportation:

Thank you for affording the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committee for the April 4, 2017, public hearing.

The National Association of Mutual Insurance Companies (NAMIC) is the largest property/casualty insurance trade association in the country, with more than 1,400 member companies. NAMIC supports regional and local mutual insurance companies on main streets across America and many of the country’s largest national insurers. NAMIC members represent 40 percent of the total property/casualty insurance market, serve more than 170 million policyholders, and write nearly \$225 billion in annual premiums. NAMIC has 162 members in the State of Nevada, who represent 36% of the insurance market.

NAMIC is pleased to support this pro-consumer legislative project to provide clarity to the law on how a total loss motor vehicle is determined for auto insurance purposes. NAMIC supports AB 368, because the proposed legislation modernizes the total loss law in a way that recognizes the practical business realities and actual costs of auto repairs and addresses the needs of auto insurers to have reasonable flexibility in the total loss process so that they may be efficient cost-containment managers for the benefit of insurance consumers.

The proposed legislation amends the current law in a number of prudent and significant pro-consumer ways. For example, the bill expressly adds “submerged in water” to the definition, which is to the benefit of insurance consumers, because this is a realistic risk of loss exposure that may have serious implications on the actual cost to repair, rebuild, or reconstruct the vehicle so that it safe and of legal operation for the insurance consumer.

AB 368 also replaces the somewhat ambiguous concept of “fair market value” with “retail value”, which is a concept that insurance consumers are more likely to understand as a result of their experience as retail shoppers.

NAMIC also specifically supports the proposed amendment to the bill that expressly refers to the “*total* estimate or *actual* cost of parts and labor”, because this proposed revision to the law reflects the practical realities of the auto repair process and how actual costs of parts and labor need to be considered in the motor vehicle total loss assessment. We also support the removal of the current exclusions (the cost of painting the vehicle, replacing electronic components, and towing the motor vehicle to the repair shop) from the calculation of “actual cost to repair”. In today’s world of auto repair costs, the painting of a motor vehicle may be quite expensive, and with extensive electronic gadgetry in most modern motor vehicles, replacement of electronic components needs to be considered in the actual cost to repair the motor vehicle.

The proposed legislation *balances* the removal of the current exclusions (painting, towing and electronic components) from the actual cost of repair calculation by increasing the total loss calculation formula from 65% to 80% of the retail value of the motor vehicle immediately before it was wrecked, destroyed or damaged.

NAMIC also supports the provision in AB 368 which provides a clear, concise, and practical statement as to how the “cost of labor” is to be calculated for total loss purposes. Once again, this provision is reasonable and consistent with consumer expectations and their personal experiences with the auto repair process.

For the aforementioned reasons, NAMIC respectfully requests that you **VOTE YES on AB 368, because it is a common-sense and common-experience pro-consumer protection bill that addresses the practical realities and actual repair costs that need to be considered when determining whether a motor vehicle should be declared a total loss for auto insurance purposes.**

Thank you for your time and consideration. Please feel free to contact me at 303.907.0587 or at [crataj@namic.org](mailto:crataj@namic.org), if you would like to discuss NAMIC’s written testimony.

Respectfully,



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