



**Minutes of the Automotive Affairs Advisory Board**  
held on December 11, 2012 at 1:30 pm  
at the Nevada Department of Transportation  
Room 217, 1263 S Carson St, Carson City, NV. 89701  
Videoconferencing to Nevada Department of Transportation  
123 E Washington Ave, Las Vegas, NV. 89101

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*These minutes are prepared in compliance with NRS 247.035. Text is in summarized rather than verbatim format. For complete contents, please refer to meeting tapes on file at the Nevada Department of Motor Vehicles.*

**THIS MEETING WAS PROPERLY NOTICED AND POSTED IN THE FOLLOWING LOCATIONS ON December 11, 2012.**

Department of Motor Vehicles 555 Wright Way Carson City, NV. 89711	Nevada State Library 100 N. Stewart St. Carson City, NV. 89701	Department of Motor Vehicles 2701 E. Sahara Las Vegas, NV. 89104	Department of Motor Vehicles 305 Galletti Way Reno, NV. 89512
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Department of Motor Vehicles Website  
[www.dmvnv.com](http://www.dmvnv.com)

**1. Call to Order**

- A. Steve Yarborough called the meeting of the Automotive Affairs Advisory Board to order at 1:30 pm.
- B. Board introductions took place along with the public that was present.

**MEMBERS PRESENT:**

- |                             |                            |
|-----------------------------|----------------------------|
| Steve Yarborough - Chairman | Sierra Service Station Co. |
| Robert (Bob) Compan         | Farmers Ins                |
| Dick Mills                  | Pick N Pull                |
| Troy Dillard                | DMV                        |
| Gil Grieve                  | Concours Body Shop         |
| Lou Gardella                | Jiffy Smog                 |
| Keith Grammier              | Ins Auto Auctions          |

**MEMBERS ABSENT:**

Richard "Michael" Lee

**INTERESTED PARTIES:**

Steve Waldren	Paramount Autobody
Tim Waldren	Paramount Autobody
Brent Holman	Diamond Autobody
Peter Kruepen	Emission Tester Council
Sean McCoy	LCB
Vance Hughey	LCB
Jered McDonald	LCB
Donnie Perry	DMV

**2. Approval of Agenda**

A. Agenda approved.

**3. Approval of Minutes from meeting in August 2012**

A. Question: page 8, number 6, section A; correct Senator Atkinson's name.

**4. Board's Biannual Report**

A. Dillard: Motion to discussing other items before discussing the Biannual Report.  
[Moved below #10 on agenda]

**5. Consumer Complaints – Statistical Data Review**

A. Dillard: Issue that came up in last meeting was emissions fees. Now part of the report. Informed the Board, Renee Clark is the Management Analyst for Compliance Enforcement Division. Asked if anyone had questions.

a. Question: The percentage is the totally number of cases and cases that were reviewed and turned into a formal complaint?

i. Dillard: If you look at the Body Shop area in blue, 31 Cases, 11 Complaints, 35% of the cases originated from complaints. And Garages, 45% and so on.

b. Question: And the rest are staff investigations?

i. Dillard: There is a variety. If you look at Emissions; there are covert inspections which are "investigation" to ensure compliance with emission requirements for testing. Those are included in there not complaint generated, just part of the process.

c. Question: Liens appear to be the biggest issue across the board?

i. Dillard: That is probably deceptive in the way that it's reading. Because that 487 is actually for Chapter 47 so, that's a rather broad

spectrum under "Repair, Removal and Disposal of Vehicles", that's the title. There are a lot of variations that fall underneath that title.

- d. Question: It's not so much the workmanship but, the removal of cars?
  - i. Dillard: To clarify, workmanship is outside the purview so those become more of a civil issue. Not included in here.
- B. Yarborough: Anything else to report by Troy [Dillard]?
  - a. Dillard: Don't think we're seeing changes in trends. The Emission's data is new so, that's something to watch as we continue. The only one that stands out from a percentage perspective is the Garages. 45% originate from complaints. That might be significant but, if we watch the trending of that number then see it climbing or falling, analyze why that's happening. Is it due to enforcement, change in law...things that have impacted the industry in the past pretty significantly with the bonding requirements and has seen some cases where people are applying for damages under those bonds where in the past it was more of a negotiated settlement.
  - b. Question: What is the interpretation of "Deceptive Trade Practice"?
    - i. Dillard: Chapter 598, it's very broad so not something that's very simple to define. A complaint can start off in one direction...the most common you hear about is automobile sales, "the salesman told me this...but I signed the contract and it said this..." and that becomes very difficult and could be a deceptive trade practice but, sometimes very hard to prove those cases. An easy example; a body shop does repairs on a vehicle, charges for OEM parts but, is using remanufactured parts. That is a 598 Deceptive Trade Practice. There are multiple issues that could be qualified under that and the investigators for Compliance Enforcement (CED), have to figure out and determine what someone said was actually done or a dispute over a Bosch spark plug and they wanted a Champion; we see complaints like that too. You have to look at what the laws and regulations specify as to what deceptive trade is. They're a lot more specific in auto sales; with batten switch tactics than they are in repair.
  - c. Question: If somebody didn't give service based on the language in the consumer bill of rights, would that fall under the purview of this chapter?
    - i. Dillard: Under chapter 487, not 598.
  - d. Question: For comparison, if on a work order, it stated a new alternator was replaced, which is 487 but, it was found that a used alternator was installed, than I think it would push it into a 598?
    - i. Dillard: Yes.
  - e. Statement: 487 is more on the handling of estimates and providing the customer with the information.
  - f. Dillard: I believe that is the chapter the bill is found.
  - g. Statement: Consumer Bill of Rights is found in 487.

- h. Question: Troy [Dillard], you mentioned a bond, bonding issues. I've had more than one phone call in the last month from consumers with issues, who would I direct them to? If a store goes out of business and there's issues pending; from my understanding of my surety bond, if I was to be in the same defunct situation, that's what that bond is for? Who would I direct them to?
  - i. Dillard: Direct them to the Department (DMV), Compliance Enforcement Division. The process is; the bond is posted with the Department so, businesses defunct or not, the Department will tell the complainant who the bonding company is; they make their first application to the bonding company; if the bonding company refuses to honor that, than they have the ability to file for a hearing through the Department. Then a hearing is held to determine if the complaint meets...[?]. There may or may not be any money available from the bond, they may have already paid out the entire amount and there's nothing left. Then it becomes civil.
- C. Statement/Question: One more point of reference on the report; can the number of licenses be added so that it's relative to the number of complaints.
  - a. Dillard: That's what it's supposed to be. There was an error.

Compliance Enforcement Division						
FY12						
License Type:			Active			
Body Shops			285			
Salvage Pools			7	* Active Numbers through 11/30/12		
Wreckers			67			
Garages			1563			
Emissions			404			
		<b>Total</b>	<b>2326</b>			
Total Cases			523			
Cases with Complaints			133	25%		
<b>Case data July - November 30, 2012</b>						
Cases		Cases	Complaints	Actions	Action Defined	%
<b>Body Shops</b>	<b>Total</b>	<b>31</b>	<b>11</b>	<b>31</b>		<b>35%</b>
108 Mechanic Liens	<u>Total</u>	<u>1</u>	<u>1</u>	<u>1</u>	1 RT - Remedial Training	
Repair, Removal & 487 Disposal of Vehicles	<u>Total</u>	<u>22</u>	<u>6</u>	<u>6</u>	3 CD - Cease Desist 1 IC - In Compliance 1 RO - Referred to other Gov Agency 1 US - Unsubstantiated	
598 Deceptive Trade Practice	<u>Total</u>	<u>1</u>	<u>1</u>	<u>1</u>	1 RO - Referred to other Gov Agency	
UN Unlicensed Activity	<u>Total</u>	<u>7</u>	<u>3</u>	<u>3</u>	2 CD - Cease Desist 1 RO - Referred to other Gov Agency	
<b>Actions Defined without Complaints</b>	<u>Total</u>			<u>20</u>	10 CD - Cease Desist 2 IC - In Compliance 7 OB - Out of Business 1 RT - Remedial Training	
<b>Garages</b>		<b>241</b>	<b>109</b>	<b>241</b>		<b>45%</b>
108 Mechanic Liens	<u>Total</u>	<u>2</u>	<u>2</u>	<u>2</u>	1 CD - Cease Desist 1 RT - Remedial Training	
445B Pollution Control	<u>Total</u>	<u>5</u>	<u>1</u>	<u>1</u>	1 CD - Cease Desist	
Repair, Removal & 487 Disposal of Vehicles	<u>Total</u>	<u>163</u>	<u>83</u>	<u>83</u>	16 CD - Cease Desist 7 IC - In Compliance 3 IE - Insufficient Evidence 3 IR - Case Referred to Master Case 2 OB - Out of Business 11 RO - Referred to other Gov Agency 6 RT - Remedial Training 35 US - Unsubstantiated	
598 Deceptive Trade Practice	<u>Total</u>	<u>3</u>	<u>3</u>	<u>3</u>	1 RO - Referred to other Gov Agency 2 US - Unsubstantiated	

DF Document Fraud	<u>Total</u>	2	1	1	
				1	RT - Remedial Training
TP Trade Practices	<u>Total</u>	2	2	2	
				2	US - Unsubstantiated
UN Unlicensed Activity	<u>Total</u>	62	17	17	
				14	CD - Cease Desist
				1	RT - Remedial Training
				2	US - Unsubstantiated
<b>Actions Defined without Complaints</b>	<u>Total</u>			132	
				2	AF - Admin Fines
				33	CD - Cease Desist
				3	CI - Citation
				30	IC - In Compliance
				6	IE - Insufficient Evidence
				2	IR - Case Referred to Master Case
				37	OB - Out of Business
				1	RE - Revoked
				4	RO - Referred to other Gov Agency
				4	RT - Remedial Training
				1	SU - Suspended
				9	US - Unsubstantiated
<b>Wreckers</b>		<b>14</b>	<b>0</b>	<b>14</b>	<b>0%</b>
<b>Actions Defined without Complaints</b>	<u>Total</u>			14	
				1	AF - Admin Fines
				1	AP - Approved
				3	CD - Cease Desist
				2	OB - Out of Business
				5	RO - Referred to other Gov Agency
				2	US - Unsubstantiated
<b>Salvage Pools</b>		<b>1</b>	<b>0</b>	<b>1</b>	<b>0%</b>
<b>Actions Defined without Complaints</b>	<u>Total</u>			1	
				1	RO - Referred to other Gov Agency
<b>Emission Stations</b>		<b>236</b>	<b>13</b>	<b>236</b>	<b>6%</b>
445B Pollution Control	<u>Total</u>	22	13	13	
				7	IE - Insufficient Evidence
				1	IC - In Compliance
				1	RO - Referred to other Gov Agency
				1	OB - Out of Business
				3	US - Unsubstantiated
<b>Actions Defined without Complaints</b>	<u>Total</u>			223	
				2	CD - Cease Desist
				196	IC - In Compliance
				5	IE - Insufficient Evidence
				5	IR - Case Referred to Master Case
				1	OB - Out of Business
				14	RT - Remedial Training
	<b>Total</b>	<b>523</b>	<b>133</b>	<b>523</b>	

## 6. BDR 170 - Body Shop Storage Fees

- A. Compan: There's no language yet. As you know, all the individual bills had to be introduced by [December] 10<sup>th</sup>. Has not been assigned to anyone at LCB to start

drafting the bill. But I did have a meeting with members of Nevada Collision Industry Association to discuss the intent and purpose of the bill which we've already talked about in the last meeting so, basically it's not the insurance industry's intent to begin/start any form of regulation on body shops. With that in mind, we're looking at just the chapter that addresses the surveys (487). Short language; storage rates cannot be more than what is the prevailing labor rate as determined by NRS 487, body shop labor rates.

- a. Statement: Consensus of group it needs to be put onto the survey. The values of some tow bills that were emotion based, the claims/dollar amount are miniscule by percentage when you look at all open claims paid in the tow field/department; I have to believe that the numbers were miniscule overall. For the most part it's already on the state's survey done annually. If there's a dispute on storage it should refer back to the survey. If you have an inside number and outside number, everything should fall within that realm. If it doesn't, you have an absorbent tow bill, is it the carrier's obligation to pay it? It's truly not, it's the consumer. The carrier chooses to do it as a customer service. Sometimes the consumer needs to be put into that loop of calming down the body shop. Ultimately, it's their policy; their premium dollar that their spending.
- b. Complan: We have a contract with our clients; we have a duty to owe them what the law states. So, if they choose to go to a body shop, that's charging \$70/hour body shop labor rate...it's their choice, we put the [?] on the consumer. However, under labor rates and prevailing rates, it's just to codify something at legislation. What the industry wants to do. We would have a legitimate leg to stand on.
- c. Question: The survey is basically our guideline and from my understanding it's what the state has come up with as far as prevailing wages based on averages. So, if it's in the survey, if we use it for one thing shouldn't we use for all?
  - i. Complan: That's kind of a gray area; the issue is these shops are holding the vehicles hostage. The DMV's survey, under the NRS chapter is just that, it is a survey. (agreement) It has nothing to do with, a shop can say they want to charge \$1,000,000/hour and it could be on the survey, it's not going to be the prevailing rate, so it's not codified in any way. That's the only thing this would do is put it in statute, we could go in other ways, go the regulatory way and I know the body shops don't want that and we don't want to do that but I mean, it's open to interpretation and I think that this way, would be the best way. And in discussing with the collision industry, they've got some concerns regarding shops that are doing surveys and things with different labor rates, that are almost [?]
  - ii. Statement: we're not opposed to surveys, we're opposed to regulation. There's no reason to have it regulated. What I've learned

about the tow industry, is it's not a fee it's a tariff and the tariff is based on an open book policy, is how they determine what their storage charges could or would or should be, from my understanding. We're not looking for that because we're not the tow industry

- iii. Compan: And we're not looking to do that. The intent of this bill is not to put a tariff
- iv. Question: So, your proposal on that bill is to base it on the labor rate?
  - 1. Compan: No, it would be based on storage rates.
- v. Question: How do we come up with a fair and reasonable rate of storage? We either need to do it off the survey...
- vi. Compan: It would be based off 487
- vii. Question: It would be tied to the survey?
  - 1. Compan: Yes, it will be tied to the survey.
- viii. Compan: The language [of the bill] hasn't been drafted yet so, once we come up with a concept and LCB is going to take a look at it, they're going to develop the language in the best way they feel is appropriate and which chapter it goes under. Until someone is assigned from LCB to draft the bill can I really answer those questions.
- ix. Question: Once you start to put some language together, will you forward it to me?
  - 1. Compan: I'll forward it to all the members.
- x. Question: So at this moment, there is nothing concrete on how were going to determine storage fees?
  - 1. Compan: Right.
- xi. Compan: It's kind of a profit center for some rough body shops. Where they're capping the tow companies when the vehicles towed to their facilities, they no intent on doing the repairs, they're not qualified to do the repairs, and they're charging these fees, giving the [?] to the tow truck driver, hold the car there 4 or 5 days, they charge storage as well as general maintenance fees, they're just making a lot of money. What we revisited during the recent discussions with the industry; the Governor Gibb's Administration there was a task force, the Governor's Automobile Fraud and Theft Task Force that had members of the Sheriff's Department, AG's Office, DA's Office, insurance industries, and some outside people that were allowed to be on the task force. One of the bills that came out of that (had a hearing but wasn't passed) was anti capping on tow truck drivers. It would restrict them from having the ability to take payment for taking a vehicle to a tow yard. So, we looked at putting that into this piece of legislation but, then that would kind

of muddy up the waters. It's something that's still open for discussion.

- xii. Question: Back to the policy. The verbiage in the policy states; the consumer owns the policy. [Insurance Industry] ultimately pay the [?] of the policy. If the consumer is going to go to a rough shop, they need to take personal responsibility in the charges incurred not expect their policy to pay for those extra values. It's something the consumer needs to be aware of going in. Am I right?
  - 1. Compan: Yeah, you're getting into the insurance chapter 625. You'll need to look at Unfair Claims Practices Act. That's where you'll probably find that. I know what you're talking about but, one thing is the contract is between the Insurance Company and their customer. And of course mitigation and damages and things of that nature are expected to be of someone who's prudent and to know that but, unfortunately people are duped and they don't understand things of those nature. Just something to codify in the language, not get too heavy with those fees and services.
- xiii. Question: Do you and your people talk about where you believe where the inside and outside of this should be? Are you going to have an inside and outside storage number one with different [?] based on...Again, we've got to figure out what we're going to base this on. We can't just pick it out of the sky.
  - 1. Compan: There's two ways to look at it; we can go into the tow tariffs base it on what tow companies do and that would keep it out of the body shop statute. That way, that's set by the state. Or...
- xiv. Question: That's base on the individual tower?
  - 1. Compan: Right, the tariffs have an average.
- xv. Compan: Or you can just take whatever the survey is, 487. Run the averages on what the presumption of storage is for inside and outside storage and there would be your prevailing storage rate. That's how most companies do it on body shop labor rates.
- xvi. Statement: We're not opposed to going with using the labor rate tied to a storage fee in some way. In our opinion, it needs to come back to the survey. That's where a lot of things in our industry stem from. So, if there's some way we can move it into that and use it as a tool we would be tickled to death.
- xvii. Compan: give me an example
  - 1. Statement: Every store does it different. My store for example; if I had a car towed to the store deemed a total loss; from the time it's deemed a total loss is when I would start my storage. Then it's based on how quick the carrier

can come to and agreed cost of replacement with the consumer, how busy the salvage pools are, etc. etc. If you're going to use that, it should be like on whatever the minimum one hour would be and that charge would be based on storage and maintenance until the car can be moved and keeps its salvage value. So, if you want to do that, it would be something that would be different based on their hourly rate. Again, back to the survey.

2. Compan: To me, that sounds complicated.
3. Statement: And to me it sounds complicated and I'm not saying that's the way to do it but, we're not looking for regulation or dictation; we're looking for fairness.
4. Question: From the purview of this Board, the question is it something that we look at as necessary or supporting to that industry or is that something that's outside of the purviews of this Board. My observation, just in conversation not being affected by it, it impedes free enterprise of the shop to set their rates, and some of their rate might not have anything to do with actual cost of storage but, their ability to store a car that they may want to incent insurance companies and consumers to move quickly to get the car removed; they may have a lack of space. And so that rate is to take away any motivation to move the car through the process.
5. Compan: I think we should do it through the regulatory process instead...
6. Statement: Or when the industry finds it's a real problem, maybe set up a policy getting the cars move into a "storage yard" and accomplish the premise of the...
7. Compan: So, it can become it can become a regulatory tool. We've got some sample language from Rhode Island and Texas. I'm sure the body shop would not be happy with it but, it's language that will give us a starting point.
8. Statement: From the Advisory Board of Automotive Affairs in this case, then historically our intent to work on building the impact consumer relationship of automotive repairs and this is more of an industry relationship with regards to automotive repairs.
9. Statement: It's a very small percentage. I don't know the numbers, I have to believe it's less than one percent get caught up in the situation we're in right now. When you do the volume claims and tow bills.
10. Question: My question to the Board, is this something that is in our...

- a. Answer: Depends on where it falls. If it falls within the survey, than it does. Troy, is that where you believe it will fall?
- b. Dillard: Bob [Compan] does it impact insurance rates?
  - i. Compan: I think with the small amount that it's going to be based on, it probably wouldn't.
- c. Dillard: I think it's borderline, I think the Board could take a position on, if it chooses to. Right now, without language and detail as to the impact of this, I wouldn't recommend that to the Board. In the annual report at least. But, like in previous legislative sessions, we tend to meet after pieces of legislation come out that have impacts upon the industries that are governed by the Board and we have expanded the Board now so, we do have emissions, insurance, not specifically in the insurance field but, as it relates to the other industries that the Board covers. So, it may be necessary to see language before making a determination or of the Board wants to take a position; for or against, or not a position at all.
- d. Question: Suggestions from the Board on how we move forward on this?
  - i. Statement: My suggestion is; once Bob [Compan] gets the language together, we get it, hash it out, and see where it all falls. Our consensus from the industry is we're just trying to stay away the regulation. Again, the small percentage that this happens to, I have to believe that there's a medium here we can all live with.
- e. Compan: Well, if you find a remedy, let us know. And we'll be happy to pursue it. It may even be NAC or through a different chapter.
- f. Yarborough: When we actually have language to address and certainly if the Board itself has a position to either support and/or put that back out to the industry.

## **7. Legislative Update**

- A. Dillard: The Department [DMV] is putting forward a bill that we would like to at least present to the Board for consideration of support. Mentioned in report, it is called Electronic Dealer's Report of Sale [EDRS]. It is a program that already been available for about four years. Basically, it allows a dealer to their Dealer's Report of Sale [DRS] to the Department in an electronic format. That does two things. 1) If the consumer who purchased that car comes in to DMV to register and title the vehicle, all the data has already been transferred electronically the technician doesn't have to spend the time typing it in to the system; speeds up the transaction. And, reduces the chances for errors in typing. 2) More important to the DMV, it allows the consumer to not come in at all. With the exception of some trailers and commercial vehicles that still do for other reasons. It allows you

to go home and register your new car purchase from a Nevada dealer on our website. Allows you to transfer your credits you may have, transfer plates, add as a new car, etc. What the piece of legislation does is, rather than take that as an optional character, it mandates that for all dealerships in Nevada. We have presented this before the franchised auto dealers...[interruption]...It mandates that and we do have the support of the franchised auto dealers on this too. As you all know, that continues to be an issue at DMV; trying to reduce wait times and give a much better experience to the customer that have to be in the offices...[interruption]...

- a. Question: For all car purchases?
  - b. Dillard: True, all vehicle purchases as long as it's a dealership in the state of Nevada.
  - c. Question: Independent auto sales also or new car dealership?
  - d. Dillard: All automobile dealers.
  - e. Question: What is the cost for the dealership?
  - f. Dillard: Zero. Because we already have the pilot, we already have the system in place. So, just a matter of putting up a new front end, in the IT perspective. It gives them [dealers] the option to go in and type in on our website directly and where they can upload the files to the website; single or multiple sales.
  - g. Question: If they're using software at all to write up a Bill of Sale, they could potentially upload...?
  - h. Dillard: Yes, a basic Excel file is all it requires. It doesn't even require that. You can just type it in on the website. [Question] That really is an argument to say that it is or isn't onerous because they're already having to fill them out. Many of these dealerships, already have electronic means of completing them, it's just a matter of sending that file. Other than that, they're hand writing them out.
  - i. Question: There's really no reason for opposition from the industry?
  - j. Dillard: I'm sure that there are some smaller dealers out there who don't like modern computer era but, that's where we live today. [Question?] There's about 34 dealers currently participating.
  - k. Question: Bill Draft number on that?
    - i. Dillard: Don't believe we have a number yet.
  - l. Dillard: So, we would ask for the Board's support on that.
  - m. Question: Is that a separate bill or with your [?]?
    - i. Dillard: Separate bill.
- B. Yarborough: Any other bills that impact the automotive industries?
- a. Compan: BDR 582 relates to licensing auto body shops, I think. Can't track down who's sponsoring the legislation. Senate commerce and labor committee chairman doesn't know anything about it. Spoke with former committee chair; he doesn't remember it before the deadline. So, we don't

know where it's going or coming from. Maybe LCB could take a look into that and let us know.

- b. Compan: And another BDR, not sure if it affects the Board or not, regarding [NV] Live, called "No Pay, No Play legislation". Has to do with; if you don't pay for insurance in Nevada, you'll only be titled to noneconomic damages. UMUAM rate goes down about 2%.
- c. Dillard: One that might affect some industry, on the dealers side, proposes to eliminate the off highway vehicle [OHV] registration program; which is still in its first year. And there are some dealers that do both on highway and off highway so, that's a potential but, not a larger purview for this Board. Right now, it's a title, no language.
- d. Question: If you buy and OHV, at the time of purchase is when you'd fill out the form to get a tag on it that's alleged renewable every year?
  - i. Dillard: If you're buying one, yes. But, individuals who already own items post 1976 I believe, have until June 30<sup>th</sup> [2013] to register those vehicles. The other caveat to that is if you're purchasing a vehicle, it's now also required to be titled. If you already owned the vehicle prior to the law going into effect. July 1<sup>st</sup> [2012], than you're not required to title. You have the option but, not required.
  - ii. Question: They may abolish that whole thing that they've been fighting?
    - 1. Dillard: Based on what that says; yes, the registration. So, I would assume it is the entire privilege.
  - iii. Question: The way it stands right now, there vehicle are supposed to register by June?
    - 1. Dillard: By June 30<sup>th</sup>, yeah. Unless it's a purchase, than they're required to get it done at the time. Existing vehicle, June 30<sup>th</sup>. The estimate by the bill sponsor was 300,000 vehicles. There are currently less than 3,000 registered.
  - iv. Question: Who would be responsible for enforcement of the stickers of those vehicles?
    - 1. Dillard: That goes to all the local law enforcement entities. Whatever jurisdiction it falls is who would be the enforcement. There is no focused agency, it's a law and those law enforcement powers have the ability to enforce them.
- e. Dillard: Personalized bill tracking is now available.

## **8. Informational Items – Discussion Only**

- A. Statement: We're in about year number four for poor economics. In the last two weeks, I had two late model cars come in that had been never deemed a Total Loss, very extensive damage, very poor repairs; done, sold and one I tracked from across several states and these people don't know what they're buying. Both were

purchased online, already repaired purchased from the consumer online, the insurance world insures them. Once we get them in the store and pull them apart, everybody's on their heels trying to figure out what they're going to do with these cars. I think it's something the insurance industry needs to start looking at a little deeper, on the inspection of these cars before they're insured, if that's possible. Because these were very blatant repairs. Once was so bad, we didn't know what to do with it; it should have been salvaged from day one. These are issues somewhere along the line we are going to have to deal with.

- a. Compan: We saw a legislation pop up around the country when after [hurricane] Katrina and now Super Storm Sandy and NTIV[?] is really entrenched in tracking flood damaged vehicles; if you can't see it, it's kind of a hidden damage. When it shows up here; they go to the DMV they bring it in from out of state, the inspection process goes flawlessly then there's a clean title on it then all of a sudden the electronics start failing on it. We've worked with the industry in the past regarding titling and what's repairable and not. The salvage had been licensed with Insurance Auto Auction and everything so, it's reported as a loss when it is. There's been other states where it's easier; if people are buying salvage here and go to another state, "wash" the titles and come back to [Nevada] there's nothing in place to take a look and inspect it because they see a clean title; they don't know if the vehicle's been in an accident unless they have some kind of Carfax or something. It could be something to look at, I don't know the cost. For an insurance agent to look at it, he's not going to know. You have to find the source of where it happens to prevent it from happening.
- b. Statement: For example, the state law, there are two kinds; "rebuilt" and "dismantle". If it goes Copart, Joe Public and go online and buy these cars, they don't need any kind of a salvage license or auction program anymore. It's like we're just washing cars through, totally loss, give it to Copart, go online, buy the thing back, bring it back on the street, fix it, sell it, let the next guy deal with it.
- c. Dillard: There are mechanisms curb or prevent that but, the problem is what Bob [Compan] brings up; it goes state to state to state. Those laws are not consistent from state to state. So in the example of the car coming back to Nevada; after it had been issued one of those titles, when the VIN is entered into the Nevada system and trying to retitle it, it will show there was a non-repairable vehicle. So now, you have a consumer who has the vehicle that's been taken somewhere else and has been issued a title in another state that was already deemed as a dead vehicle; so the VIN in the state system is dead. Now, they're stuck with a vehicle that we're not going to register or allow back on the roadway because it has already been determined that it was totaled and part of that is, there is not consistent law dealing with these Salvage and Total Loss. And I know that AAMVA, the Association of Motor Vehicle Administrators, has been focusing on this

area as well trying to come up with better practices for states to look at in adopting to curb some the issues arise because of inconsistencies of the different states.

- d. Compan: I think Nevada is pretty solid. If were getting a clear title from salvage to salvage, or recovered theft, or not original miles, we have to go through a lot of hoops to be able to have that paper title. If it's poor workmanship, and we're carrying insurance on that, we carry the brunt; that vehicle gets in an accident, people could die because of safety issues because the car wasn't repaired right. But, if we're presented with a clean title, we're going to write collision coverage if they ask for it. If it's not and has a rebuilt, we'll insure it but, we with liability only. It becomes an issue because; really do you have a safe vehicle on the road?
- e. Dillard: On one of the issues where the vehicle going back on the road after the inspection, DMV doesn't conduct an inspection on the vehicle. It's signed off by their body shop or garage and you can do the math on who does and doesn't have the knowledge to really say that vehicle is safe to be back on the road.
- f. Statement: My understanding, if you're a body shop and you're going to sign a car you've got to have a certification in order to do it, legally.
  - i. Dillard: From your end, correct. But on the certification, it doesn't require...it can be a licensed garage from [Nevada].
- g. Question: So, if I get one in to inspect it and he takes the sheet down to DMV, follow around behind me to make sure I'm legit or just a sign off?
  - i. Dillard: No, you're the guy because you're the one licensed. It's the license and who the individual is for the business that's signing off. Which ultimately means, liability falls back to you. So, if something falls apart and comes to us and we're doing research on the conduct and there's your signature, then it will lead back to you, saying that this is a safe vehicle.
- h. Question: And I'm sure it's not cost effective to inspect used cars? Such as Hawaii, every car is inspected every year. If I get as used car, is there an entity out there that could potentially in the future come together and inspect these cars; 5, 6, 10 different things to check to make sure that it's safe for the road before it's licensed by [Nevada]?
  - i. Dillard: Is that feasible that you could do that, yeah. But it's a piece of legislation..
- i. Question: That's something that could be viable?
  - i. Dillard: Yeah, many states have annual safety inspections and a lot of them are in conjunction with their emissions tests and some of them test fuel caps and make sure the windshields aren't cracked and the tires are within [?]. And some, are a little lighter things not structural things like you're talking about. But we don't have that here. And any time you do that, there are hurdles and there are

fiscal issues that have to be dealt with. So, there's the safety aspect, and the cost aspect, and it all has to meld together into a program that is actually viable.

- j. Statement: During emission test might not be a bad time to do it though.
- k. Dillard: Except in Nevada, it's only required in Washoe and Clark Counties. California and many other states, everyone has to do it.
- l. Compan: Is there any way to go back and find out who the previous body shop was that did the work? And if it was a Nevada based body shop, can a complaint be filed with DMV.
  - i. Dillard: we don't have a record of who did work on it.
- m. Grieve: The insurance world, they track that car back from where it was damaged, who paid for the damages, where it when from...
- n. Dillard: Good point, you guys [insurance] do have a system that follows the vehicle...
  - i. Compan: We do.
- o. Dillard: Feasibly through that you may be able to but, we don't have a record what vehicles are being repaired by what shop.
- p. Question: So you would have something that you could...is that public knowledge? That guys like me could get your in formation of where you find out where these cars come from? Or get damage to...?
  - i. Compan: There's privacy issues but, it's in the insurance's best interest to find out who that is and be able to report it to [?]. And then if it's a Nevada based body shop that did the work, usually the industry will send the car back to the shop where the repairs were done so, they can correct their mistake.
- q. Statement: In this case here [above], both cars had extensive damage and somehow never totaled. The BMW, was from Lithia out of Portland, a demonstrator that got damaged; Kemper Insurance the liability carrier paid for the value of that car; the Lithia sold to a salvage buyer in San Diego, they don't build it but, sell it to a guy in Salt Lake City who rebuilds it; then goes to Nebraska, who drove it from Nebraska to Nevada.
- r. Compan: All the reporting comes from different sources. NCIB has a database...
- s. Statement: It's fascinating how they tracked that car across the country
- t. Two Statements at once:[?]
- u. Compan: CCC & ADP they have a database that they comingle with. And it's something we pay more for to have that service provided.
- v. Yarborough: What I heard coming out of this, if there's any action coming from this Board would be to review the possibility of an annual safety inspection; that would be the only thing I would address. And Troy [Dillard] said, we're not going to do a structural inspection. We do the current inspections for salvage cars that are rebuilt coming in and it's a very basic one; turn signals, lights...and some of the eastern states have

that to get those cars off the road or at least repaired. Now if that something we want to look at in the future, that would put a whole new fiscal impact to the department. If we have inspectors, we'll have to have inspectors to inspect the inspectors.

- w. Compan: And that's why I was thinking if the owners can be... figure out another way where it's not going to be a cost, we don't have to have a fiscal note for the Department, that if something was easy as working with the National Insurance Crime Bureau [NICB] to get data provided through estimated services then obviously if it's a Nevada based shop than the enforcement division at DMV could be addressed through complaint. Am I correct?
  - i. Dillard: Not necessarily. Because you are talking about quality workmanship. Quality workmanship is not regulated. So, clearly liability exists and there could be criminal action as well and it could fall under Deceptive Trade [Practice]...Each one of those will have different circumstances so, there's no blanket answer to that but, if it's simply a matter of repairs weren't done to a standard that is safe, technically doesn't fall under 487. It's quality workmanship issue. Most likely fall under AG's purview. Like an injunction and that type of thing...
- x. Statement: And/or civil litigation.
- y. Dillard: Certainly civil. Even when we regulate it's open to civil litigation.
- z. Statement: Both of these were extremely hard hit cars, sold in pools to somebody, rebuild, then sold to the consumer. And of course consumer beware at the very end and these people of course were just the innocent victims; they don't know, they just shiny and go buy.
- aa. Statement: Probably with a substantial discount.
- bb. Statement: No, neither one of them got the smoking deal you'd think.
- cc. Compan: You're right, it would fall under the AG's fraud department...[?]
- dd. Dillard: It could fall under several different areas of legal...
- ee. Statement: The perception of the consumer about this industry has never been any good and won't get any better with what's going on right now. To me it's a majority of it are easy to get; cars are easy to get, you can get them online and they're easy to sell because it's the used car.
- ff. Dillard: If you're talking about the one's that go through Copart and IAA, they have to register and have a buyers card, and they're limited on how many they can buy, and all those cars have salvage titles so, they have to go through an inspection process before they're ever allowed back on the road. Barring, they might go to a state that doesn't have those laws. There are controls in place.
- gg. Question: I can just go online and ...?
  - i. Dillard: No, you have to have a card. But now, you as a member of the public can do that, there are restrictions that come with that,

where in the past you couldn't, you had to be within the industry to do that.

## **9. Public Comment – Discussion Only**

- A. Gardella: A question to Troy [Dillard]; the electronic transmission of date with the DRS bill that you're going to introduce, does the DMV have a mechanism that could be utilized by emission's stations? Many of the stations do registration renewal and are required to do print outs of those copies to DMV each week. We have tried to get them electronically to the DMV but, apparently they don't have access to the internet or can't bring a disk because it might have a virus in it. I was wondering if the same system could be utilized where we could electronically submit those copies of the registration renewals to the DMV instead of bring them out each week?
- a. Dillard: I'll look into that for you because I know that system was developed a long time ago and there is certainly a possibility that is hasn't been looked at for modernization for some time. But, I do know the background on that was more of a fiscal issue than it was the electronic transfer. It was the amount of money that you're handling through those having to be logged in in a certain amount of time, which to change that around would require electronic accounts with you transmitting money to the DMV electronically, then has to be separated by consumer. It is a very complicated transaction but, I'm not aware that's been looked at for some time so, I will ask.
- B. Gardella: We're not looking as far as the physically dollars, we were just looking at convenience of electronically transmit the copies of the registration renewals that the customer signs to the DMV. We would still have to come in and present checks or cash. It's just the fact that, my company alone will do 100-something a day so, every Thursday we sit there and print out 100s of copies of stuff we already had scanned in. It would be faster and better for everyone involved. Carson City would have access to it immediately; both north and south would have access to it.
- a. Dillard: I'll look into it.
- C. Compan: We're consulting similar ...the state and federal government adopted the federal standards for electronic signatures, right?
- a. Dillard: Even with the electronic DRS program, we want to make that completely electronic so, transfer of title and all the backup documents that we currently get, we want to figure out a process to make that all electronic as well. Long term, I'd like you [emission's stations] not to have to come in at all and transmit this all electronically.
- D. Kruepen: Just to add to the Legislative Update topic; two BDR's, one from Senator Gustavson again and one from Senator Parks regarding biennial testing. They're out there.

## **10. Board's Biannual Report**

- A. Dillard: We can include in the report that [storage] has been a discussion item amongst the Board and will continue to be discussed until either an agreement or not agreement. We spent time discussing it and probably needs to be noted.
- a. Compan: The report presented to the committee, is it Assembly one session then Senate next?
  - b. Dillard: Both Assembly and Senate. And Governor's Office.
  - c. Compan: Presented in [?] format?
  - d. Dillard: Nope. Just submitted by statute that created the committee. We have to submit biannually to the Legislature and the Governor's Office the activities of the Board for that two year period.
- B. Yarborough: One of the key components that we have analyzed data on complaints in the industries that are represented by this Board. And through discussion, at this point we have not seen a trend that would require action. I have not seen anything that really popped out that there's a problem that would require legislative action or changes in procedure by the Department on how we're licensing and/or administering sections of 487 to the industries for deceptive trade practices. Unless there's other ideas on that, I think that's where we're at.
- a. Dillard: Historically, what we've done is delegated the secretary to generate the report for the signature of the chairman after the discussion. That we have today, right now, on the content of that report. So we don't have to meet again and all agree to what the content will be and the chairman has the authority to sign off on it for the Board. I don't see any reason to change that if anybody else...
  - b. Yarborough: I think we had the discussion on the results will conclude as far as what we addressed. There was discussion on cap rates, emission testing, based on the survey shop rates tied to that...
  - c. Compan: Will this report go to Board members before? Will we have a chance to look at it?
    - i. Yarborough: we can out and see if there are any comments before we do the signature.
  - d. Question: this is a two year review, right?
    - i. Dillard: Yes.
- C. Hatt: They've been on the agenda the past two years but have been vague; they don't really give you legislative bills affecting the industry. Body shop storage fees; nothing really that would trigger a memory. I can go back and pull minutes.
- D. Yarborough: In regards to the tow caps, Steven Craig had that. I think any time we make recommendation to legislation we have to look at what is the overall impact and what's the cost; how big is the problem? In my opinion, we have put controls on legitimate shops to address the bad players and the bad players still figure out a way to get around the gate. If we see a problem in any of these reports than there's something to address. If there's to glaring problem, we

continue to monitor and review. Troy [Dillard] has been very good about bringing items that do need attention and how we address it going forward. I'd like to say for the record; I appreciate the fact Troy, that you've stuck with us on this committee especially in light of your new responsibility, it's an honor to have you here and also your wisdom and knowledge of the industry is well received.

- a. Dillard: I appreciate that. The only thing I have offer too is as far as trending goes, we were seeing some issues in some of the dismantling areas that could have become part of the purview for the Board to look at some of the potential ways to allow for regulating, or more unfortunately for the issues that were appearing but, for the actions of the Compliance Enforcement Division those are no longer an issue. Like most industries, vast majority of them are very clean, legitimate, honest businesses doing things the way they should be doing them. We will always have the small percentage who cutting corners and causing the problems. As far as this area goes, the Enforcement Division is tasked with... **[CD recording ends]**

## **11. Next Meeting and Adjournment**

- A.
- B. Meeting adjourned at 2:52pm [per notes].