

MINUTES  
**HOUSE BUSINESS COMMITTEE**

- DATE:** Tuesday, March 07, 2017
- TIME:** 1:30 p.m. or Upon Afternoon Adjournment
- PLACE:** Room EW41
- MEMBERS:** Chairman Barbieri, Vice Chairman Clow, Representatives Collins, Crane, Palmer, Thompson, Hixon, Monks, Anderst, Dixon, Troy, Stevenson, Armstrong, DeMordaunt, Manwaring, Smith, Kloc, Toone
- ABSENT/  
EXCUSED:** Representative(s) Anderst
- GUESTS:** John Mackey, Jeff Neumeyer, Jack Winder, United Heritage; Blaine Grow, Blaine Grow Insurance; Kathy Peterson; Tom Donovan, Department of Insurance; LeRoy Benson; Mike Kane, PCI; Woody Richards, Ins. Cos.
- Chairman Barbieri** called the meeting to order at 1:57 p.m.
- MOTION:** **Rep. Hixon** made a motion to approve the minutes of the February 21, 2017, meeting. **Motion carried by voice vote.**
- MOTION:** **Rep. Kloc** made a motion to approve the minutes of the February 23, 2017, meeting. **Motion carried by voice vote.**
- S 1075:** **John Mackey**, United Heritage Financial Group, presented **S 1075**. This legislation is intended to clarify the term "realized capital gains" as used in determining whether a dividend or distribution is extraordinary or non-extraordinary. The clarification will ensure the calculation appropriately takes into account realized capital gains or losses and uses the net amount in the calculation.
- MOTION:** **Rep. Palmer** made a motion to send **S 1075** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Crane** will sponsor the bill on the floor.
- H 220:** **Rep. Zito** presented **H 220**. This legislation allows individuals to perform event styling and demonstrate thermal styling products until **H 139**, a bill relating to the Barber and Cosmetology Boards, goes into effect on July 1, 2017. If **H 139** passes, this legislation will be null and void on July 1, 2017.
- MOTION:** **Rep. Hixon** made a motion to send **H 220** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Zito** will sponsor the bill on the floor.
- H 244:** **Rep. DeMordaunt** presented **H 244**, legislation requiring an individual life insurance policy to include the option for the policy holder to designate an individual, in addition to themselves, to receive notification by mail 14 days prior to termination or lapse of the policy due to late or nonpayment of premiums. The legislation will act as a safety net to prevent inadvertent cancellation of an individual life insurance policy. It mirrors best practices in the insurance industry.
- Kathy Peterson, Blaine Grow and LeRoy Benson** testified in **opposition** to the legislation. They were of the opinion the policy holder and the designee should be sent a certified letter with a signed return receipt prior to termination or lapse of an individual life insurance policy.

Testifying **in support** of the legislation were **Jeff Neumeyer**, General Counsel, United Heritage Insurance, American Council of Life Insurers (consisting of 290 member companies), and **Woody Richards**, representing American Family, All State, and Farm Bureau Insurance. In answer to questions, it was stated industry standard is becoming monthly automatic bank withdrawals resulting in fewer lapses in payment. Many insurance companies send a secondary lapse notice to a designee, many do not. Sending certified mail would incur a significant expense and would change the structure of how insurance is sold.

In answer to committee questions, **Tom Donovan**, representing the Department of Insurance, stated he is not aware of any significant number of complaints to the Department relative to this issue. According to state law there is provision for a 30 day grace period for nonforfeiture.

**MOTION:** **Rep. Palmer** made a motion to send **H 244** to the floor with a **DO PASS** recommendation. **Rep. Collins** invoked Rule 38 stating a possible conflict of interest, but that he would be voting on the motion. **Motion carried by voice vote.** **Rep. DeMordaunt** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee the meeting adjourned at 3:14 p.m.

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Representative Barbieri  
Chair

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Joyce McKenzie  
Secretary