

MINUTES
HOUSE BUSINESS COMMITTEE

DATE: Tuesday, March 05, 2019

TIME: 1:30 P.M.

PLACE: Room EW41

MEMBERS: Chairman Dixon, Vice Chairman DeMordaunt, Representatives Collins, Crane, Palmer, Barbieri, Stevenson, Armstrong, Clow, Monks, Andrus, Furniss, Nichols, Raymond, Smith, Berch, Green(18)

**ABSENT/
EXCUSED:** Rep. Raymond, Monks

GUESTS: Michelle Hamilton, Woody Richards, Allstate, American Family, Farm Bureau, Mike Kane, APCIA, Mike Brassey, State Farm Insurance, Kent Day, Liberty Mutual, Sarah Bettmieser, State Farm Insurance, Alicia Olsen, Master Educators (ME), Amber Salinas, ME, Kim Barton, ME

Chairman Dixon called the meeting to order at 1:30 p.m.

MOTION: **Rep. Nichols** made a motion to approve the minutes of February 25, 2019. **Motion carried by voice vote.**

H 178: **Rep. Furniss** presented **H 178**, legislation prohibiting an insurer from cancellation, and renewal or denial of property insurance for an unpaid claim inquiry. Insurance companies can deny a policy if the client calls in with an unpaid claim, or with a claim. If the person can find another company to buy insurance from, the policy will be more expensive. Montana's policy says insurance companies can't cancel because there is an unpaid claim or an inquiry. This bill only says that a company cannot cancel a policy because of an inquiry, or an unpaid claim. An insurance company may cancel if it feels there is a risk involved. Agents stand between the client and the company, and want to keep client. Rep. Furniss invoked Rule 38.

Michelle Hamilton spoke in support of the bill, citing a personal experience of this nature.

Woody Richards, Allstate, American Family, Farm Bureau, and **Mike Kane**, APCIA, spoke in opposition to **H 178**, explaining the difference between cancellation and nonrenewable. A cancellation happens during a policy, and a non-renewal happens when a company doesn't renew with the client at the end of the renewal term. People with a claims history can be a precursor of future claims, and some claims are not payable due to fraud. Should this bill pass, companies will not be able to refuse to insure the client with a fraudulent claim. Both sides should be free to contract based on their own judgments. Mr. Richards has not been asked to "stand down", nor does he know of a "black list". In response to committee questions, Mr. Richards feels that through negotiation, this bill could be rewritten. Some things are non negotiable. There is a way to check credit rating, and is a small amount of what goes into renewing a policy. The definition of an inquiry needs to be agreed upon. If inquiry is described as what is covered, it would not be cause for cancellation. Renewal depends on the extent of the damage.

Michael Brassey, State Farm Insurance, said this company does not have a "three strikes you're out" policy. An insurer should be concerned about the substance of the claim.

In summary, **Rep. Furniss** was concerned about application questions which say, "have you ever been cancelled by a company". Agents were asked to stand down, and are very concerned because policies are cancelled because of an inquiry. Claims that go unpaid are usually under five hundred dollars. The Department of Insurance may not know of the claims, because clients don't go to the Department of Insurance for an exception.

MOTION: **Rep. Berch** made a motion to send **H 178** to the floor with a **DO PASS** recommendation.

SUBSTITUTE MOTION: **Rep. Crane** made a substitute motion to **HOLD H 178** for time certain on March 11, 2019.

Rep. Barbieri, Rep. Green(18), Rep. Stevenson, and Rep. Berch spoke in **support** of the substitute motion.

VOTE ON SUBSTITUTE MOTION: **Motion carried by voice vote.**

H 195: **Rep. Clow** presented **H 195**, legislation amending Idaho Code. In 2018 the Cosmetology and Barber Boards were merged into a new Barber and Cosmetology Services Act. During that process, the new section addressing the Renewal and Reinstatement of License and Registration, did not address the consequences of an inadvertent late payment of a Cosmetology or Barber School. Many of these schools provide training to students who rely on financial aid. The US Department of Education requires these schools to maintain a continuous license. This amendment provides the Barber and Cosmetology Services Licensing Board the authority to approve the reinstatement retroactive to the date of expiration. The school must have paid the renewal fee within 90 days of the failure to renew, there must be no other cause for the school's license to have been cancelled, and all costs and penalties related to the renewal must be paid. This only changes the renewal and reinstatement of Barber and Cosmetology schools and not the many licensed professions covered by the Barbers and Cosmetology Act. The students of these schools would be assured that an inadvertent clerical error would not impact their financial aid or continuity of their education.

Alicia Olsen, Master Educators (ME), and **Amber Salinas**, ME, spoke in **support** of the bill.

MOTION: **Rep. Smith** made a motion to send **H 195** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Clow** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 3:00 p.m.

Representative Dixon
Chair

Jayne Feik
Secretary