

IN THE SENATE

SENATE BILL NO. 1226

BY COMMERCE AND HUMAN RESOURCES COMMITTEE

AN ACT

RELATING TO IDAHO REAL ESTATE LICENSE LAW; AMENDING SECTION 54-2013, IDAHO CODE, TO INCREASE THE MAXIMUM PREMIUM AMOUNT FOR ERRORS AND OMISSIONS INSURANCE COVERAGE.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 54-2013, Idaho Code, be, and the same is hereby amended to read as follows:

54-2013. ERRORS AND OMISSIONS INSURANCE. (1) Each licensee who is actively licensed under this chapter shall, as a condition to licensing, carry and maintain errors and omissions insurance to cover all licensed activities under the provisions of this chapter.

(2) The commission shall make the insurance required under the provisions of this section available to each licensee by contracting with an insurance provider for errors and omissions insurance coverage for each licensee after competitive, sealed bidding in accordance with chapter 57, title 67, Idaho Code. The exact premium shall be set by the commission by motion.

(3) Any policy obtained by the commission shall be available to each licensee with no right on the part of the insurance provider to cancel coverage for any licensee.

(4) Each licensee shall have the option of obtaining errors and omissions insurance independently if the coverage contained in an independently obtained policy complies with the minimum requirements established by the commission.

(5) The commission shall determine the terms and conditions of coverage required under the provisions of this section including, but not limited to, the minimum limits of coverage, the permissible deductible and the permissible exemptions.

(6) A licensee seeking to obtain or renew an active license shall certify to the commission that he is in compliance with the insurance requirements of this section. A licensee who elects not to participate in the insurance program administered by the commission shall obtain a certificate of coverage, signed by an authorized agent or employee of the insurance carrier, reflecting proof of insurance meeting the requirements established by the commission. Upon request by the commission the licensee shall produce the certificate for inspection. Requests for certificates shall be sent by first class mail to the licensee's business or residence address as reflected by the commission's records and a copy of the request shall be sent to the licensee's designated broker, if any. A licensee failing to produce a certificate of coverage within thirty (30) days of a request to do so may have his license inactivated by the commission and shall not be entitled to reactivate the license unless and until he provides to the commission a cer-

1 tificate of coverage reflecting proof of insurance meeting the requirements  
2 of the commission. Nothing in this subsection shall limit the ability of the  
3 commission to investigate or discipline a licensee for failing to maintain  
4 insurance while on active status in violation of subsection (1) of this sec-  
5 tion or for violating any other section of chapter 20, title 54, Idaho Code,  
6 or any rule of the commission.

7 (7) If the commission is unable to obtain errors and omissions insur-  
8 ance coverage to insure all licensees who choose to participate in the insur-  
9 ance program at a reasonable premium, not to exceed two hundred fifty dol-  
10 lars (~~\$20~~50) per year, per licensee, the requirement of insurance coverage  
11 as provided in this section shall be void during the applicable contract pe-  
12 riod.

13 (8) The commission is also specifically empowered to charge and col-  
14 lect an administrative fee in addition to the premium paid from each licensee  
15 who obtains errors and omissions insurance through the commission contract,  
16 which fee shall not exceed ten dollars (\$10.00) per licensee. This adminis-  
17 trative fee shall be of an amount sufficient to raise that revenue required  
18 to administer the provisions of this section. The limit in subsection (7) of  
19 this section applies only to premium cost and not to any administrative fee  
20 charged.