

MINUTES
HOUSE BUSINESS COMMITTEE

DATE: Friday, March 23, 2012

TIME: 1:30 p.m. or Upon Adjournment

PLACE: Room EW41

MEMBERS: Chairman Black, Vice Chairman Henderson, Representative(s) Collins, Bilbao, Chadderdon, Crane, Patrick, Bayer, Palmer, Thompson, Barbieri, DeMordaunt, Guthrie, Batt, Smith(30), Rusche, Cronin

**ABSENT/
EXCUSED:** Rep. Cronin

GUESTS: Mike Brassey, Idaho Bankers Association; Randy Pipal, Independent Insurance Agents; Mike Kane, Property Casualty Insurers Association of America; Dawn Justice, Idaho Bankers Association; Tom Donovan, Department of Insurance

Chairman Black called the meeting to order at 11:30 a.m.

On behalf of the Business Committee and the Ways and Means Committee, **Rep. Joan Wood** presented **MyLeah Keller**, the Legislative Page who worked for both committees, with a gift to recognize her service.

MOTION: **Rep. Smith** (30) made a motion to approve the minutes of March 19. **Motion carried by voice vote.**

S 1390a: **Sen. John Goedde** presented **S 1390a**, which deals with some problems with regard to insurance binders and certificates of insurance. The bill defines certificates of insurance and requires that the forms used must be approved by the Department of Insurance. Misleading use of these forms is prohibited. With regard to binders, Rep. Goedde explained that a very small space, approximately 4 inches by 1/2 inch, is provided for supplemental information on standard binder forms. He said it is virtually impossible to fit all the necessary information into the small space provided. This bill will allow supplemental information to be attached to the binder on a separate sheet. It also eliminates language that places a time limit on the issuance of the insurance policy.

In response to committee questions, **Sen. Goedde** said the legislation attempts to correct a situation in which liability is being shifted from a general contractor to a subcontractor, which is currently taking place. This legislation restricts the use of inappropriate or misleading language in an insurance certificate. Sen. Goedde said the forms filed with the Insurance Department are certificates; binders are separate forms and can, in fact, be done orally or in writing.

Randy Pipal, appearing on behalf of the Independent Insurance Agents and Brokers of Idaho, testified **in support of S 1390a**, stating that he affirms **Sen. Goedde's** testimony on the current problems with certificates of insurance and the merits of the bill in fixing the problems.

Responding to a question about Department of Insurance support, **Mr. Pipal** said interested parties have been working on the bill for 18 months and they started the process by working with the Department.

Mike Brassey, representing the Idaho Bankers Association, testified **in support of S 1390a**. He said banks are involved in this because most loan agreements require a borrower to insure the collateral in order to obtain a loan. The borrower can provide either a certificate or a binder to prove they have the requisite insurance.

Mike Kane, representing the Property Casualty Insurers Association of America, testified on **S 1390a**, noting that he has worked closely with **Sen. Goedde** on the legislation. Mr. Kane said his association does have some concern regarding the binder language on line 44, page 3, because "supplemental information" is not closely defined and therefore could be anything. He said he intends to work further on language that will deal with this concern and will return next session to try and amend the language.

MOTION: **Rep. Rusche** made a motion to send **S 1390a** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Black** will sponsor the bill on the floor.

S 1395: **Sen. John Goedde** presented **S 1395**. This legislation changes the remuneration paid to State Insurance Fund members to an honorarium. The change is necessary in order to assure that those payments are not subject to PERSI and will not interfere with board members' personal retirement plans.

Responding to a question about board compensation, **Sen. Goedde** said board members are paid \$50 per meeting, and they hold four meetings per year.

MOTION: **Rep. Rusche** made a motion to send **S 1395** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Rusche** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 11:45 a.m.

Representative Max C. Black
Chairman

MaryLou Molitor
Secretary