

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 361

BY EDUCATION COMMITTEE

AN ACT

1 RELATING TO PROPRIETARY SCHOOLS; AMENDING SECTION 33-2406, IDAHO CODE, TO
2 REVISE PROVISIONS RELATING TO A CONDITION OF REGISTRATION AND TO PRO-
3 VIDE FOR AN EXEMPTION.
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5 Be It Enacted by the Legislature of the State of Idaho:

6 SECTION 1. That Section 33-2406, Idaho Code, be, and the same is hereby
7 amended to read as follows:

8 33-2406. SURETY BOND. Unless exempted as provided in this section, aAs
9 a condition of registration, a proprietary school shall obtain a surety bond
10 ~~or other financial instrument in a format approved by the director,~~ issued
11 by an insurer duly authorized to do business in this state or other finan-
12 cial instrument in a format approved by the director, in favor of the state
13 of Idaho for the indemnification of any student for any loss suffered as a re-
14 sult of a failure by such proprietary school to satisfy its obligations pur-
15 suant to the terms and conditions of any contract for tuition or other in-
16 structional fees entered into between the proprietary school and a student,
17 or as a result of any violation of the provisions of this chapter or the rules
18 promulgated pursuant to this chapter. The term of the bond shall extend over
19 the period of registration, and shall be in such amount as is established in
20 rule by the board.

21 The director may submit a demand upon the surety on the bond on behalf
22 of a student or students when it is reasonably believed that a loss has oc-
23 curred due to a failure by such proprietary school to satisfy its obligations
24 pursuant to the terms and conditions of any contract for tuition or other in-
25 structional fees entered into between the proprietary school and a student,
26 or as a result of any violation of the provisions of this chapter or the rules
27 promulgated pursuant to this chapter.

28 Neither the principal nor surety on the bond or other financial instru-
29 ment may terminate the coverage of the bond, except upon giving one hundred
30 twenty (120) days' prior written notice to the director.

31 Proprietary schools that are accredited by an accreditation organiza-
32 tion recognized by the board shall not be required to obtain a surety bond or
33 other financial instrument.