

MINUTES  
**HOUSE BUSINESS COMMITTEE**

**DATE:** Tuesday, March 03, 2015

**TIME:** 1:30 PM or Upon Adjournment

**PLACE:** Room EW41

**MEMBERS:** Chairman Barbieri, Vice Chairman Clow, Representatives Collins, Crane, Palmer, Thompson, Batt, Hixon, Kauffman, Monks, Anderst, Beyeler, DeMordaunt, Dixon, Troy, Smith, Rusche, Jordan

**ABSENT/  
EXCUSED:** None

**GUESTS:** Tim S. Olson, Idaho Life and Health Guaranty Association; Candie Kinch, Idaho Life and Health Guaranty Association; Mike Gamblin, Idaho Real Estate Commission; Tom Donovan, Department of Insurance; John Eaton, Realtors; Doug Dammrose, Mountain Health CO-OP; Tom Bassler, Mountain Health CO-OP; Andrew Mitzel, Realtors

**Chairman Barbieri** called the meeting to order at 2:49 PM.

**MOTION:** **Rep. Beyeler** made a motion to approve the minutes of February 19, 2015. **Motion carried by voice vote.**

**MOTION:** **Rep. Beyeler** made a motion to approve the minutes of February 23, 2015. **Motion carried by voice vote.**

**H 182:** **Tim Olson** of the Pinnacle Business Group and representing the Idaho Life and Guaranty Association, presented **H 182**. Mr. Olson said this legislation would clarify that the Consumer Oriented-Operated Plans (CO-OP's) created by the Affordable Care Act, are not members of the Idaho Guaranty Association. It also added a provision from the National Association of Insurance Commissioners (NAIC) model language to further clarify that new types of entities that are of a similar nature are to be excluded entities and not members of the association. This provision has been a part of the NAIC Model Act since 1986 and been adopted in 41 other States. He said after questions were raised about the language being too broad, the association has agreed to drop this language and has brought an amendment to strike this language from the legislation.

**Mr. Olson** added that the Guaranty Association has considered this legislative effort for some time and now, with 23 federally subsidized CO-OP's operating across the country including one operating in Idaho, it has been decided by the Association's leadership to further clarify membership to the Guaranty Association. Federal CO-OPs are not members of the guaranty associations in roughly half of the states in which they are operating. He said it is expected that even more guaranty associations will find the CO-OPs in their states are not members pursuant to the NAIC Model Act language.

In response to questions, **Mr. Olson** said these CO-OPs were created by the Affordable Care Act to provide another option to the consumer, more of a managed care concept, and a number of these across the country are having a difficult time. He continued to say if the CO-OPs remain part of the association, they will be subject to assessments like any other member of the Guaranty Association.

**Candie Kinch**, Executive Director of the Idaho Life and Health Guaranty Association, said if this amendment were to become law and a CO-OP operating in the state were to become insolvent, they would still be handled under the Idaho Insurance Liquidation Act which gives a higher priority to policy holder claims than it does to general creditor claims. The CO-OPS are required to put up statutory deposits in the state that would be available to pay policy holder claims in the event of an insolvency.

**Tom Donovan**, Acting Director of the Department of Insurance, said the department has not taken a formal position on **H 182**. He spoke to the details of the CO-OP that is licensed in Idaho. He continued that there was no component of the risk-based capital analysis that depends on whether a company is member of the Guaranty Association.

In response to a question, **Mr. Olson** said from the associations point of view, there is a concern on the future viability of CO-OPs. In order to reduce the risk to the association, this potential liability would need to be limited. There is a safety net in place for the consumer but if a CO-OP does becomes insolvent, it would qualify all of the consumers into the exchange.

**MOTION:** **Rep. Clow** made a motion to send **H 182** to General Orders with the attached amendment.

**Rep. Hixon** questioned if there would be federal money available if one of the CO-OPs were to fail. He said he would be voting in favor of the bill but reserved the right to change his vote if he received contrary information.

**VOTE ON MOTION:** **Motion carried by voice vote. Rep. Barbieri** will sponsor the bill on the floor.

**S 1006:** **Jeanne Jackson-Heim**, Executive Director of the Real Estate Commission, presented to the committee **S 1006**. She said the Real Estate Commission licenses real estate brokers and salespersons, operates a certification program for real estate education, and enforces violations of the license law. The Commission also handles registration of timeshares marketed to Idaho residents under the Subdivided Lands Disposition Act. The agency operates solely on dedicated funds from licensing and registration fees. She said this legislation is a cleanup bill which clarifies some inconsistencies and deletes some outdated language. She then reviewed the bill section-by-section.

**MOTION:** **Rep. Anderst** made a motion to send **S 1006** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Anderst** will sponsor the bill on the floor

**S 1009:** **Jeanne Jackson-Heim**, Executive Director of the Real Estate Commission, presented to the committee **S 1009** which relates to certified instructors and providers. She said the license law requires any provider, or school, that offers courses for real estate license credit to be certified by the Commission. Instructors teaching prelicense, post-license and Core courses must also be certified. The Commission has approximately 100 certified providers and 60 certified instructors. Quite a few certified instructors hold dual certifications as providers. Additionally, some are also real estate licensees.

**Ms. Jackson-Heim** said that after discussing this issue with a number of certified educators, the outcome was this proposal to change the staggered two-year renewal dates for provider and instructor certifications to one annual renewal date on June 30th. This date was chosen because most of the certified instructors are certified to teach the Commission's required Core course. She said, renewing instructor certification by June 30 is something these instructors have to do anyway.

**Ms. Jacoson-Heim** said at this time, certified instructors pay \$25 every two years to renew, and the certified providers pay \$50 every two years. Instructors pay one certification renewal fee no matter how many courses they are certified to teach. This law change would result in a very small fee increase of \$12.50 and \$25 per year for instructors and providers, respectively. She said these fees are already quite low and do not accurately reflect the actual cost of administering the certification program.

**MOTION:** **Rep. Beyeler** made a motion to send **S 1009** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Jordan** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 3:37 PM.

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Representative Barbieri  
Chair

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Francoise Cleveland  
Secretary