

MINUTES
HOUSE BUSINESS COMMITTEE

- DATE:** Thursday, March 05, 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:** Representative(s) DeMordaunt, Beyeler
- GUESTS:** Michell Bird, Real Estate Commission; Mike Gamblin, Real Estate Commission; John Mackey, United Heritage; Andrew Mitzel, Realtors; John Eaton, Realtors
- Chairman Barbieri** called the meeting to order at 1:30 PM.
- S 1007:** **Jeanne Jackson-Heim**, Executive Director of the Real Estate Commission, presented to the committee **S 1007** which pertains to payments for license applications. She said when the Commission receives a license application, the law allows them to deny the license only if the person writes a bad check. They cannot do this with other bad payments such as credit card charge-backs. This legislation adds language which would allow the Commission to deny a license if they receive any form of insufficient payment.
- MOTION:** **Rep. Hixon** made a motion to send **S 1007** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Hixon** will sponsor the bill on the floor.
- S 1008:** **Jeanne Jackson-Heim**, Executive Director of the Real Estate Commission, presented to the committee **S 1008** which would delete a fee from the license law. She said real estate licensees are required to carry errors and omissions insurance, and the Commission contracts with an insurance provider for a group policy that is available to any licensee. The Commission used to administer the group insurance in-house, and the license law contains a provision authorizing the Commission to collect an administrative fee for that purpose. She continued that their errors and omissions contract now requires the insurance carrier to administer the program. They have not collected this fee for a number of years since the carrier took over. She said they do not foresee a time when the Commission will ever again administer its own insurance program because it is not cost effective or efficient.
- MOTION:** **Rep. Thompson** made a motion to send **S 1008** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Anderst** will sponsor the bill on the floor.
- S 1010:** **Jeanne Jackson-Heim**, Executive Director of the Real Estate Commission, presented to the committee **S 1010**. She said the legislation clarifies how brokers and sales associates are allowed to pay and receive commission payments through unlicensed business entities such as LLCs and corporations. The real estate license law requires all commissions to be paid through the designated broker with whom a sales associate is licensed. The law also precludes unlicensed people or entities from receiving real estate commissions for conducting brokerage activity.

Ms. Jackson-Heim said there is an exception in the law for a real estate agent to be paid through an unlicensed LLC or corporation if all the owners of the entity are licensed. However, the intent of the law has always been that all sales associates are supposed to be paid in some fashion through the brokerage where they are licensed, and the broker is supposed to oversee the payments to his agents.

Rep. Anderst invoked Rule 38 stating a possible conflict of interest as he is a real estate broker.

MOTION: **Rep. Anderst** made a motion to send **S 1010** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Anderst** will sponsor the bill on the floor.

S 1023: **John MacKey** of the United Heritage Life Insurance Company, presented to the committee **S 1023**. He said the legislation is a Model Act adopted by the National Conference of Insurance Legislators. The bill amends Title 41 of the Idaho Code with the addition of a new Chapter 30 entitled, Idaho Unclaimed Life Insurance Benefits Act. He said the Social Security Administration Death Master File was to help prevent the continuation of Social Security Living Benefit payments to deceased persons. The file data comes primarily from the State Vital Record Agencies, and includes information on those who had Social Security Numbers and whose deaths have been reported to the Social Security Administration since 1962. Available since 1980, the computer database file contains information on more than 89 million deaths. The Social Security Administration estimates 95% of all current deaths are being reported to the file.

Mr. MacKey said this legislation requires Life Insurance Companies doing business in Idaho to complete semiannual comparisons of certain life insurance policies, annuity contracts, and retained asset accounts with the Death Master File to see if an insured's death has been reported to the file but not to the insurer. If a match is found and a claim for benefits has not yet been submitted, the insurer is required to initiate, complete, and document a good faith effort to determine if benefits are due, locate a rightful beneficiary, and begin the claim process within 90 days of the match date. If the insurer cannot locate a rightful beneficiary, the benefits due will escheat to the state of Idaho as unclaimed life insurance benefits. Failure of an insurer to meet requirements with such frequency as to constitute a general practice will be in violation.

Mr. MacKey said the legislation excludes policies and contracts that typically include a third party interest, such as group plans, plans subject to the Employment Retirement Income Security Act of 1974 and its amendments, policies used to fund pre-need funeral contracts, federal employee benefit program policies, and credit life insurance and accidental death policies. This legislation also includes a one year delay of the effective date to provide life insurance companies sufficient time to develop necessary procedures to comply with the new law.

MOTION: **Rep. Hixon** made a motion to send **S 1023** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Collins** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 1:57 PM.

Representative Barbieri
Chair

Francoise Cleveland
Secretary