

MINUTES  
**SENATE COMMERCE & HUMAN RESOURCES COMMITTEE**

**DATE:** Tuesday, January 30, 2018

**TIME:** 1:30 P.M.

**PLACE:** Room WW54

**MEMBERS PRESENT:** Chairman Patrick, Vice Chairman Guthrie, Senators Martin, Lakey, Thayn, Souza, Potts, Ward-Engelking, and Burgoyne

**ABSENT/ EXCUSED:** None

**NOTE:** The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

**CONVENED:** **Chairman Patrick** called the meeting of the Commerce and Human Resources Committee (Committee) to order at 1:30 p.m.

**MINUTES APPROVAL:** **Senator Martin** moved to approve the Minutes of January 16, 2018. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

**RS 25633** **Relating to Engineers and Surveyors, Revise Certain Requirements for Exam and Licensure.** **Keith Simila**, Executive Director, Idaho Board of Professional Engineers and Land Surveyors (IPELS), stated the purpose of the amendment was to reduce barriers to licensure by repealing the requirement for additional education upon multiple examination failures and decoupling the requirement for obtaining four years of experience prior to assignment to the professional licensure examinations. **Mr. Simila** commented there would be no fiscal impact to the General Fund or the dedicated fund of the agency; removing the requirements would not increase or decrease the cost of processing applications.

**MOTION:** **Senator Martin** moved to send **RS 25633** to print. **Senator Ward-Engelking** seconded the motion.

**DISCUSSION:** **Senator Burgoyne** said he thought the purpose of the amendment was to remove barriers to licensure. He questioned whether anti-trust laws would be violated. **Mr. Simila** commented the amendment applied primarily to individuals from foreign countries who had no intent of living in the United States.

**VOTE:** The motion carried by **voice vote**.

**PASSED THE GAVEL:** Chairman Patrick passed the gavel to Vice Chairman Guthrie to introduce the presenters for the rules review.

**DOCKET NO. 10-0102-1701** **Rules of Professional Responsibility.** **Keith Simila**, Executive Director, Idaho Board of Professional Engineers and Land Surveyors (IPELS), reported the amendments would clarify the requirement to follow the Qualifications Based Selection statute, Idaho Code § 67-2320. He stated the intent applied to both consultants and subconsultants. **Mr. Simila** said there was no fiscal impact to the State General Fund or the agency dedicated fund because the amendment was a clarification of a process already required by law and rule.

**DISCUSSION:** **Senator Lakey** remarked he appreciated the explanation from Mr. Simila of the "incorporation by reference." **Senator Lakey** clarified with Mr. Simila that a subconsultant hired by a contractor was not subject to this rule.

**MOTION:** **Senator Thayn** moved to approve **Docket No. 10-0102-1701**. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.  
17-0312-1701**

**Rules Governing Manufactured or Mobile Home Installations.** **Patrick Grace**, Regional Manager, Idaho Division of Building Safety (IDBS), reported that according to Idaho Code § 44-2201, all used mobile and manufactured homes should be installed in accordance with the Idaho Manufactured Home Installation Standard (IMHIS). The IMHIS had not been updated since 2004. Through the negotiated rulemaking process, the IDBS has established a newer, updated edition of this new standard reflecting installation requirements and safety considerations currently applicable to the industry.

**Mr. Grace** said that, in addition, the DBS was seeking to modify the training requirements for manufactured home installation inspectors to reflect a more practical and valuable schedule for inspectors to acquire necessary education. The IMHIS would be updated and the 2018 edition would be adopted for application to the installation of used manufactured homes in the State. The rulemaking would modify the annual training requirements for inspectors of manufactured home installations from an annual four-hour training requirement to eight hours of training every three years.

**Mr. Grace** commented the proposed rules would be "incorporated by reference." (see Attachment 1)

**DISCUSSION:** **Senator Lakey** thanked Mr. Grace for the helpful summary.

**MOTION:** **Senator Thayn** moved to approve **Docket No. 17-0312-1701**. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.  
18-0102-1701**

**Insurance Policy Titles.** **Dean L. Cameron**, Director, Idaho Department of Insurance (DOI), remarked the existing rule consisted of one sentence barring the approval of any life insurance policy bearing a name which would be misleading or confusing. Such policies were already prohibited by Idaho Code § 41-1813. The rule would not be necessary as it did not add value in understanding or effectuating Code or any other provisions of Code. This rulemaking would repeal this rule.

**MOTION:** **Senator Lakey** moved to approve **Docket No. 18-0102-1701**. **Chairman Patrick** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.  
18-0108-1701**

**Filing of Life Policy Forms.** **Dean L. Cameron**, Director, Idaho Department of Insurance (DOI), stated that the rule, which was originally adopted in 1962, called for life policy forms to be submitted to the DOI "in duplicate." Policy forms have long been submitted electronically through the System for Electronic Rate and Form Filings (SERFF). This rule would not be necessary for the effectuation of Idaho Code, Title 41. Other provisions of this rule related to filing of rating formulas and specimens would also be unnecessary, because filings were made per Idaho Code §§ 41-1812 and 41-1813 and in light of substantive provisions in Idaho Code Title 41, Chapter 19.

**MOTION:** **Senator Souza** moved to approve **Docket No. 18-0108-1701**. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO. 18-0120-1701**      **Cancellation of, or Refusal to Renew Automobile Insurance Policies. Dean L. Cameron**, Director, Idaho Department of Insurance (DOI), stated that Idaho Code § 41-2502 required that insurers offer uninsured and underinsured auto coverage to Idaho consumers; the Code also provided that a consumer could reject coverage in writing when the policy was first purchased. **Director Cameron** indicated Subsection 3 also provided that the insurer furnish a statement approved by the Director of the DOI explaining both types of coverage and the types of underinsured coverage that may be available in Idaho. The DOI fulfilled this directive initially by publishing Bulletin 08-08. Recently, there have been discussions about whether consumers were adequately protected under the status quo. In 2017, there were three bills (H 163, S 1048, and S 1078) that considered proposing amendments to Idaho Code §§ 41-2502 or 41-2503 (the latter section contained the definitions). Legislators suggested that the Director meet with industry to consider alternatives that would better serve Idahoans. **Director Cameron** reported negotiated rulemaking was conducted and written comments were received.

**MOTION:**      **Senator Lakey** moved to approve **Docket No. 18-0120-1701**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO. 18-0122-1701**      **Sale of Insurance by Vending Machines. Dean L. Cameron**, Director, Idaho Department of Insurance (DOI), stated the rule dated back to 1979 and was not currently monitored by the DOI, no licenses currently exist, nor were any expected. The fee for vending machine licenses was not addressed or included in the DOI's general fee rule. Internet options replace this mode of accessibility for the public, along with provisions on credit cards for limited travel insurance. **Director Cameron** said recent legislative change removed retail licensing requirements for travel insurance. This rulemaking proposed to repeal this rule.

**MOTION:**      **Chairman Patrick** moved to approve **Docket No. 18-0122-1701**. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO. 18-0125-1701**      **Title Insurance and Title Insurance Agents and Escrow Officers. Dean L. Cameron**, Director, Idaho Department of Insurance (DOI), stated this rule would amend language to make title insurance policy cancellation fees permissive, rather than mandatory, because there may be various scenarios when it may seem inappropriate to charge a cancellation fee. Title insurance agents would not charge cancellation fees, but for the current rule. (see Attachment 2)

**DISCUSSION:**      **Senator Potts** asked about late fee charges and the possibility of abuse of power. **Director Cameron** said that most of the time costs would be absorbed, but if there was a real estate agent who was unable to deliver closing escrows on a consistent basis, there could be a charge.

**Senator Burgoyne** queried if a policy would be cancelled, if this was this done before the title search and would this be a windfall for the insurance company. **Director Cameron** commented this issue did not come up. He said most real estate agents would respond as soon as possible, however, escrow could fall out right up to the point of closing. At that point, the title company would have done all of the work. **Senator Burgoyne** mentioned that in a situation where a real estate agent submitted an order for a title insurance policy on behalf of the purchaser, would there be a cancellation fee; if so, who would be responsible. **Director Cameron** replied the real estate agent who ordered the policy would be responsible to pay the cancellation fee.

**Chairman Patrick** remarked money could be lost, as it appeared the title company did all of the work. **Director Cameron** stated that was correct and that was an issue with the title industry, and it would be considered an inducement if the fee

was waived where others would be forced to charge the fee. The DOI was trying to give the title company permission without making the fee mandatory.

- TESTIMONY:** **Cameron McFadden**, representing Title One, clarified that cancellations only occurred 1 percent of the time. He remarked this rule would give the company discretion.
- DISCUSSION:** **Senator Burgoyne** commented that the Committee may be revisiting this issue again from the consumer protection point-of-view. He pointed out there should be a maximum amount set, with a sliding scale based on work performed. **Senator Lakey** stated he did not think the Committee would be revisiting this issue again due to the idea that this happens so infrequently.
- MOTION:** **Senator Lakey** moved to approve **Docket No. 18-0125-1701**. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 18-0130-1701** **Individual Disability and Group Supplemental Disability Insurance.** **Dean L. Cameron**, Director, Idaho Department of Insurance (DOI), reported that this proposed rule would allow, but not require, carriers to offer return of premium or cash value benefits to covered persons for specified disease, limited benefit policies, and accident-only policies. This authority is in addition to the other types of policies currently permitted. The rule was drafted using negotiated rulemaking.
- DISCUSSION:** **Chairman Patrick** asked how the carrier would make any money if the premium amount was refunded. **Director Cameron** said the carrier would make money by carrying a premium for the years of coverage.
- MOTION:** **Senator Potts** moved to approve **Docket No. 18-0130-1701**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 18-0135-1701** **Guidelines Respecting the Use of Claim Forms for Disability Insurance Claims.** **Dean L. Cameron**, Director, Idaho Department of Insurance (DOI), stated this rule would require insurers to furnish to hospitals and certain other service providers, a six-month supply of paper forms for the filing of claims. Since the rule was adopted in 1980, the vast majority of claims had been submitted electronically. It was no longer necessary for providers to have a six-month supply of paper forms on hand at all times. This rule reflected outmoded practices. This rulemaking was proposed to repeal this rule.
- MOTION:** **Senator Martin** moved to approve **Docket No. 18-0135-1701**. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 18-0156-1701** **Rebates and Illegal Inducements to Obtaining Title Insurance Business Rules.** **Dean L. Cameron**, Director, Idaho Department of Insurance (DOI), reported the definition of "things of value" would be revised in Subsection 010.05 and provisions 4.1 and 9 of Exhibit 1. The revision would not require cancellation fees because there were various scenarios where it seemed inappropriate to charge a cancellation fee, and title insurance agents would not charge cancellation fees but for the current rule.
- MOTION:** **Senator Thayn** moved to approve **Docket No. 18-0156-1701**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO. 18-0173-1701** **Rule to Implement the Individual Health Insurance Availability Act Plan Design.** **Dean L. Cameron**, Director, Idaho Department of Insurance (DOI), stated this rule would provide specifics for the plan design of five individual health plans to be offered through the Idaho Individual High Risk Reinsurance Pool (Pool), per Idaho Code, Chapter 55, Title 41. Revisions to Chapter 55, effective July 1, 2017, eliminated the requirement and the need to design specific products for the Pool. These plans would likely function as a reinsurance mechanism for individuals with certain health conditions enrolled in major medical individual health insurance plans available marketwide. The approximately 50 individuals grandfathered into these high-risk plans prior to the 2017 legislation would be renewed without modification to plan design. Rules for design of these plans were obsolete, as no new such plans would be created. This rulemaking was proposed to repeal this rule.

**MOTION:** **Senator Burgoyne** moved to approve **Docket No. 18-0173-1701**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO. 18-0175-1701** **Credit for Reinsurance Rules.** **Dean L. Cameron**, Director, Idaho Department of Insurance (DOI), said the pending rule would include current National Association of Insurance Commissioners (NAIC) Credit for Reinsurance Model Regulation #786 provisions supporting the modernization of reinsurance regulation. This pending rule sets forth rules and procedural requirements necessary to carry out the provisions of Idaho Code § 41-515, as amended in 2017 by H 101. (see Attachment 3)

**DISCUSSION:** **Senator Martin** and **Director Cameron** discussed the inclusion of the NAIC Credit for Reinsurance Model Regulations #786 provisions and how the demands and needs of Idaho were tailored to make the provisions as workable as possible.

**Senator Lakey** questioned the use of the word "sole." He asked if the trust was created solely for that beneficiary or were there others in the trust who were beneficiaries. **Director Cameron** replied the purpose for the definition was for the insurance companies who were beneficiaries buying reinsurance.

**MOTION:** **Senator Martin** moved to approve **Docket No. 18-0175-1701**. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO. 18-0181-1701** **Corporate Governance Annual Disclosure.** **Dean L. Cameron**, Director, Idaho Department of Insurance (DOI), said H 102 enacted in 2017, created Title 14, Chapter 64 Corporate Governance Annual Disclosure (CGAD) which required insurance companies to file a CGAD. The addition of a new rule following the enactment of Idaho Code Title 41, Chapter 64, provided insurers with more detailed procedures for submitting the required CGAD filing; it included the contents that were deemed necessary by the DOI Director to carry out the provisions of Chapter 64.

**Director Cameron** commented the proposed rules would be "incorporated by reference." (see Attachment 4)

**MOTION:** **Senator Lakey** moved to approve **Docket No. 18-0181-1701**. **Chairman Patrick** seconded the motion. The motion carried by **voice vote**.

**PASSED THE GAVEL:** Vice Chairman Guthrie passed the gavel back to Chairman Patrick.

**Chairman Patrick** reminded the Committee that the meeting of February 1, 2018 would begin at 2:00 p.m. due to a training class for all committee chairman and vice chairmen.

**ADJOURNED:** There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:42 p.m.

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Senator Patrick  
Chair

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Linda Kambeitz  
Secretary