

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 78

BY BUSINESS COMMITTEE

AN ACT

1 RELATING TO INSURANCE; REPEALING SECTION 41-1027, IDAHO CODE, RELATING TO
2 THE RETURN OF A CERTAIN LICENSE; AMENDING SECTION 41-1233, IDAHO CODE,
3 TO REMOVE LANGUAGE REGARDING INTEREST ON A DELINQUENT TAX AND TO MAKE
4 TECHNICAL CORRECTIONS; AMENDING SECTION 41-1612, IDAHO CODE, TO REMOVE
5 LANGUAGE REGARDING CERTAIN FILINGS AND TO MAKE A TECHNICAL CORRECTION;
6 AMENDING SECTION 41-2506, IDAHO CODE, TO REVISE A DEFINITION AND TO
7 MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 41-3423, IDAHO CODE, TO
8 REMOVE LANGUAGE REGARDING INVESTMENTS BY A SERVICE CORPORATION; RE-
9 PEALING CHAPTER 35, TITLE 41, IDAHO CODE, RELATING TO INSURANCE OF
10 PUBLIC PROPERTY AND RISKS; AMENDING SECTION 67-5773, IDAHO CODE, TO
11 REVISE PROVISIONS REGARDING POWERS AND DUTIES OF THE DIRECTOR OF THE
12 DEPARTMENT OF ADMINISTRATION WITH REGARD TO RISK MANAGEMENT AND TO MAKE
13 TECHNICAL CORRECTIONS; AMENDING SECTION 41-1108, IDAHO CODE, TO REMOVE
14 A CODE REFERENCE; AMENDING SECTION 59-803, IDAHO CODE, TO REMOVE A CODE
15 REFERENCE, TO PROVIDE A PAYMENT MANNER FOR THE PREMIUM ON CERTAIN SURETY
16 BONDS, AND TO MAKE TECHNICAL CORRECTIONS; AND PROVIDING AN EFFECTIVE
17 DATE.
18

19 Be It Enacted by the Legislature of the State of Idaho:

20 SECTION 1. That Section [41-1027](#), Idaho Code, be, and the same is hereby
21 repealed.

22 SECTION 2. That Section 41-1233, Idaho Code, be, and the same is hereby
23 amended to read as follows:

24 41-1233. REPORT AND TAX OF INDEPENDENTLY PROCURED COVERAGES. (1) Ev-
25 ery insured who in this state procures or causes to be procured or continues
26 or renews insurance in an unauthorized foreign insurer, or any self-insurer
27 who in this state so procures or continues excess loss, catastrophe or other
28 insurance, upon a subject of insurance resident, located or to be performed
29 within this state, other than insurance procured through a surplus line bro-
30 ker pursuant to the surplus line law of this state or exempted from tax pur-
31 suant to section 41-1212, Idaho Code, shall within thirty (30) days after the
32 date such insurance policy was so received by the insured, continued or re-
33 newed file a written report of the same with the surplus line association on
34 forms designated by the director and furnished to the insured upon request.
35 The report shall show the name and address of the insured or insureds, name
36 and address of the insurer, the subject of the insurance, a general descrip-
37 tion of the coverage, the amount of premium currently charged therefor, and
38 such additional pertinent information as the director reasonably requests.
39 If the insurance covers also a subject of insurance resident, located or to
40 be performed outside this state, a proper pro rata portion of the entire pre-

1 mium payable for all such insurance shall be allocated to this state for the
2 purposes of this section.

3 (2) Any insurance in an unauthorized insurer procured through negotia-
4 tions or an application in whole or in part occurring or made within or from
5 within this state, or for which premiums in whole or in part are remitted di-
6 rectly or indirectly from within this state, shall be deemed to be insurance
7 procured or continued or renewed in this state within the intent of subsec-
8 tion (1) of this section.

9 (3) The insured with respect to the obligation, chose in action, or
10 right represented by such insurance shall be subject to section 41-1229,
11 Idaho Code, as it pertains to premium tax. Within thirty (30) days after
12 the insurance policy was so received by the insured, continued or renewed,
13 and coincidentally with the filing with the surplus line association of the
14 report provided for in subsection (1) of this section, the insured shall pay
15 the amount of the tax to the director and a stamping fee to the surplus line
16 association.

17 ~~(4) The tax imposed hereunder if delinquent shall bear interest at the~~
18 ~~rate of six percent (6%) per annum, compounded annually.~~

19 ~~(5) The tax shall be collectible from the insured by civil action~~
20 ~~brought by the director, or by distraint.~~

21 ~~(6) This section does not abrogate or modify any provision of sections~~
22 ~~41-1201 (representing or aiding unauthorized insurer prohibited), 41-1202~~
23 ~~(representing or aiding unauthorized insurer prohibited -- penalty), or~~
24 ~~41-1203 (suits by unauthorized insurer prohibited), Idaho Code.~~

25 ~~(7) This section does not apply as to life or disability insurances.~~

26 SECTION 3. That Section 41-1612, Idaho Code, be, and the same is hereby
27 amended to read as follows:

28 41-1612. ADHERENCE TO FILINGS. ~~(1) No insurer shall issue, renew, or~~
29 ~~continue in force in this state any worker's compensation insurance at pre-~~
30 ~~mium rates which are less than the rates applicable under the filings in ef-~~
31 ~~fect for the insurer, or in effect in accordance with section 41-1607 (exemp-~~
32 ~~tion from filing) or 41-1613 (excess rates), Idaho Code.~~

33 ~~(2) No filing shall contain a minimum premium that is less than one hun-~~
34 ~~dred fifty dollars (\$150) or greater than three hundred dollars (\$300).~~

35 ~~(3) With respect to determination of premiums for partnerships and sole~~
36 ~~proprietorships, filings shall include a premium calculated on an annual~~
37 ~~salary of thirteen thousand dollars (\$13,000).~~

38 SECTION 4. That Section 41-2506, Idaho Code, be, and the same is hereby
39 amended to read as follows:

40 41-2506. CANCELLATION OF POLICIES -- DEFINITIONS. (1) As used in sec-
41 tions 41-2506 through 41-2512 ~~of this act,~~ Idaho Code:

42 (a) "Policy" means any one (1) or more of the following portions of an
43 automobile insurance policy, delivered or issued for delivery in this
44 state, insuring a natural person as named insured, or one (1) or more
45 related individuals resident of the same household, and under which
46 the insured vehicles therein designated are motor vehicles of the pri-
47 vate passenger or station wagon type (not used for public or livery

1 conveyance of passengers, or rented to others) or any other four-wheel
 2 motor vehicles with a load capacity of fifteen thousand (15,000) pounds
 3 or less not used in the occupation, profession, or business of the in-
 4 sured and:

5 (i) Insuring against bodily injury and property damage liabil-
 6 ity;

7 (ii) Insuring against physical damage;

8 (iii) Insuring against risks commonly included under "comprehen-
 9 sive coverage";

10 (iv) Relating to medical payments;

11 (v) Providing uninsured motorist coverage.

12 (b) Policy does not mean automobile liability insurance:

13 (i) Issued under an assigned risk plan; or

14 (ii) ~~Insuring more than four (4) motor vehicles; or~~

15 ~~(iii) Covering garage, automobile sales agency, repair shop, ser-~~
 16 ~~vice station, or public parking place operation hazards.~~

17 (c) "Renewal" or "to renew" means the issuance and delivery by an in-
 18 surer of a policy superseding at the end of the policy period a policy
 19 previously issued and delivered by the same insurer, or the issuance and
 20 delivery of a certificate or notice extending the term of a policy be-
 21 yond its policy period or term. Any policy with a policy period or term
 22 of less than six (6) months or any policy with no fixed expiration date
 23 shall for the purpose of this section be considered as if written for
 24 successive policy periods or terms of six (6) months.

25 (d) "Nonpayment of premium" means failure of the named insured to dis-
 26 charge when due any of his obligations in connection with the payment
 27 of premiums on a policy or any installment of such premium, whether the
 28 premium is payable directly to the insurer or its agent or indirectly
 29 under any premium finance plan or extension of credit.

30 (2) Sections 41-2506 through 41-2512 ~~of this act, Idaho Code,~~ shall not
 31 apply to any policy ~~which~~ that has been in effect less than sixty (60) days at
 32 the time notice of cancellation is mailed or delivered by the insurer, unless
 33 it is a renewal policy.

34 SECTION 5. That Section 41-3423, Idaho Code, be, and the same is hereby
 35 amended to read as follows:

36 41-3423. INVESTMENTS. ~~(1) A service corporation shall invest and have~~
 37 ~~invested its funds in the following investments only:~~

38 ~~(a) Cash on deposit or in savings accounts in banks or trust companies;~~

39 ~~(b) Deposits in or shares of such savings and loan associations as are~~
 40 ~~insured by an instrumentality of the United States government, and not~~
 41 ~~in excess of the amount of such insurance in any one (1) such institu-~~
 42 ~~tion; and~~

43 ~~(c) Real estate for use as a home office and/or one or more branch of-~~
 44 ~~fices, at a cost not exceeding ten per cent (10%) of the corporation's~~
 45 ~~assets at the time of investment, unless a larger amount has been ap-~~
 46 ~~proved by the director.~~

47 ~~(2) The investable funds of a service corporation may also be invested~~
 48 ~~in securities and other investments permitted by and pursuant to the pro-~~
 49 ~~visions of chapter 7, title 41, Idaho Code, and for the purposes of chapter~~

1 7, title 41, Idaho Code, a service corporation shall be deemed to be an "in-
2 surer."

3 SECTION 6. That Chapter 35, Title 41, Idaho Code, be, and the same is
4 hereby repealed.

5 SECTION 7. That Section 67-5773, Idaho Code, be, and the same is hereby
6 amended to read as follows:

7 67-5773. POWERS AND DUTIES -- RISK MANAGEMENT. (1) The director of the
8 department of administration shall:

9 (a) Determine the nature and extent of needs for surety bonds and
10 insurance coverages of all kinds, other than life and disability insur-
11 ances, as to risks and property of all offices, departments, divisions,
12 boards, commissions, institutions, agencies, officers, agents, em-
13 ployees, and operations of the government of the state of Idaho, the
14 premiums on which are payable in whole or in part from funds of the
15 state.

16 (b) Determine the character, terms, and amounts of insurance coverages
17 required by such needs.

18 (c) Within funds available therefor from each respective office,
19 department, division, board, commission, institution, agency or op-
20 eration with respect to coverage to be provided to it, negotiate for,
21 procure, purchase, and have placed or continued in effect all such
22 insurance coverages and services as may reasonably be obtainable,
23 whether from insurers or brokers duly authorized to transact business
24 in this state.

25 (d) Administer all such coverages on behalf of the insured, including
26 making and settlement of loss claims arising thereunder. The director,
27 with the advice of the attorney general, may cause suit to be brought
28 with respect to any such coverage or loss.

29 (e) Within available funds and personnel, make periodic inspection
30 or appraisal of premises, property and risks as to conditions affect-
31 ing insurability, risk, and premium rate, and submit a written report
32 of each such inspection or appraisal together with recommendations,
33 if any, to the officer, department, or agency in direct charge of such
34 premises, property or risks.

35 (f) Perform such other duties and exercise such other powers as are pro-
36 vided by law.

37 (g) Establish a risk management advisory committee. The director shall
38 consult with the advisory committee in the performance of those duties
39 enumerated ~~above~~ in this subsection.

40 (2) As to all such needs and coverages, the director shall give due con-
41 sideration to information furnished by and recommendations of any office,
42 department, division, board, commission, institution or agency.

43 SECTION 8. That Section 41-1108, Idaho Code, be, and the same is hereby
44 amended to read as follows:

1 41-1108. OTHER PROVISIONS APPLICABLE. The following sections of chap-
 2 ter 10, title 41, Idaho Code, shall, to the extent so applicable, also apply
 3 as to adjuster licenses:

4 (1) 41-1007(1), Idaho Code (application for producer license).

5 (2) 41-1008, Idaho Code (producer license).

6 (3) 41-1011, Idaho Code (issuance, refusal of license).

7 (4) 41-1013, Idaho Code (continuation, expiration of license, continu-
 8 ing education statement).

9 (5) 41-1016, Idaho Code (administrative penalty -- suspension, revoca-
 10 tion, refusal of license).

11 (6) 41-1026, Idaho Code (procedure following suspension, revocation,
 12 denial -- reinstatement).

13 ~~(7) 41-1027, Idaho Code (return of license).~~

14 SECTION 9. That Section 59-803, Idaho Code, be, and the same is hereby
 15 amended to read as follows:

16 59-803. SURETY BOND REQUIRED. (1) With the advice of the head of each
 17 agency, and taking into consideration employee duties and responsibilities,
 18 the administrator shall designate individually or by class the employees re-
 19 quired to give official bond to the state and the amount of the bond required
 20 for each individual or class.

21 (2) If some other law sets forth an amount in which an employee is to
 22 be bonded, the administrator shall procure a bond in at least the amount set
 23 forth in such law, but may require a bond in a greater amount than as set forth
 24 in such law if he determines, in accordance with the procedures set forth in
 25 subsection (1) above of this section, that it would be in the best interest of
 26 the state to require a bond in a greater amount.

27 (3) The premium on the official surety bonds procured by the adminis-
 28 trator in accordance with subsections (1) and (2) above of this section shall
 29 be paid from funds appropriated or available for the employer or agency ~~in~~
 30 ~~the manner prescribed in section 41-3503, Idaho Code~~ of the employees for
 31 which the official surety bonds are procured.

32 (4) The administrator shall procure all official bonds for employees,
 33 and shall, by negotiations or otherwise, endeavor to purchase the best cov-
 34 erage ~~which~~ that can be obtained for the least cost.

35 SECTION 10. Section 3 of this act shall be in full force and effect on
 36 and after January 1, 2022.