

NHSCA Monthly Update

Oct. 13, 2016 at 2:30 PM CST.

2-10 HBW: Mike Bartosch, Lindsey Iten

AHS: Tom Courtney, Mark Celichowski

Fidelity: Chris Wasson

HMS National/Cross Country: Doug Stein

National Home Guaranteed: Richard Adams

OneGuard Home Warranties: Dave Hill

Longbow Partners: NHSCA Lobbyist David Parker

Brief Highlights:

Opening Statement from President Bartosch

Bartosch offered congratulations to PHH. On October 11, 2016 the Washington DC District Court of Appeals ruled in their favor against the CFBP. It is not going to change the operation of CFBP right now, but it is a big set-back for them and reinforces RESPA Section 8; the fact that if you are paying good money for good services you are okay and in the original intent of the law and not what CFCP tried to change it to retroactively. The following link was sent to all members. <http://www.housingwire.com/articles/38254-a-good-day-for-democracy-or-a-reckless-decision-industry-reacts-to-watershed-phh-cfpb-ruling>

1. VA Legislative initiative out of BOI

Lobbyist, Matt Benedetti and Chartrand met with the Comptroller, VA Bureau Deputy Commissioner and Insurance Commissioner, Jackie Cunningham on October 6. They appear generally in favor of moving forward and getting us out of the BOI. Chartrand and Benedetti also met with VDACS staff (Department of Agriculture and Consumer Services). Under VDACS, members will no longer be subject to premium tax, but subject to state income taxes. (right now members are exempt for state income tax since you pay premium tax). Sponsor and Chair of the Committee is Terri Kilgor. Chartrand recommends the NHSCA make a \$2500 contribution to Kilgor's campaign. Bartosch made a motion the NHSCA make the contribution. No second was made due to further discussion. Mark Celichowski ask members to re-evaluate the tax issue because of additional costs and added charges that may be associated with the change. Courtney asked Chartrand the pros and cons of moving out of BOI. Chartrand noted he had no special analysis and had moved forward based upon on a unanimous vote of the members in June. He suggested members who do business in Virginia reassess using their own cost/benefit analysis and we hold a special call to discuss further before the NHSCA moves forward. Bartosch noted premium tax is on gross revenue while state income tax is on net income. He also noted depending on a member's tax situation, it could work out the same or be favorable. Staff will set up the call with the NHSCA members who do business in Virginia and include Benedetti.

2. Texas (TREC to TDLR)

Steve McDaniel advised Chartrand the SCIC recently voted to pursue moving all regulation out from TREC to the TDLR. The ineptness is to get out of the rate filing and some of the financial filings. Chartrand has asked NHSCA lobbyist, David Parker to meet with the SCIC lobbyist to further discuss their prospects. No legislation has been drafted yet, it was just simply voted on

by SCIC members. Chartrand asked members to think about making such a move or to be thinking of something less by working jointly with the SCIC and getting rid of at least rate filing. Courtney reported to the members, AHS is taking a very close look at this move and has some concerns. They have engaged their own outside counsel to further study since legislation may be involved and is a timely change that could have a negative impact. Chartrand will keep members informed.

3. Texas Sales Tax Resolution

Lobbyist, Parker met with Tommy Hoyt today on October 13. Hoyt proactively reached out to Parker to confirm the “clarification” in writing that any pending audit would be treated in same fashion as our memo states. Parker indicated Hoyt thought the memo would be published by Thanksgiving. Chartrand will publish the TPP immediately after the memo is published.

4. California

Chartrand indicated denial letters and claims processing appear more important issues to members than altering the Holding Company Act. Chartrand had responded with a paired down version of the California Home Service Contract Fair Claims Act that was drafted by NHSCA members doing business in California back in 2013. He asked members whether we should have local lobbyist Mike Belote pursue for 2017. Chartrand will email the HSC Fair Claims Act language memo to members doing business in California for more input and reaction.

5. Arizona/Nevada “Less benefits paid on Cancellation”

Chartrand will be meeting with our local counsel, David Childers and the Arizona DOI on October 20 in Arizona and with the Nevada DOI on October 21 with regards to removing the provision in their regulation that says upon cancellation, “benefits paid” cannot be deducted from a refund. Chartrand will report back after the meetings.

6. Oklahoma

Chartrand reminded members Oklahoma recently sent out a formal notice that they are now requiring electronic filing, effective October 31, 2016 and had forwarded the notice to all.

7. Florida

The Florida legislative session starts the week before Thanksgiving. Lobbyist David Roberts and Chartrand are working together to create language for a stand-alone bill.

8. National Meeting Update

Chartrand informed members Mello is exploring possibilities in Whitefish and Helena, Montana for the 2017 annual meeting.

9. NY Cyber Regulation

Chartrand sent a brief commentary to the New York DOI opposing the regulation and requesting an exemption for home service contract providers. Copies were emailed to members. He

queried much resource should the NHSCA be putting in to get the exemption. There are only four NHSCA members doing business in NY.

Chartrand ended the call by indicating he recently spoke to Steve McDaniel, SCIC, and there are no major or immediate apparent conflicts for the NHSCA with the known SCIC agenda for this coming year. Both pledged joint cooperation to try to support each other's efforts.

Call adjourned at 3:15 pm CST. Next call will be the first Thursday of the month on Thursday, November 3 at 2:30 pm CST.