

NHSCA Monthly Update
Thursday, December 19, 2019 at 2:30 pm CST

2-10 Home Buyers Warranty: Lindsey Iten
AHG Home Warranty: Chad Forbush
American Home Shield Companies: Mark Celichowski
America's Preferred Home Warranty: Phil West
Cinch Home Services: John Walsh
Fidelity: Lorna Mello, Adrienne Giacalone
First American Home Warranty: Jeff Powell, Zach Zaharek
National Home Guaranteed: Richard Adams
Old Republic Home Protection: Chris Wasson
HWA/Direct Energy: Michael Longoria

NHSCA Staff: Art Chartrand, Joy Moore

Roll call was taken, and a quorum was present.

Accreditation Program Reminder

Chartrand encouraged members to get their accreditation application in by the end of the year. May 1, 2020 is the deadline to complete the program without a fee. Reminder notices have been sent to members who have not applied.

AG Action Update/Choice

We had an extensive NHSCA conference call to discuss our posture and strategy on December 10th. While we considered approaching the Arizona AG, NAAG, other state AG's and the NAIC to educate them and try to limit any collateral issues to us, we determined to move more cautiously and simply explore meeting with Arizona AG and Chartrand getting a report back from NAIC on any action to date. After consulting Arizona lobbyist David Childers, we concluded it not advisable at this time to approach the Arizona AG. Chartrand met with the NAIC on December 17 and they indicated there were no meetings on the agenda regarding Choice or home warranties or new task force. Our position is to monitor and reassess when there is other major activity or resolution of these cases. We will take no affirmative outreach but may reconsider if something new arises and we will reconsider.

NAIC

Chartrand met with NAIC counsel and market conduct staff on December 17. Given that nearly half the state insurance departments regulate our industry as a non-insurance product, this relationship remains valuable. As indicated, no new agenda on service contracts has been indicated yet.

Dues Resolution

The dues resolution was voted on via email and passed nearly unanimously on November 15. Two members voted “no” that were directly affected by this resolution. It clarifies that the largest of a company group must join and pay its dues for the group.

HomeServe USA Membership Vote

After extended discussion on the history of engaging with HomeServeUSA, a motion by Forbush that the Association establish the date of February 1, 2020 for HomeServe to confirm their membership application and grant them until April 1, 2020 to pay dues was seconded by Walsh and passed unanimously. It was clarified that this means that if this deadline is not met, AHG and Nations would be delisted as members and pursuit of HomeServeUSA would terminate for the present time. Second by Walsh. The motion passed unanimously. Chartrand was instructed to email HomeServeUSA accordingly.

Market Data Reporting Update- Frequency

One of our members has suggested we report data semi-annually or annually rather than quarterly. After discussion, no motion was presented, so the frequency stays the same and reporting remains quarterly.

State issues: (We are not attaching copies of all bills or regs as all members have online access and tracking via *Bill Track 50* provided by the NHSCA. However, if you need copies just ask the NHSCA staff.)

Washington State Solvency and Filing Requirements Rulemaking CR 102

Apparently, there is nothing to be concerned with at this time. This has been pending since 2017. This was a technical amendment and clarification of the rule. If any members hear otherwise or interprets differently, let staff know.

Nevada

There has been no response from Hall yet on December 2 letter sent by the NHSCA regarding deduction of claims costs on consumer cancellation and the cancellation fee. We will monitor with our lobbyists but Chartrand suggests all members file the new form accordingly. Regarding our December 4 letter on the Data Call, the Commissioner has now advised a 60-day extension will be granted from January 20 but members have to ask for it. Chartrand will email all members a special notice with this advisory.

Chartrand informed members the retainer has expired with our lobbyist group, Argentum Partners but they have continued working gratis in expectation of an extension and prep for 2021 legislation. Nevada legislature does not meet in 2020. A proposed retainer was submitted beginning December 1, 2019 to the start of the 2021 legislative prep a year from now at \$2000 a month with a kicker to \$6000 a month in

2021. After further debate and discussion by members, a motion to retain Argentum Partners for the next 90 days at \$2000 a month rather than for a full year subject to reassessment was made by Walsh and seconded by Mello. The motion passed. Chartrand noted that it is very valuable to keep them retained at this point politically. It would not be in the best interest of the Association to drop them.

Indiana

Chartrand informed members to keep their eyes and ears on the ground for any legislation or administrative rumblings. We have had intel the AG and others concerned over the Choice matter.

South Carolina

HB 4739 (similar bill HB 3377) has been introduced by Sponsor, Representative John King. Chartrand indicated King may not have the votes to support his bill. However since the bill would strictly limit our ability to exclude pre-existing conditions, Chartrand agreed he would meet with him in South Carolina in mid-January to try and diffuse the issues. King has indicated concerns with home warranty previously and could expand his probe. No lobbyist has been hired at this time and there is no plan to do so. Chartrand wants to work with him directly as it appears King does not understand the industry and some education and cooperation could make the difference. We will seek a SC lobbyist if indicated and advise.

Kentucky

There is nothing to be concerned about at this time. An Interim Joint Committee on Banking and Insurance met on December 17 and home warranty was on the agenda. While questions were raised and monitored by our lobbyist group, Top Shelf, no action was taken. Chartrand noted concern that Rep Rowland made the statement "We've gathered parts of the industry to discuss some items including the whole home." No such contact has been made so we have our lobbyists to keep an ear out for any follow up activity.

Rule changes to 806 KAR 5:060 were filed and revised as of December 12, 2019. There was nothing of real substance other than clarification and simplification of the rule.

Wisconsin

SB 482 passed in November changing the case of service contract providers who assure performance with a deposit or LOC from submitting financial statements for the fiscal year by the end of the 5th month following the end of each fiscal year of the provider *to a requirement* to file the *most recent* financial statement each March 31.

Florida

HB 895 now allows licensed insurance agents to sell home warranty and service agreements without a sales representative license.

Auto-Renewal Bills

We will monitor auto renewal bills to extent feasible. As long as members follow the NHSCA model in most all cases you should be fine. Most recent has been NJ AB 1460 (and former related bill SB 2326) pending but exempts cancelable service contracts in most cases.

Annual Meeting Update

Spruce Point Inn in Booth Bay Harbor, Maine is the location of our 2020 annual meeting, Meeting dates are June 10-12 time period with the actual meeting on June 11. We decided to extend a full day to hold a vendor “showcase” the morning of June 11 with a sponsored breakfast.

Encompass has agreed to sponsor the breakfast for \$2000. They will attend along with NSA. We are currently targeting other vendors at this time and sending a “Save the Date” out around the first of the year.

Staff met in length with Encompass & NSA last week on Kansas City. They have a desire to work with us in any number of ways. Chartrand plans to hold a teleconference with officers in January to further discuss. Encompass is a part supplier company that is partnered with NSA, a network of local partners. They are certain they can provide a substantial cost savings to members and our trade association. Members should let staff know of other vendors or players in the home warranty space that we might invite to the annual meeting.

Meeting adjourned at 3:20 pm.

Next meeting will be Feb 6 at 2:30 PM CST