

NHSCA Monthly Update
Thursday, April 1, 2021 at 3:00 pm CDT

2-10: Lindsay Iten

American Home Protect: Ashley Altick

APHW: Rodney Martin, Phil West

Cinch: Sloane Levy

Fidelity: Adrienne Giacolone, Lorna Mello

First American Home Warranty: Andy Hand, Zach Zaharek

Frontdoor: Katie Mason, Stephen Bracy

Old Republic Home Protection: Gwen Gallagher, Jim Mullery

HWA/Direct Energy: Paolo Berard, Michael Longoria

NHSCA Staff: Art Chartrand, Executive Director; Joy Moore, Admin;
Travis Moore, Sr. Legislative & Regulatory Counsel

Roll call was taken, and a quorum was present.

National Meeting Update (June 16-18, 2021, Spruce Point Inn, Boothbay Harbor, ME)

A refined draft of the meeting agenda will be sent via email in the next week or so.

NRG is hopeful they will be attending, but not certain at this time. Rooms are very tight due to unprecedented demand. Please contact Joy Moore if you require any assistance.

State Updates

Arizona

SCIC amended to push the law even further on pre-existing conditions to simply state whether we cover pre-existing or not. That language was approved and signed by the governor. The effective date is August 25, 2020.

California – (From Mike Belote directly)

Although the California Legislature is in spring recess this week, the next six weeks will be exceedingly busy as policy committees are attempting to hear over 2000 bills, all in a largely remote environment. There are several bills of potential interest to NHSCA about which I'd like the group to be aware. They are as follows:

- SB 390 (Berman): Autorenewal. This is a reintroduction of a bill held last year because of COVID. Assembly Member Berman is personally quite passionate about notification and cancellation issues with autorenewal. Several of our clients are involved in the negotiation, which is quite granular in nature. To the extent that our members add autorenewal features to contracts with consumers, we really should talk about this, because this year it is more likely to pass in some form. The first policy committee hearing on the bill is likely on April 22.

- AB 494 (Mayes): Insurance Holding Companies. In the past, we have had discussions with the Department of Insurance about the application of the holding company requirements on our members. This bill imposes new obligations on ultimate controlling persons and I would like guidance on whether we have any concerns. The bill is set for hearing in the Assembly Insurance Committee on April 15.
- AB 1129 (Frazier): Home Inspectors. While I do not believe that this bill affects our companies directly, staff for the author has reached out to me about whether we might support the measure. His theory is that home warranty companies would benefit from a more professionalized home inspection industry. I would appreciate the members discussing whether they believe their interests are implicated in these issues.
- SB 484 (Archuleta): Sewer Lateral Repairs. This bill relates to the ability of licensed plumbers to repair sewer laterals in connection with the performance of home inspections. In the past, I know that issues have arisen concerning home warranty contracts specifically addressing sewer laterals, so I want to make sure there is nothing in this bill of concern. The bill has already moved through the Senate policy committee process and is now awaiting final action on the Senate floor before moving over to the Assembly.

Please contact Mike Belote if you believe any of these issues merit further discussion.

Oklahoma

NHSCA bill SB490 passed out of House Insurance Committee without dissent. We are awaiting a hearing on the House Floor. It is the intent to get the bill heard as soon as possible before budget negotiations slow legislative activity. So far there is no opposition.

Nevada

DOI has removed sections pertaining to home service contracts from AB45.

Our new bill SB381 was introduced. Chartrand sent the mark up bill to the officers. The language is fluid and continually being worked through day by day. The intent is to be clear we do not provide emergency services unless explicitly opting to do so. We are pushing to include a clause stating that in the event other statutes are in conflict this section prevails. If anyone is interested in getting a copy of the mark-up bill go out to BillTrack 50 or get from Chartrand, but be aware it is changing daily. There is still time to work out any problems or changes. Let Chartrand know if you have direct concerns. If they adopt what we have, while not perfect, on balance it should provide some positive relief and less cost in the long run.

Texas

Chartrand had a productive conference call on March 30 with NHSCA lobbyist Parker and NHSCA Officers to review moving over to TDLR. A few issues to resolve. Captive and CLIP coverage rules should not be changing. Clarifying the \$250K minimum. The current bill would require funded reserve of 40% less claims paid for those without a CLIP or captive. Application fees should go down and no more rate filing. TDLR has asked all regulations will stay in effect until TDLR changes them. SCIC is negotiating with them – we do not want to carry over any of the old regs. We have proposed a later effective date to start with no regs, or a completely new set under TDLR. SCIC understands this is a priority issue. We have the option to kill the bill if none of us agree on the new changes in the bill. The result would simply be the same TREC regulation for at least two more years.

Utah Sales Tax

A memo dated March 22 from Chartrand was emailed to all members. The main issue is to distinguish tangible personal property vs real property tax. Basically, Utah requires sales tax to be collected up front on service contracts that cover personal property but not real property. However, if a contract covers both personal and real property, tax must be collected up front unless portions covering real/personal are clearly itemized and apportioned. Chartrand advised all members to check with accounting that tax is being collected appropriately in Utah if doing business there. He also noted that the decision is *similar* to Texas but members should pay attention to the differences.

Advisory Council/Affiliate member update

Members will eventually vote to adopt the Advisory Council recommendations for affiliate members as soon as Boothbay. We have encouraged them to keep their proposals simple. Some proposed affiliates be joining us at the national meeting for networking event and will be sponsoring the Wednesday dinner and Thursday lobster bake.

Transition Plan

No update but the Officers continue to explore different options. The officers wish to bring the membership accurate and quality information and a solid recommendation as early as the May monthly meeting. More details to follow.

Accreditation

We extended the deadline to May 1. The program remains voluntary. Chartrand has vowed to work with all members to get accredited. 100% accreditation is not only very desirable, but very possible. Chartrand is offering to provide the accreditation service for free until May 1. After the deadline all applicants for accreditation must pay for the service at a cost currently estimated to be \$7500.

NHSCA Board Structure Update

Chartrand has updated the bylaws with restructuring suggestions. The officers are taking a look at it and will be reviewing before including all members in the discussion at or before the May monthly meeting. A potential eleven member voting Board of Directors leading a growing but active general membership and affiliate members is what is being crafted for more discussion and vote.

Data Reporting Update

Gallagher & Fiarman working together to come up with a recommendation. Gallagher will send to Chartrand next week.

Chartrand expressed his hope that we can finalize all recommendations on all issues listed above prior to or at Boothbay at the very latest. The structure and Board issues need to be settled so the association can move forward to grow memberships, affiliates, its budget and focus for the future with a smooth Executive transition in place.

The meeting adjourned at 3:30 pm CDT. Next call is scheduled for May 6 @ 3:00 pm CDT. Note to avoid conflicts with SCIC calls, we will have all future calls at 3:00 pm Central time.