

NHSCA Monthly Update
Thursday, May 3, 2018 at 2:30 pm CDT.

2-10 Home Buyers Warranty: Mike Bartosch, Jessica Carlson
AHS Family of Companies: Mark Celichowski
Fidelity: Adrienne Giacalone
First American: Jeff Powell
HWA/Direct Energy: Elizabeth Borges, Rob Dibbs
National Home Guaranteed: Richard Adams
Old Republic Home Protection: Lorna Mello, Chris Wasson
Universal: James Imhoff

NHSCA: Art Chartrand, Joy Moore
CHSCA Lobbyist: Mike Belote

Roll call was taken, and a quorum was present.

1. NV/AZ Status

AZ - As mentioned on the last call, our bill passed in Arizona. Chartrand will get members the exact date as soon as he is advised, about 60 days from now.

NV - Nevada has reached a standstill. We continue to wait to hear from SCIC lobbyists Jesse & Jim Wadhams regarding a meeting with Commissioner Richards. We orally retained them to handle. If they are unable to get the job done, we may need to hire our own lobbyist or go straight to legislature. Chartrand suggested members be prepared to discuss on next month's call if SCIC does not get this moved forward.

2. Florida FBC Hearing

The FBC ruled in our favor. They issued a Declaratory Statement with the following questions being answered "NO".

1. Is it required that when part of an HVAC unit is replaced, that the part or resulting whole system must meet the current SEER rating? NO
2. In the event an outdoor condenser/compressor unit is replaced and upgraded to a higher, current SEER rating, must the fully functioning and by industry standards, compatible indoor evaporator coil be replaced to match the SEER rating of the outdoor unit (or vice-versa)? NO

A judgement finding on April 20, 2018 states the same. The future plan is to go back sometime later this summer and meet with Sen. Broxson and share with him our success so far and his future agenda in our space. If any members would like a copy of the judgment, let staff know.

3. Washington DC Bill

Chartrand met with the Insurance Department and Councilman McDuffie's staff on April 26. We are working on a draft bill with SCIC to get back to Councilman McDuffie's staffer. We have been assured the Council is not going to accept DISB recommendations on form or rate filing. Chartrand will forward what he hopes will be the consensus draft within the week.

4. KY Sales Tax

The sales tax law applies to extended warranties not home service contract providers. Chartrand urged members not to pay any sales tax in Kentucky if requested. No members should change their practice on paying sales tax. If Kentucky reacts otherwise, we will meet with them to resolve.

5. CA Legislation

Good news. AB 2142 has been approved on consent by the Assembly Insurance Committee and Assembly Appropriation Committee. The next step is the Assembly Floor and then over to the Senate. Guardedly good news, however, the DOI has now decided in addition to restoring the quarterly reports that were eliminated a few years ago, they want an annual CPA audit to replace their routine financial exam. Belote has no intention of accepting the latter amendment. Belote noted he feels trading the quarterly reports for no routine exam is a fair trade, however the annual CPA audit trade is not. The consultant to the insurance committee personally thinks the bill is a good idea, however, they want to change the language to include, if they find a red flag they can do an exam. This would be hard to object to. Belote will offer up the change in language.

Belote will work with SCIC's lobbyist and let him know we cannot jeopardize our momentum with the sales rep licensing issue, but the power surge change is fine. Chartrand reminded members not to make any changes regarding licensing sales representatives. If any members do get a notice from a state, let us know.

6. RESPA

Chartrand notified members to plan on an open discussion regarding reexamining our approach to RESPA at the national meeting in June. The time is right to at least revisit all aspects of our industry's approach to RESPA coverage and settlement issues.

7. SCIC Update

Chartrand continues to communicate with SCIC to stay in touch with legislative issues on a monthly basis. While we will always have challenges with differing constituent pressures, we will continue to take a positive approach to open communication.

8. Current State Assessments

A state by state assessment proposal was emailed to all members prior to the call today. Adams made a motion to assess the following states, AZ, CA, FL, LA, VA with the exception of DC & Texas as proposed in the "Lobbying Assessments Proposal May 3, 2018" and emailed to all members. The motion passed.

9. Annual Meeting Update

We are looking forward to a great meeting. All of our members will be represented at the meeting with the exception of Universal Home Protection.

10. New Business – Louisiana

SCIC has amended our section of the law in Louisiana, which puts home service contract providers registering with the Secretary of State. SCIC changed the language, so we would be put in the same statutory section of the code as auto and retail. We do not object to their

NHSCA Monthly Update
Thursday, May 3, 2018

goal, but this procedure is not acceptable. The Senate Commerce Committee has agreed to redraft the bill, so SCIC has their own law without interfering with home. It will be sent back thru the Senate and the House with support by us and SCIC. Chartrand received a copy today and sent out to a few of our members.

The call adjourned at 3:00 pm CST.

There will not be a monthly call in June in light of the annual meeting on Mackinac Island.