

NHSCA Monthly Update

Thanks to all who were on the call, Thursday, Aug. 4, 2016 at 2:30 PM CST.

2-10 HBW: Mike Bartosch

AHG Home Warranty: Chad Forbush

Fidelity: Chris Wasson

First American: Jeff Powell

HMS National/Cross Country: Dale Huber

Landmark: Alma Jeppson

National Home Guaranteed: Richard Adams

Old Republic: Gwen Gallagher

OneGuard: Dave Hill

NHSCA: Art Chartrand; Mike Belote, CA Lobbyist; David Parker, Texas Lobbyist

Brief Highlights:

1. Texas Sales Tax Update

Chartrand and Lobbyist, David Parker will be meeting the Texas Comptroller on Aug. 11 to finalize the Comptroller proposed letter ruling. It states if you have a contract that only covers TPP, you must collect sales tax; if it covers only real estate you do not need to, and if a combined contract, you do not collect sales tax unless you identify a separate charge on the combined contract for what is TPP. Unfortunately, there is still no overt definition of what TPP is in the state of Texas. To help bolster a member's position should they get audited at a later date, Chartrand has drafted an authoritative memo on the definition of TPP and plans to publish and distribute to members once finalized. This appears to be a major win for NHSCA/THSCA members.

2. Arizona Initiative on Refunds

Arizona DOI has a specific provision in their regulations that says you cannot approve a form unless, upon cancellation, you give a pro-rata refund. No claim incurred or paid shall be deducted from the amount returned. Members approved at the annual meeting in June to get the deduction restriction amended out of the regulation. Gallagher indicated that it appears Nevada also limits the deduction based upon a staff opinion letter. Arizona Lobbyist, David Childers is providing some options and budget to pursue. He has already indicated a statutory remedy may be more feasible. Chartrand asked members to email him a wish list of any other Arizona issues they desire resolved or addressed if this must go the legislative route. Chartrand asked members if they wanted to pursue resolving in Nevada if necessary. He asked members to provide any rulings, interpretations and their current practice and procedure in Nevada on deducting benefits paid upon cancellation.

3. Virginia DOI Legislative Initiative

Lobbyist, Matt Benedetti and Chartrand will be meeting with the VA Bureau of Insurance in the next month. Benedetti is shopping for a contractor's type board organization or simply a super

registration as we did in Louisiana. Like most states, the legislative session begins in January. Chartrand hopes to have a bill and patron signed up by October 1.

4. WA State Free Listing Period

No members have received any correspondence regarding their free listing periods. One NHSCA member received an inquiry and Chartrand informed members they may receive a similar request. Staff will monitor.

5. Channel 5- Nashville, TN Better Business Bureau Story

Cable TV Channel 5, a CBS affiliate, put out a missive, "investigative" hit piece on our industry and cited two claims incidents. A regional Nashville BBB spokeswoman gave an overly harsh interview on screen reporting there was no need for home warranty contracts. Bartosch suggested the NHSCA address the BBB office directly rather than deal with the network. The San Francisco Bay area CEO called Fidelity and ORHP to apologize. Chartrand indicated to members on the call he would further discuss with Bartosch whether the NHSCA should contact the national BBB office in Arlington, VA. He asked members to send any correspondence or intelligence they may have on the BBB or Nashville station piece or response.

6. NHSCA Website Update

Concera Media, who was recently retained to manage our website, will be implementing in the next few weeks an updated secure membership services section so members can once again access board minutes, policies and procedures, by-laws, etc. Staff will send each member a user name and password that will provide entry in to the member-log in section of the website. This information will be maintained at the NHSCA offices. An overhaul of the entire website is scheduled to begin late this fall. Chartrand encouraged members to let staff know if they see any broken links or errors on the website. He also noted an updated NHSCA sales tax tips and compliance chart will also be added to the member service section in the future.

7. Home Warranty Review Call

Several members participated on a call July 28 with Kevin Wallach, Homewarrantyreview.com. Chartrand asked for permission to distribute an audio recording of the call and Wallach agreed, so an MP3 audio is available upon request.

8. Accreditation Audit Update

Two members have gone through the pilot program and their binders are complete. Chartrand Legal Management sent all members their own hard copy binders to decide when and how they want to go through the process. The program remains voluntary until members vote otherwise.

9. California Update: CHSCA Lobbyist, Mike Belote

The California legislature is in the final month of a two-year session. After the session ends, the Governor has 30 days to sign roughly the 8-900 bills that end up on his desk. This is a particularly risky time to keep up with amendments of bills. Issues could arise that might catch our industry off guard. However, there is no evidence that is occurring. The electronic transmission of insurance documents bill is pending and could possibly benefit the service

contract industry with the precedent of the liberalizing of the laws. Belote mentioned to members it is very likely the House will go to two-thirds super majority Democrats.

10. Texas Update: THSCA Lobbyist, David Parker

Parker informed members he recently met with Bev Rabenberg of TREC. She indicated that TREC is receiving a lot of service contract applications for licensing and felt the market is becoming saturated. Chartrand ask Parker if he could gather information in writing of those companies that are applying for applications or licenses. Parker mentioned Bev noted a company named Ultima that has applied and have not been forthcoming and honest. No members on the call knew of that company name.

Call adjourned at 3:14 pm CST. Next call will be the first Thursday of the month, Sept. 1 @ 2:30 pm CST.