

**MINUTES OF THE HOUSE BUSINESS AND LABOR  
STANDING COMMITTEE**  
Room W010, West Office Building, State Capitol Complex  
February 9, 2005

**Members Present:** Rep. Stephen D. Clark, Chair  
Rep. Jim Dunnigan, Vice Chair  
Rep. J. Stuart Adams  
Rep. Jackie Biskupski  
Rep. David Clark  
Rep. Carl W. Duckworth  
Rep. Craig A. Frank  
Rep. Neil A Hansen  
Rep. Todd E. Kiser  
Rep. Curtis Oda  
Rep. Gordon E. Snow  
Rep. Scott L. Wyatt

**Members Absent:** Rep. Michael T. Morley

**Staff Present:** Mark Steinagel, Policy Analyst  
Linda Error, Committee Secretary

**Note:** List of visitors and a copy of handouts are filed with committee minutes.

Rep. S. Clark called the meeting to order at 8:05 a.m.

**MOTION:** Rep. Snow moved to approve the minutes of the February 7, 2005 meeting. The motion passed unanimously, with Rep. Adams, Rep. D. Clark, and Rep. Hansen absent for the vote.

**H.B. 283 Real Estate Amendments (*Rep. G. Snow*)**

Rep. Snow explained the bill.

**MOTION:** Rep. Oda moved to pass the bill out favorably. The motion passed unanimously, with Rep. D. Clark and Rep. Hansen absent for the vote.

**MOTION:** Rep. Adams moved to place **H.B. 283** on the Consent Calendar. The motion passed unanimously, with Rep. D. Clark and Rep. Hansen absent for the vote.

**H.B. 263      Insurers Rehabilitation and Liquidation (Rep. J. Dougall)**

Rep. Dougall explained the bill with the assistance of Brad Kading and Matt Wolf of the Reinsurance Association of America.

MOTION:      Rep. Snow moved to amend the bill as follows:

1. *Page 1, Lines 15 through 16:*

- 15            ▶      addresses payments by reinsurers;    ~~{-and}~~  
                  ▶      clarifies that the application of the bill to liquidation proceedings instituted before May 2, 2005; and  
16            ▶      makes technical changes.

2. *Page 2, Lines 42 through 46:*

- 42            (c) An estimation made pursuant to this section:  
43            (i)    ~~{(A)}~~      shall be made :  
                  (A)      in a commercially reasonable and actuarially sound manner~~[-];~~ or  
44            (B)      upon another accepted and verifiable method of determining, proving, and  
45            allowing contingent, unliquidated, or immature claims with reasonable certainty; and  
46            ~~[(ii) shall provide for reasonable participation of affected reinsurers, consistent with~~

3. *Page 2, Lines 52 through 54:*

- 52            (2) Contingent, unliquidated, and immature claims shall not share in any distribution  
                  to  
53            creditors of an insurer under Section 31A-27-336 until the liability, value, and due date of  
                  the  
54            claims have been proved, allowed, and adjudicated.

(3) A liquidation proceeding instituted before May 2, 2005 shall be administered in accordance with the law in effect before May 2, 2005.

4. *Page 5, Lines 131 through 132:*

- 131            (4) The obligation of a reinsurer to make payments to the insurer shall be  
                  determined  
132            on the basis of reported claims that have been allowed pursuant to Section 31A-27-336.

(5) A liquidation proceeding instituted before May 2, 2005 shall be administered in accordance with the law in effect before May 2, 2005.

The motion to amend passed unanimously, with Rep. D. Clark and Rep. Hansen absent for the vote.

Spoke against the bill:            Kent Michie, Insurance Commissioner    (handout)  
   Ray Barrios, Utah Insurance Receivers Office

Spoke for the bill:                Mike Sontagg, Bear River Insurance

MOTION:     Rep. Dunnigan moved to hold the bill. The motion failed with Rep. Biskupski and Rep. Dunnigan voting in favor.

MOTION:     Rep. Kiser moved to pass the bill out favorably as amended with an effective date of July 1, 2007. The motion passed with Rep. Biskupski, Rep. Duckworth, and Rep. Hansen voting in opposition. Rep. Morley was absent for the vote.

**H.B. 269     Sales Marketing Requirements (*Rep. M. Noel*)**

Rep. Noel explained the bill with the assistance of Dean Heyl, Direct Selling Association, and Tim Anderson, General Counsel, Stampin' Up Inc.    (handout)

Spoke for the bill:                Stan Lockhart, Cities of Provo and Orem, Chamber or Commerce

Spoke against the bill:            Jon M. Taylor, Consumer Awareness Institute    (handout)

MOTION:     Rep. Wyatt moved to pass the bill out favorably. The motion passed unanimously, with Rep. Hansen absent for the vote.

Rep. S. Clark relinquished the chair to Rep. Dunnigan.

MOTION:     Rep. Dunnigan moved to reconsider **H.B. 263**. The motion passed unanimously, with Rep. Hansen absent for the vote.

MOTION:     Rep. Dunnigan moved to change the effective dates on Rep. Dougall's previous amendment to **H.B. 263** to coincide with the amended effective date.

**H.B. 103     Student Housing Built by Higher Education Institutions (*Rep. S. Clark*)**

Rep. S. Clark explained the bill.

Spoke to the bill:                Dr. Mark Spencer, Utah System of Higher Education

Spoke against bill:                Ken Nye, Division of Facilities and Construction Management

MOTION: Rep. Wyatt moved to proceed to the next item on the agenda. The motion passed unanimously, with Rep. Hansen absent for the vote.

Rep. S. Clark resumed the chair.

**H.B. 85 Health Insurance High Risk Pool - Eligibility Amendments (Rep. D. Litvack)**

Rep. Litvack explained the bill.

Rep. Biskupski moved to pass the bill out favorably. The motion passed with Rep. Snow voting in opposition and Rep. Hansen absent for the vote.

**H.B. 255 Investment of Higher Education Institution Endowment Funds (Rep. D. Clark)**

Rep. D. Clark explained the bill. (handout)

MOTION: Rep. D. Clark moved to amend the bill as follows:

1. Page 6, Lines 152 through 156:

- 152 (1) The State Board of Regents shall:  
153 (a) establish asset allocations for the endowment funds;  
154 (b) in consultation with the commissioner of higher education, establish guidelines  
for  
155 investing the funds; and  
156 (c) establish a **written** policy governing conflicts of interest.

2. Page 6, Lines 168 through 175:

- 168 (b) The investment policy shall:  
169 (i) define the groups, and the responsibilities of those groups, that must be involved  
170 with investing the endowment funds;  
171 (ii) ensure that the groups defined under Subsection (3)(b)(i) at least include the  
board  
172 of trustees, an investment committee, institutional staff, and a custodian bank;  
173 (iii) create an investment committee that includes not more than two members of the  
174 board of trustees and no less than two **independent** investment management  
professionals;  
175 (iv) determine an appropriate risk level for the endowment funds;

3. Page 8, Lines 224 through 229:

224 (b) "Endowment funds" does not mean monies used for the general operation of a  
225 higher education institution that are received by the higher education institution from:  
226 (i) state appropriations;  
227 (ii) federal contracts;  
228 (iii) federal grants; ~~{or}~~  
229 (iv) private research grants; and  
(v) tuition and fees collected from students.

4. Page 10, Lines 282 through 287:

282 ~~{(21)}~~ (23) ~~{(a)}~~ "Public funds" means monies, funds, and accounts, regardless  
of the  
283 source from which the monies, funds, and accounts are derived, that are owned, held, or  
284 administered by the state or any of its boards, commissions, institutions, departments,  
285 divisions, agencies, bureaus, laboratories, or other similar instrumentalities, or any  
county, city,  
286 school district, political subdivision, or other public body.  
287 ~~{(b) "Public funds" does not mean endowment funds.}~~

5. Page 11, Lines 312 through 319:

312 ~~{(27)}~~ (29) ~~{(a)}~~ "State funds" means:  
313 ~~{+}~~ (a) ~~{+}~~ ~~{(i)}~~ public monies raised by operation of law for the  
support and operation of the  
314 state government; and  
315 ~~{(b)+}~~ ~~{(ii)}~~ all other monies, funds, and accounts, regardless of the  
source from which the  
316 monies, funds, or accounts are derived, that are owned, held, or administered by the state  
or any  
317 of its boards, commissions, institutions, departments, divisions, agencies, bureaus,  
laboratories,  
318 or other similar instrumentalities.  
319 ~~{(b) "State funds" does not mean endowment funds.}~~

Spoke for the bill: Arnold Combe, University of Utah

