

BUSINESS AND LABOR INTERIM COMMITTEE
2009 REQUIRED REPORTS FROM EXECUTIVE BRANCH AGENCIES

REPORTS TO THE COMMITTEE	AUTHORITY	DUE DATE	PAGE
Insurance Commissioner: Title insurance complaints report	§ 31A-2-404(4)	Annually	1
Department of Insurance: Workers' compensation insurance report	§ 31A-22-1013	No later than the October meeting	11
Insurance Commissioner: Whether the working capital requirements for a professional employer organization should be modified	§ 31A-40-103	No later than the November meeting	29
Rocky Mountain Center for Occupational and Environmental Health Advisory Board: Annual report with recommendations	§ 53B-17-804	July 1, 2009	31
Governor's Office of Economic Development: Measured performance of economic development programs offered by or through established business resource centers	§ 63M-1-2704	November 1, 2009	Pending
Department of Health: Utah Controlled Substances Database report	§ 26-1-36	No later than the November meeting	Pending
Independent Contractor Enforcement Council, et al: Database effectiveness report	§ 13-46-202	November 30, 2009	37
Worker's Compensation Advisory Council and Labor Commission: Certain issues regarding the insurance premium tax on an admitted insurer writing worker's compensation insurance and on a self-insured employer	§ 34A-2-107	No later than the November meeting	Pending (see attached letter on Page 39)
Division of Real Estate: Issues regarding the implementation of the Nationwide Mortgage Licensing System and Registry	§ 61-2c-103	Annually	41
Department of Alcoholic Beverage Control Study regarding violations related to a minor	Uncodified § 63, S.B. 187 (2009 G.S.)	On or before the October meeting	To be distributed at September meeting
Department of Alcoholic Beverage Control Number and type of sublicenses under a resort license granted as of September 30, 2009 and any recommended legislation regarding the number of sublicenses.	§ 32A-4a-201	No later than the November meeting	Pending

REPORTS TO THE COMMITTEE	AUTHORITY	DUE DATE	PAGE
Utah Fire Prevention Board	§ 53-7-204	No later than November 30th of a year in which it recommends any amendments to the currently adopted fire code or update of a nationally promulgated fire code	To be distributed at September meeting
Uniform Building Code Commission and Utah Fire Prevention Board Whether or not the Legislature should take certain action regarding a building code	§ 58-56-4	Annually	Pending
Division of Occupational and Professional Licensing	§ 58-56-4	When the division publishes a building code or fire code that has not received legislative approval but is approved by the Building Code Commission	Not applicable
Department of Financial Institutions: Consumer education programs administered by the department to promote prudent and beneficial use of credit by consumers	§ 70C-8-102	November 30, 2009	45
Reports Related to Health Reform			
Health Reform Task Force	Uncodified § 34, H.B. 188 (2009 G.S.)	November 30, 2009	Pending
Office of Consumer Health Services, Governor's Office of Economic Development and Insurance Commissioner: Progress towards coordination of broad based health care system payment and delivery reform	§ 31A-22-614.6	Report to the Health Reform Task Force by October 2009 every October thereafter to the Business and Labor Interim Committee	No report in 2009
Office of Consumer Health Services, Governor's Office of Economic Development: Internet portal for certain health insurance markets Demonstration projects for health care payment and delivery reform	§ 63M-1-2504	November 1, 2009	Pending



Jon M. Huntsman, Jr.
Governor

Gary R. Herbert
Lieutenant Governor

State of Utah

INSURANCE DEPARTMENT

D. Kent Michie
Commissioner

July 28, 2009

Senator John L. Valentine, Senate Chair
Representative James A. Dunnigan, House Chair
Business and Labor Interim Committee
Utah State Capitol Complex
Salt Lake City, Utah 84114

Dear chairmen,

Attached is the title insurance investigation information required by Utah Code Annotated Subsection 31A-2-404(4). The information reported is for calendar year 2008. The information provides a list of investigations opened or closed during calendar year 2008, the number of elapsed days between the date opened and the date closed, the action taken when the investigation was closed, and the violation that was investigated.

The Utah Insurance Department had nine market conduct examiners assigned to investigate all of the alleged violations of insurance statutes and rules during calendar year 2008. Title insurance represents less than one percent of the total insurance premium written in Utah, however, during calendar year 2008 four of the nine examiners were assigned to title insurance investigations. For calendar year 2008, closed title insurance investigations represented 34% (304/907) of the Insurance Department's closed investigations.

The three leading violations investigated during calendar year 2008 were title escrow violations (66/304), title trust funds (42/304), and title unfair marketing (39/304). Thirteen of the 304 investigations were referred to the Insurance Department's Fraud Division for criminal investigation. These cases are shown in the column labeled Referred to Criminal.

Should you desire additional information or explanation, please direct your inquiries to Assistant Commissioner John E. 'Mickey' Braun, Jr. at jbrown@utah.gov or 801-538-3865.

Sincerely,

for John E Braun Jr, Assistant Commissioner
D. Kent Michie
Insurance Commissioner

Attachment
Title Insurance Investigations - Calendar Year 2008



Jon M. Huntsman, Jr.
Governor

Gary R. Herbert
Lieutenant Governor

State of Utah

INSURANCE DEPARTMENT

D. Kent Michie
Commissioner

August 3, 2009

Senator John L. Valentine
Representative James A. Dunnigan
Business and Labor Interim Committee
Utah State Capitol Complex
Salt Lake City, UT 84114

Dear Chairmen,

Utah Code Annotated §31A-22-1013 requires the Utah Insurance Department to report annually on the Utah Workers Compensation Residual Market. The information provided includes statistical data for the time period of January 1, 2008 through December 31, 2008 and includes data compiled by the Workers Compensation Fund, the National Council on Compensations Insurance, Inc. and the National Association of Insurance Commissioners.

The report details information pertaining to the Utah Workers' Compensation Market, the availability of workers' compensation coverage in Utah, data on the Utah Residual Market and the market share report for the top ten insurers in Utah.

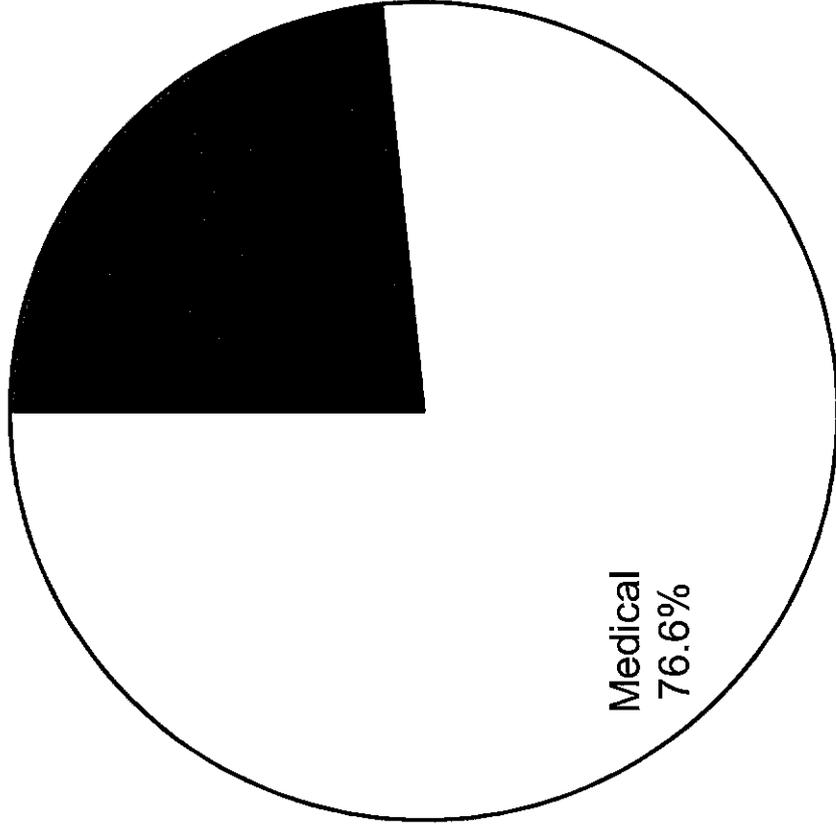
If additional information is requested by the Committee, please direct those inquiries to Brad Tibbitts, Director, Life & Property Casualty Division at btibbitts@utah.gov or by phone at 801 538-3822.

Sincerely

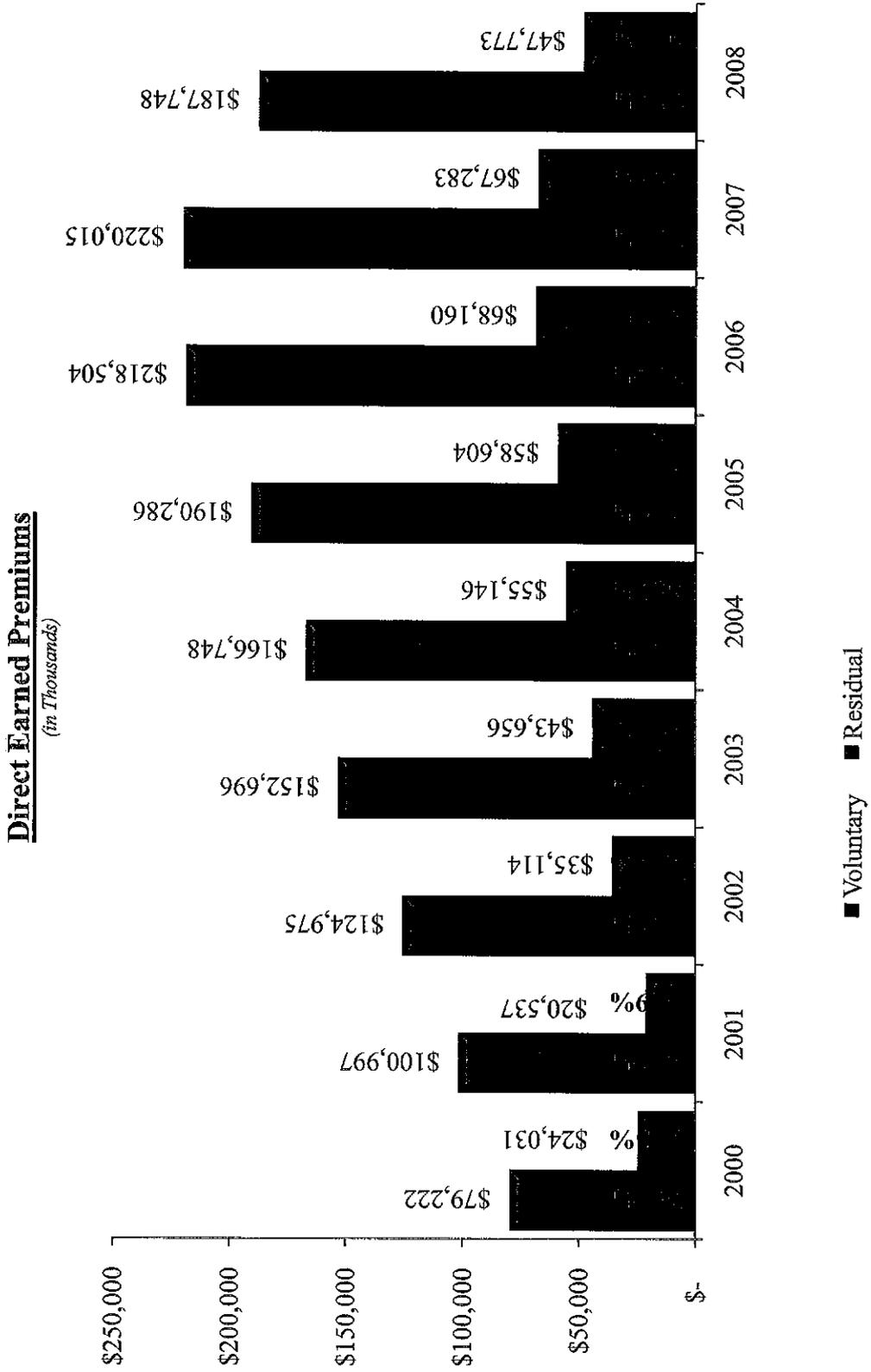
 *John E. Braum* Assistant Commissioner
D. Kent Michie
Insurance Commissioner

Attachments

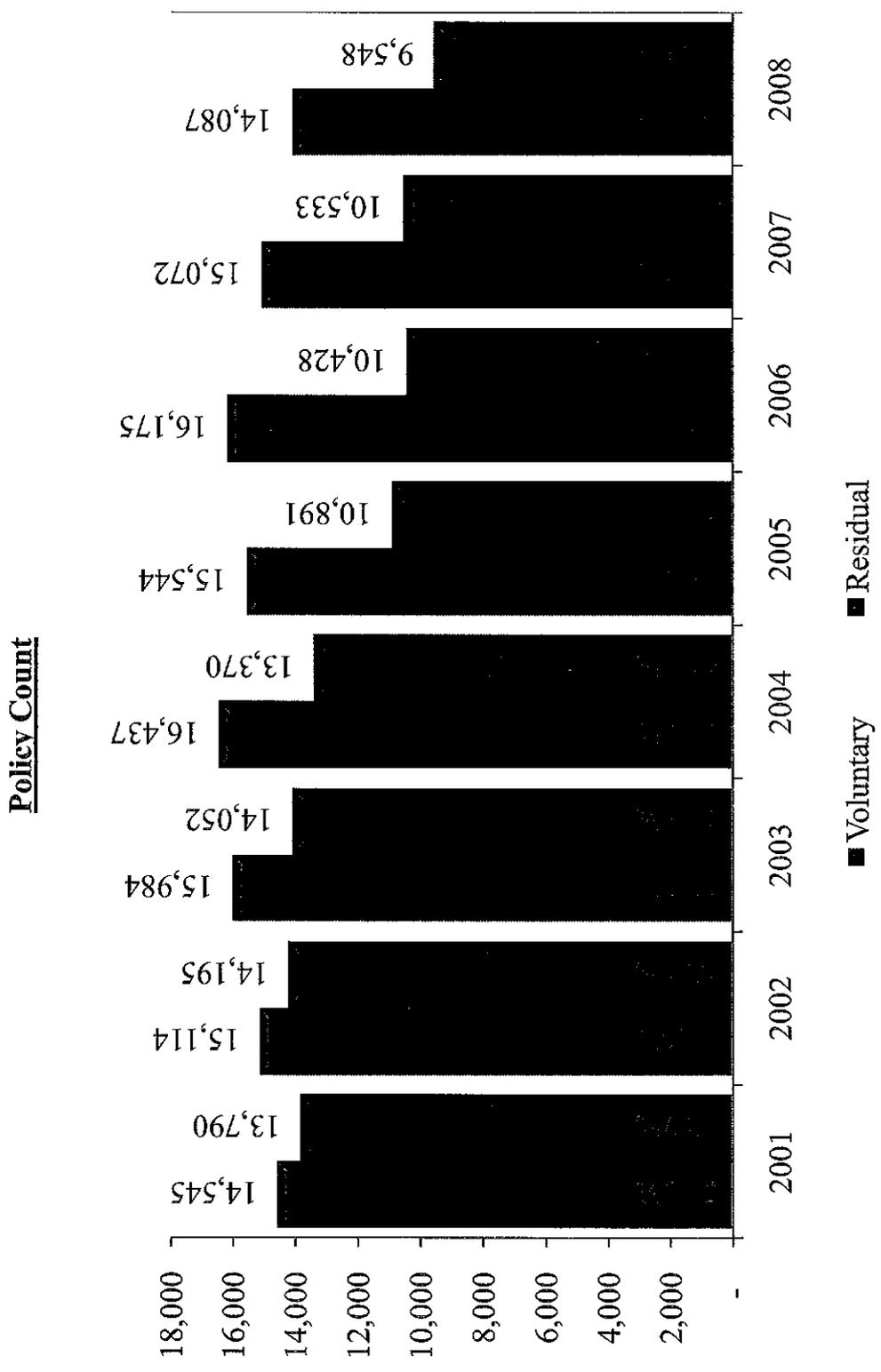
Distribution of Utah Benefit Costs



Workers Compensation Fund
Residual Market Statistics

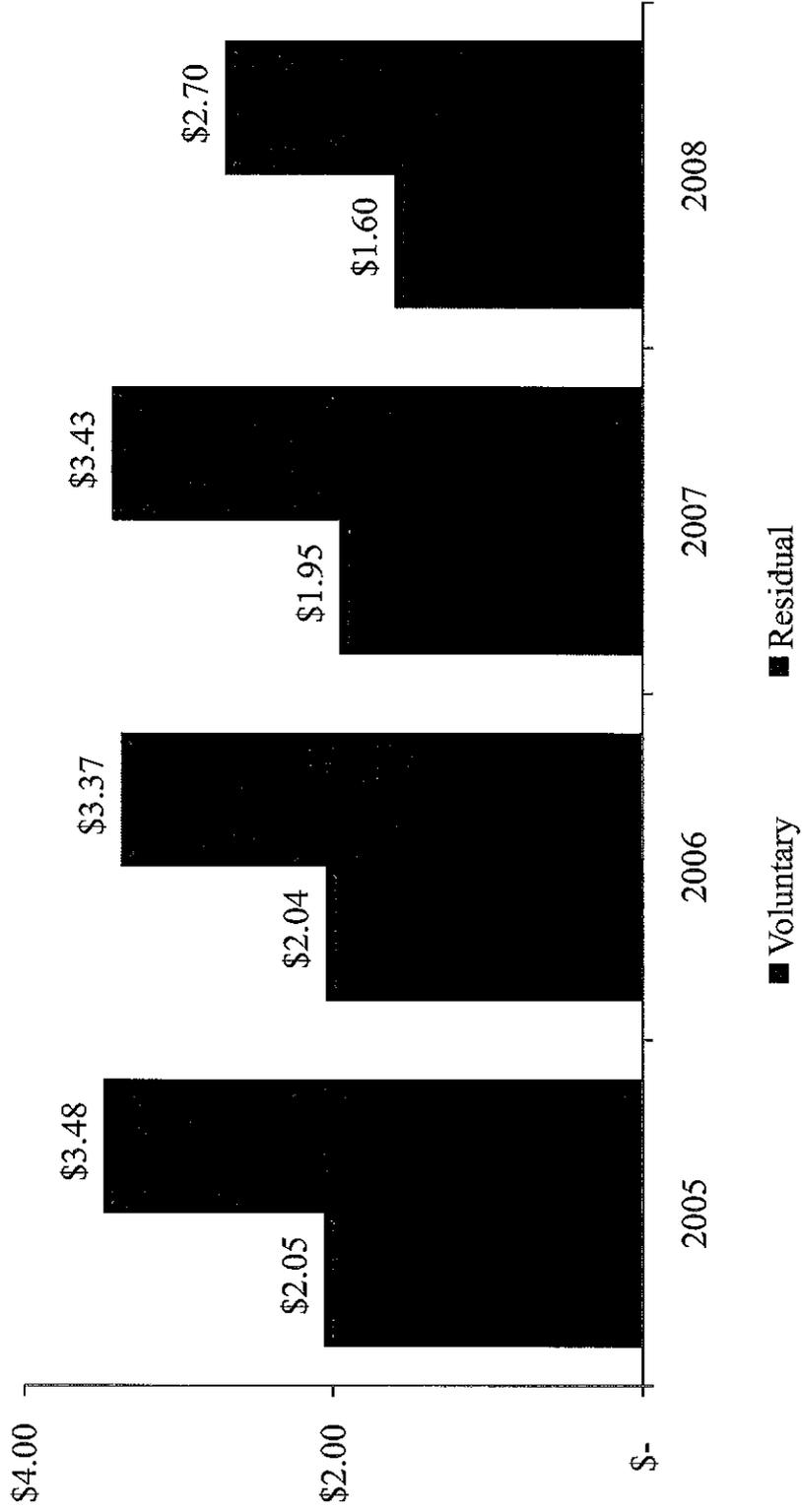


Workers Compensation Fund
Residual Market Statistics



Workers Compensation Fund
Residual Market Statistics

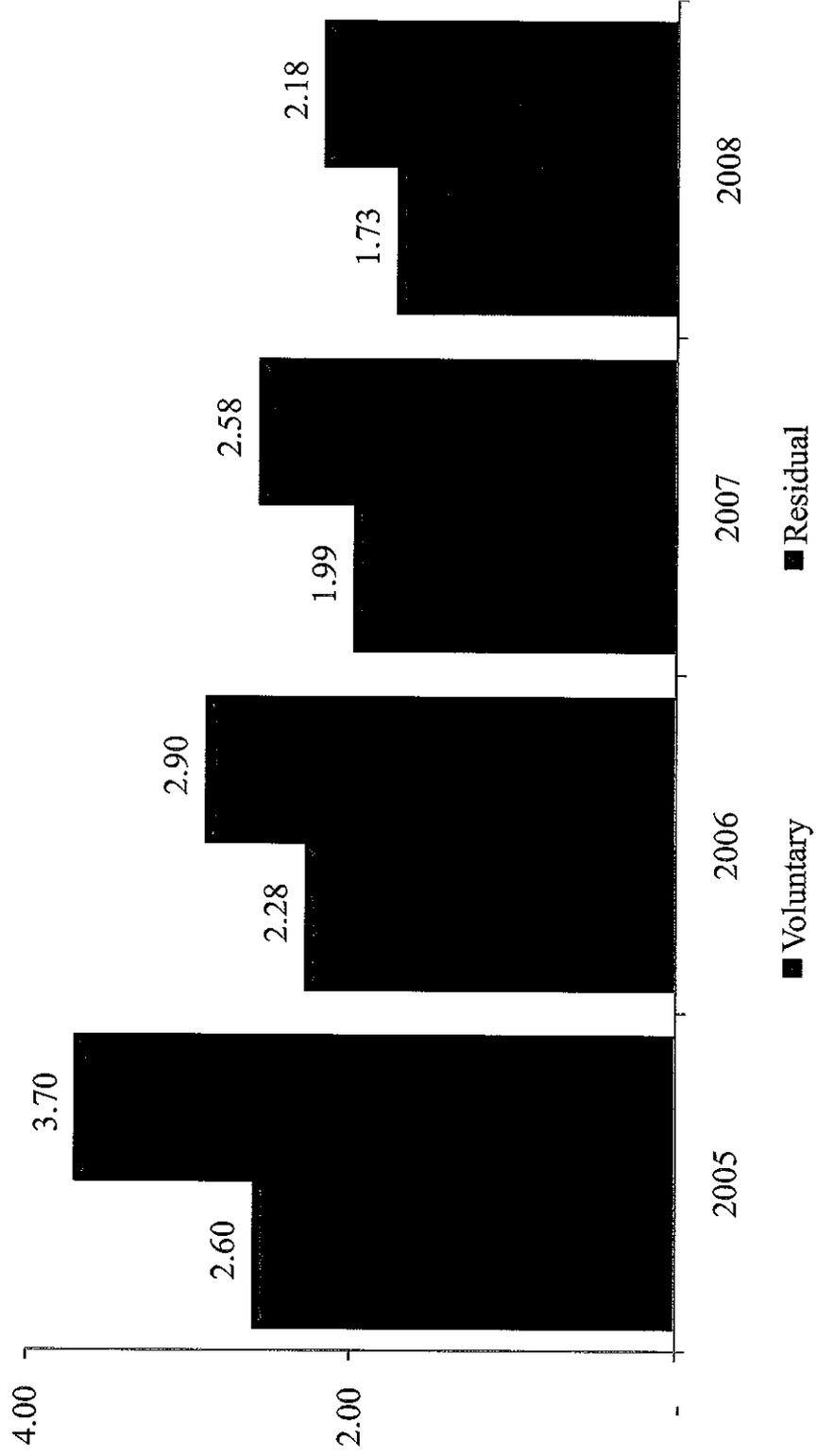
Average Premium Rate Per \$100 of Payroll



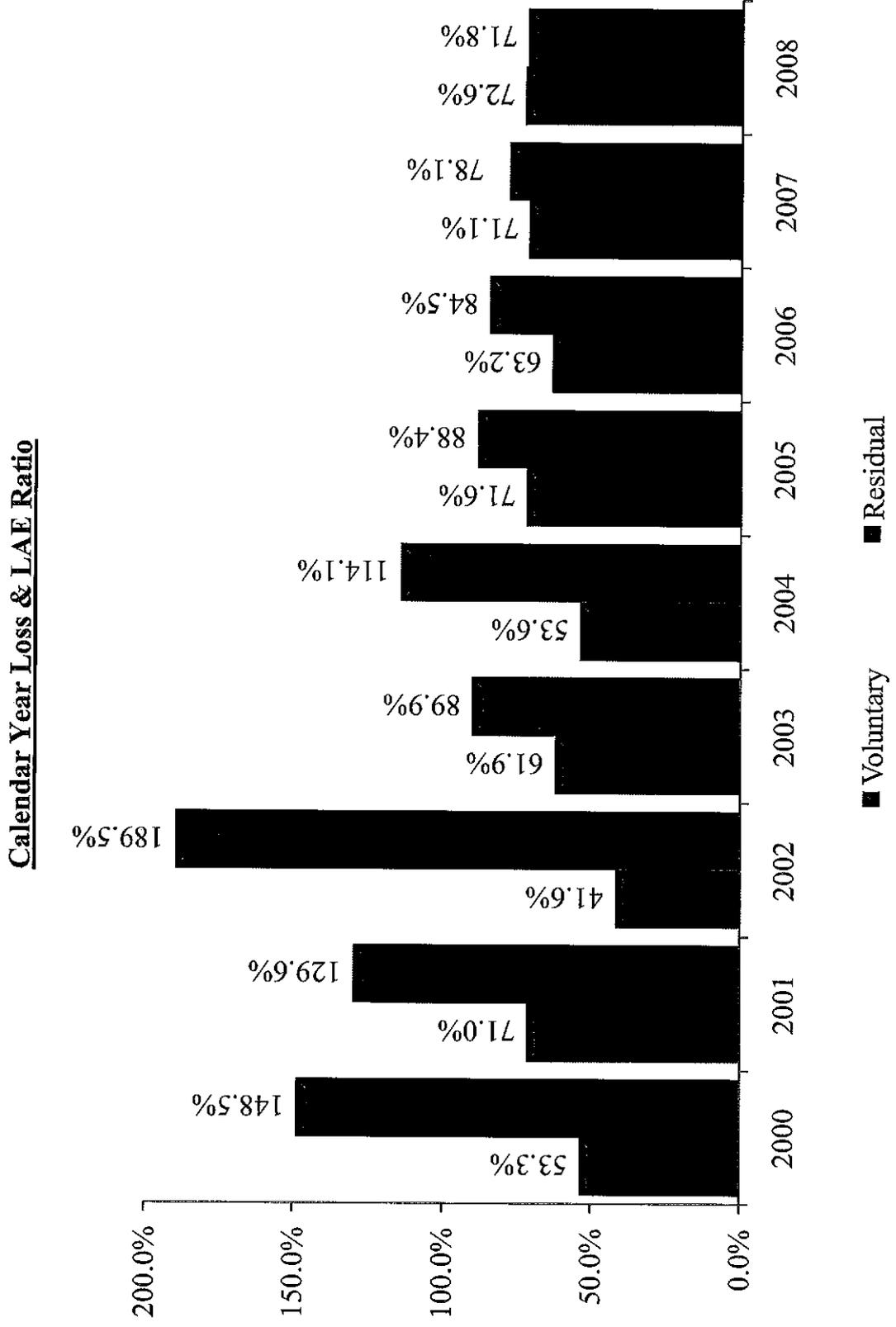
Workers Compensation Fund

Residual Market Statistics

Claims Frequency Per Million \$ of Reported Payroll

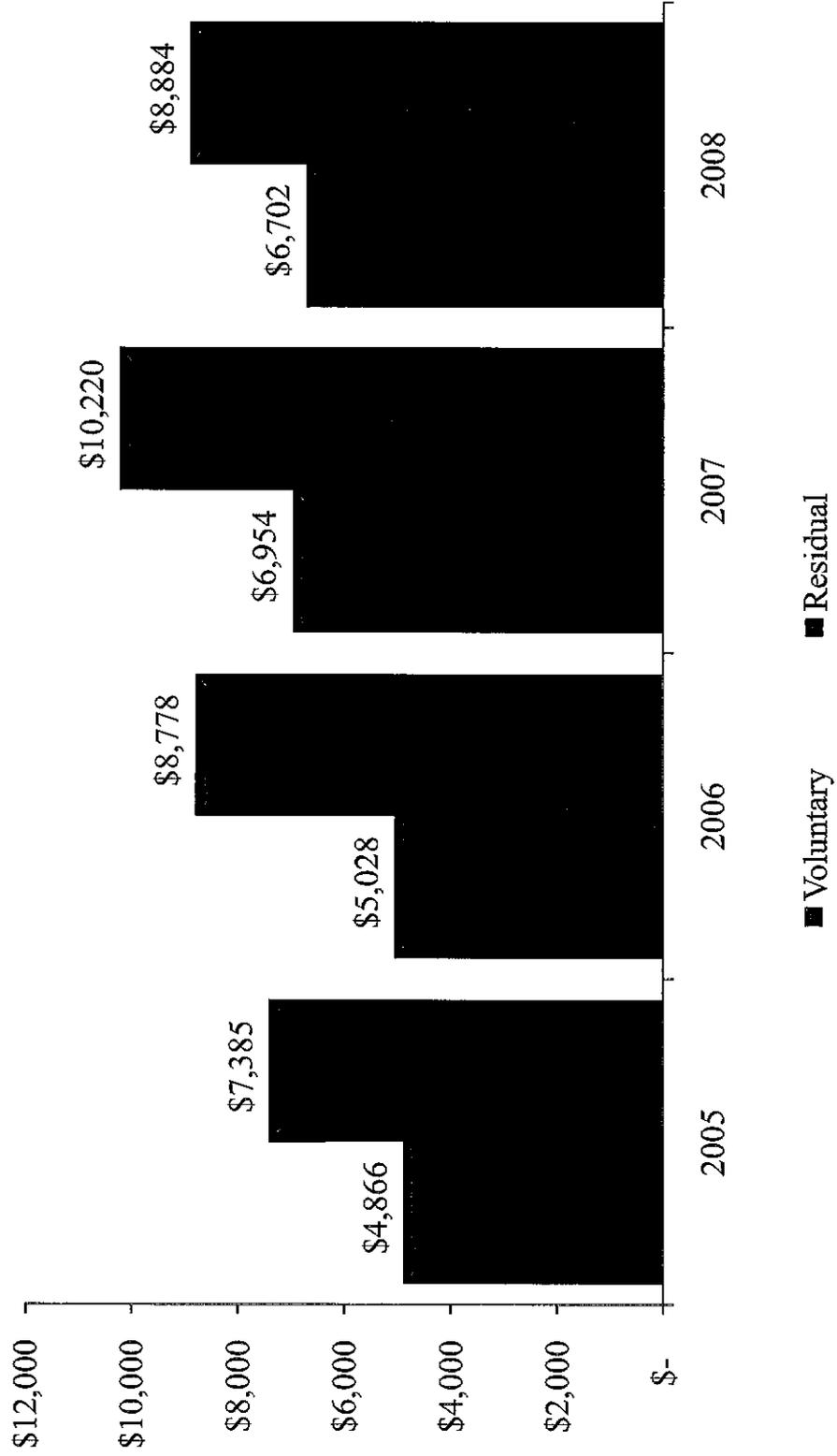


Workers Compensation Fund
Residual Market Statistics



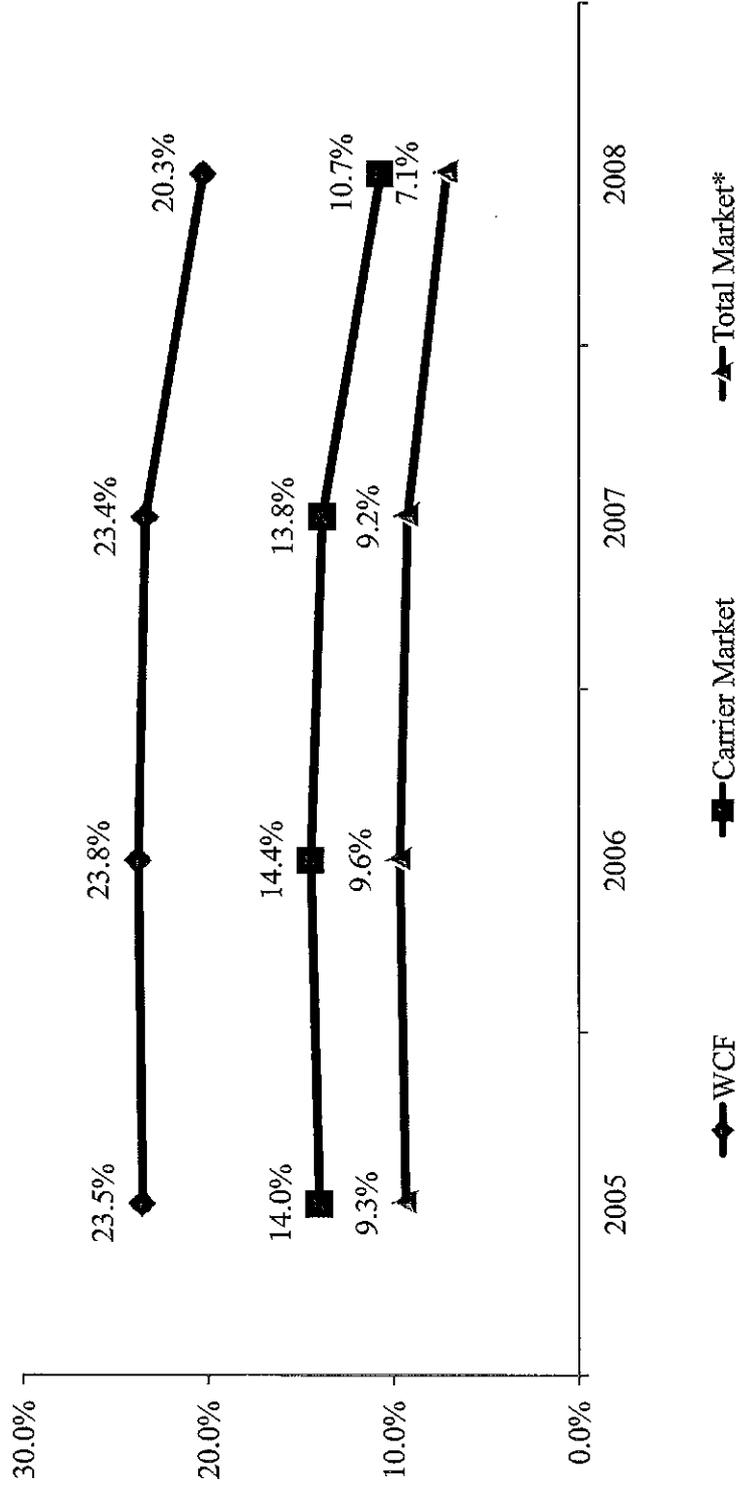
Workers Compensation Fund
Residual Market Statistics

Average Loss Severity Per Claim



Workers Compensation Fund
Residual Market Statistics

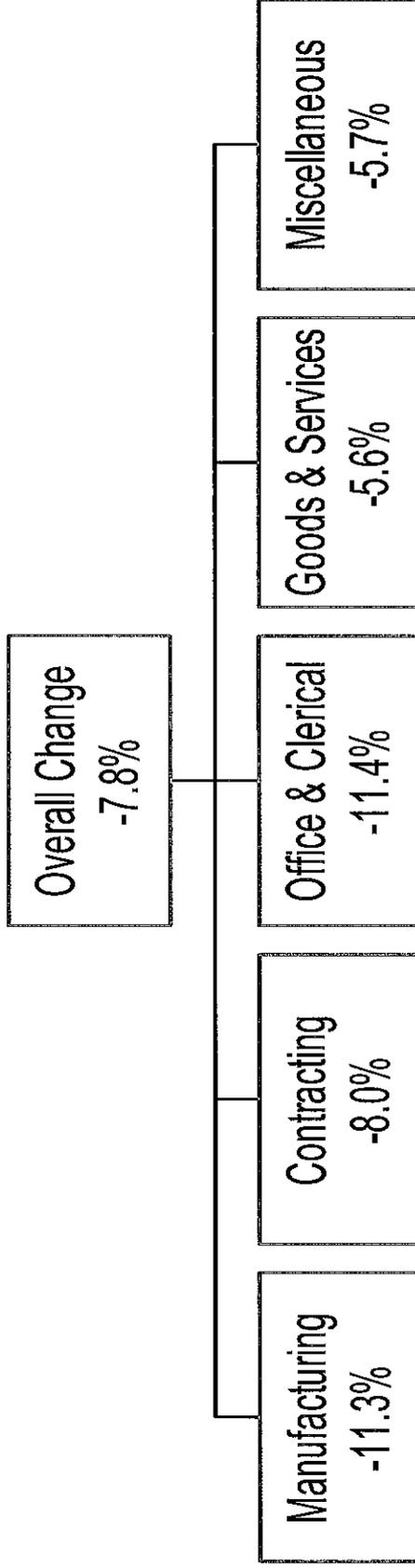
Residual as a % of Market



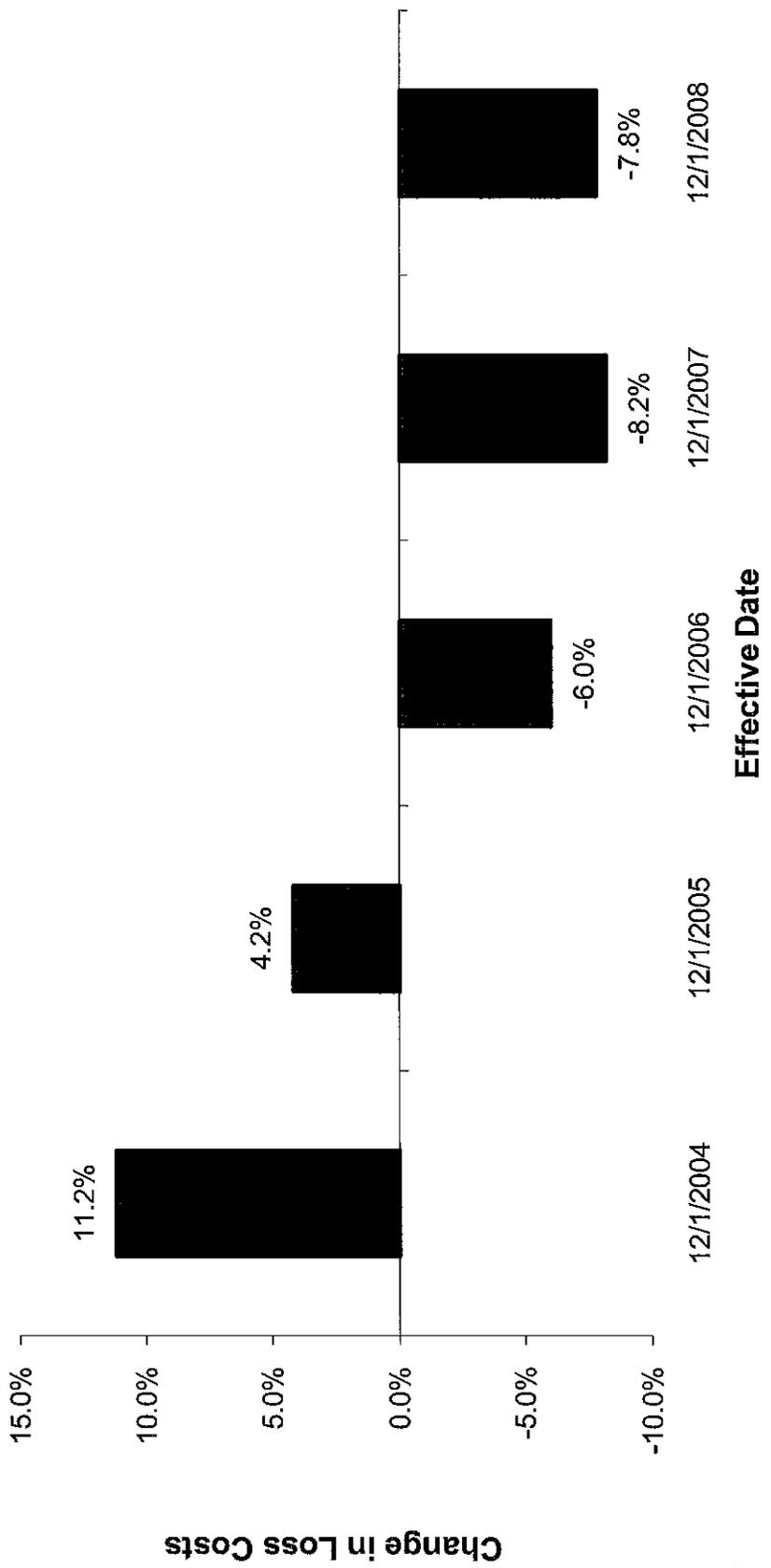
* Estimated assuming one third of Utah market is self-insured.

Utah December 1, 2008 Filing

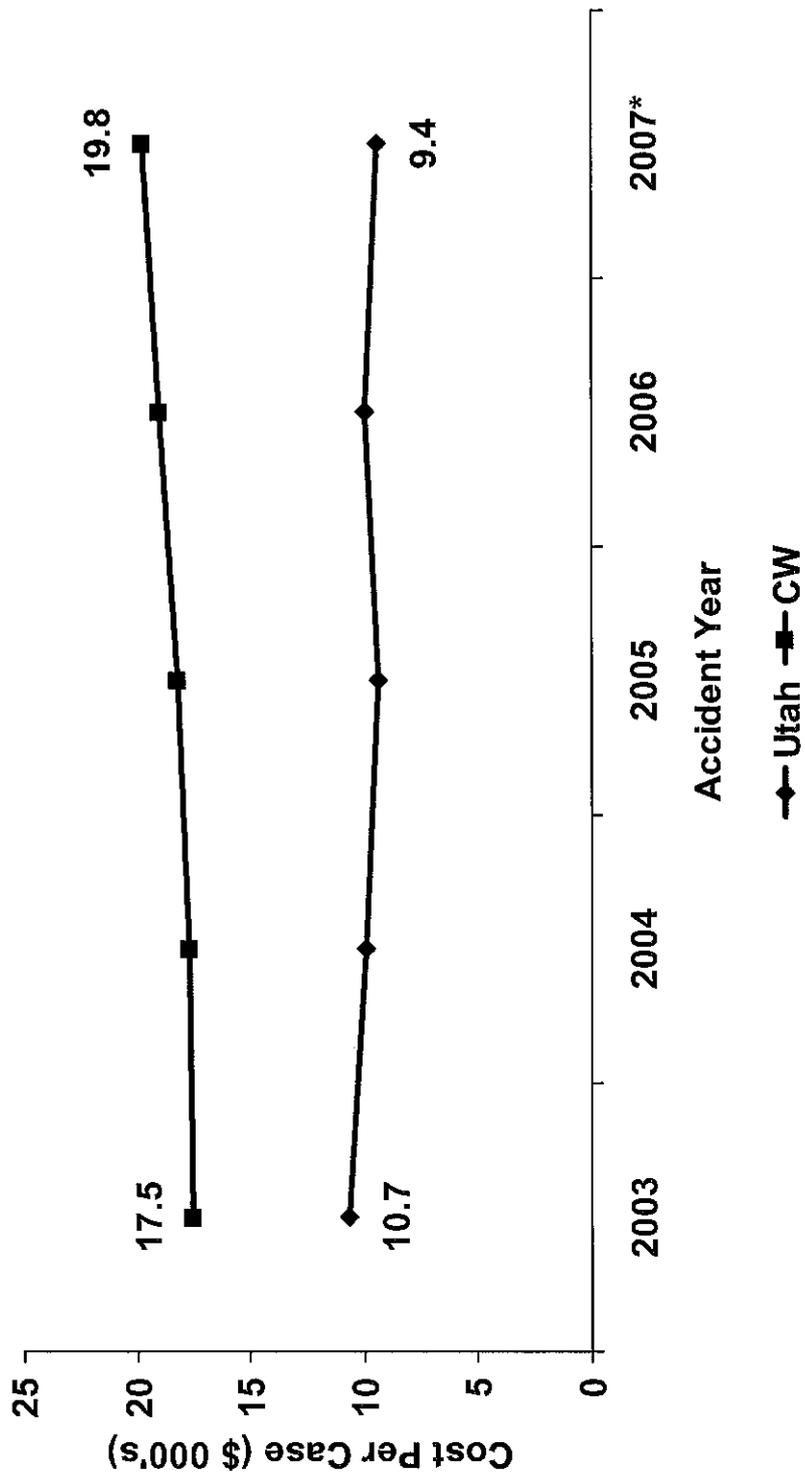
Average Changes by Industry Group



Utah Historical Loss Cost Changes



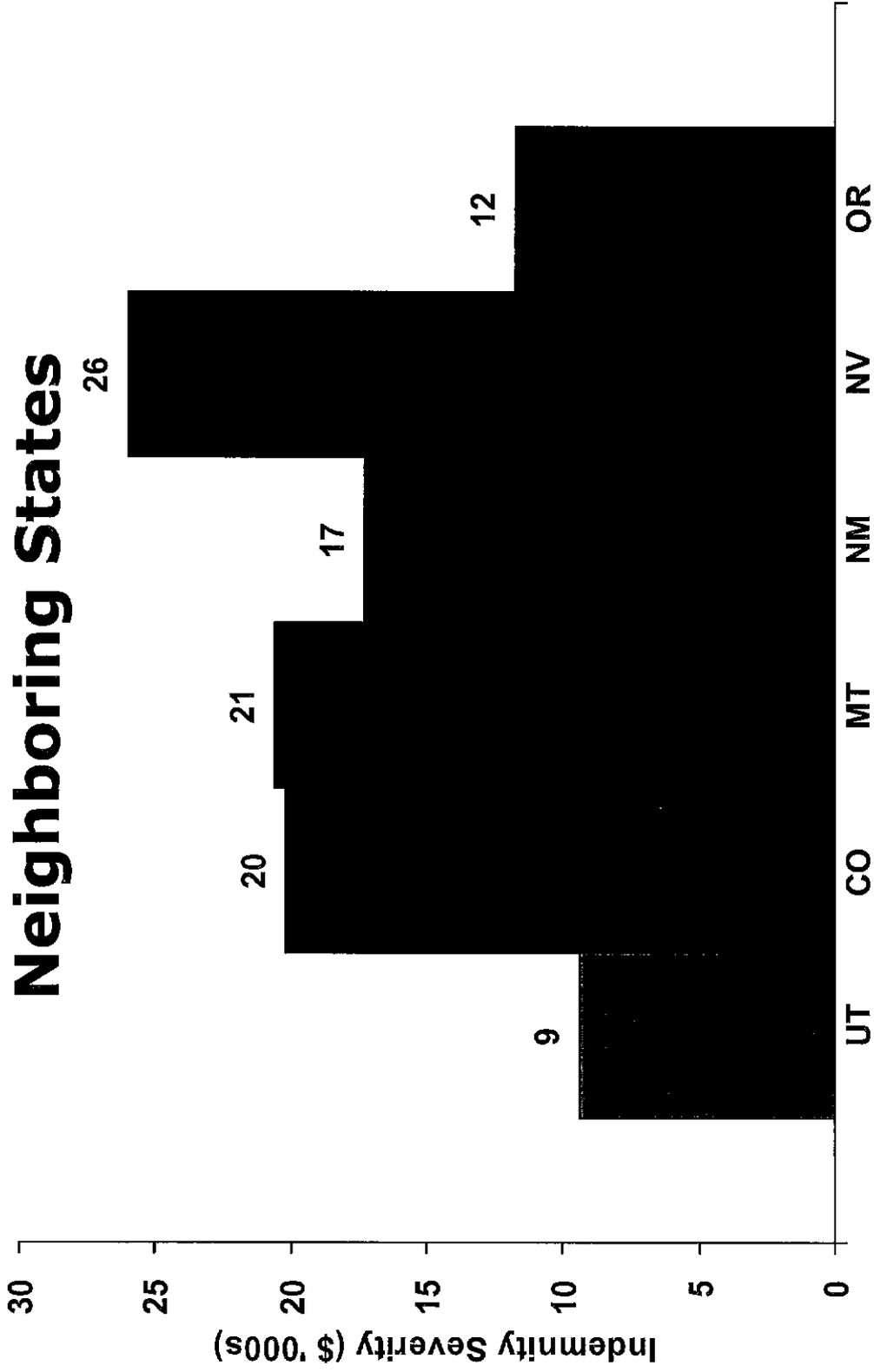
Utah Indemnity Average Cost per Case vs. Countrywide



* Countrywide figure is preliminary
Source: NCCI Financial Call data valued as of 12/31/07



Utah's Indemnity Average Claim Severity Compared With Neighboring States



Based on NCCI's financial data for lost-time claims.

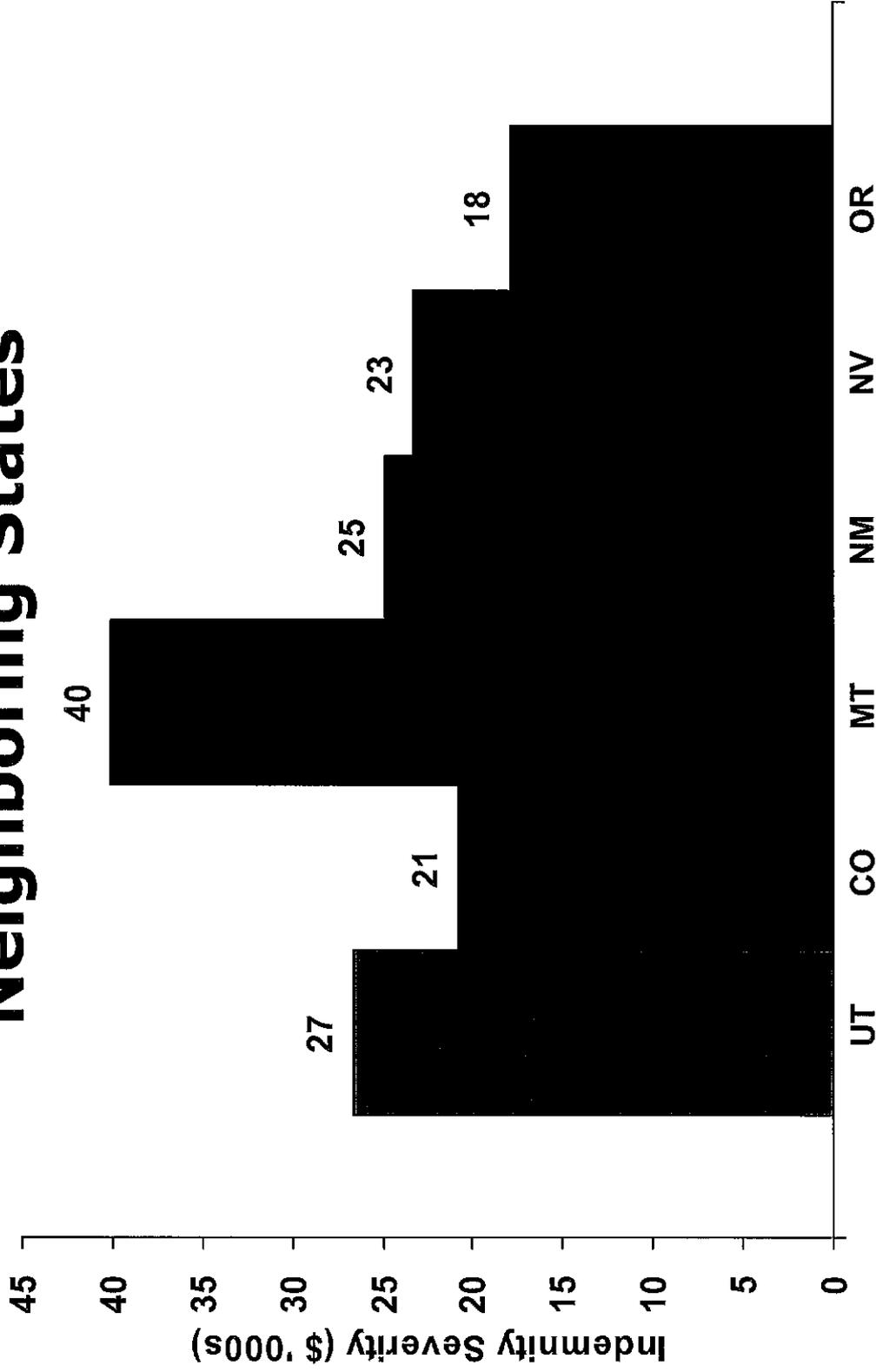
* UT is based on AY 2007. NV is based on AY 2006.

CO, NM, OR are based on PY 2006. MT is based on PY 2005.

Latest PY/AY*



Utah's Medical Average Claim Severity Compared With Neighboring States



Based on NCCI's financial data for lost-time claims.
 based on AY 2007. NV is based on AY 2006.
 PY 2005. MT is based on PY 2005. © Copyright 2009 National Council on

Latest PY/AY*



Reserved

Workers Compensation Market Share Reports
Top Ten Insurers by Written Premium

Data from insurers reported to the
National Association of Insurance Commissioners

2008

1	Workers Comp Fund	52.28%	\$235,521,289
2	American Home Assur Co	2.83%	\$12,748,681
3	Zurich American Ins Co	2.77%	\$12,485,458
4	Auto Owners Ins Co	2.60%	\$11,700,620
5	Liberty Ins Corp	2.59%	\$11,659,623
6	Phoenix Ins Co	2.48%	\$11,175,314
7	New Hampshire Ins Co	2.02%	\$9,121,906
8	American Liberty Ins Co	1.88%	\$8,461,464
9	Benchmark Ins Co	1.85%	\$8,329,382
10	Liberty Mut Fire Ins Co	1.52%	\$6,862,466

2007

1	Workers Comp Fund	56.81%	\$287,297,518
2	American Home Assurance Co	3.21%	\$16,224,225
3	Auto Owners Ins Co	2.93%	\$14,805,504
4	Liberty Ins Corp	2.53%	\$12,812,377
5	Zurich American Ins Co	2.12%	\$10,714,170
6	American Liberty Ins Co	1.89%	\$9,571,943
7	Phoenix Ins Co	1.87%	\$9,433,090
8	Ace American Ins Co	1.65%	\$8,352,337
9	Employers Compensation Ins Co	1.60%	\$8,113,095

10 Liberty Mutual Fire Ins Co	1.58%	\$7,976,475
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2006

1 Workers Comp Fund	59.42%	\$286,664,084
2 American Home Assurance Co	3.81%	\$18,367,032
3 Zurich American Ins Co	2.63%	\$12,694,517
4 Auto-Owners Ins Co	2.28%	\$10,986,874
5 Ace American Ins Co	2.12%	\$10,237,223
6 Liberty Ins Corp	2.08%	\$10,027,304
7 Liberty Mutual Fire Ins Co	1.96%	\$9,470,531
8 Insurance Co Of The State Of PA	1.56%	\$7,516,822
9 Truck Ins Exchange	1.53%	\$7,365,689
10 Employers Compensation Ins Co	1.45%	\$6,984,195

2005

1 Workers Comp Fund	60.21%	\$248,889,422
2 American Home Assurance Co	3.31%	\$13,676,073
3 Insurance Co Of The State Of PA	3.09%	\$12,757,965
4 Zurich American Ins Co	2.90%	\$11,972,108
5 Ace American Ins Co	2.45%	\$10,137,483
6 Liberty Mutual Fire Ins	1.95%	\$8,075,410
8 Truck Ins Exchange	1.71%	\$7,076,628
9 Auto-Owners Ins Co	1.71%	\$7,053,177
10 Commerce & Industry Ins Co	1.62%	\$6,710,812

Business & Labor Interim Committee

August 19, 2009

INSURANCE DEPARTMENT – WORKERS’ COMPENSATION AMENDMENTS

- **Report - Supplemental information provided by WCF
Information defining the Residual Market.**
- **Employers:**
 - **86,412 employers in Utah reported by DWS 4th Qtr 2008**
 - **11,845 Workers Compensation Coverage Waivers issued by Workers Compensation Fund in 2008. (§31A-22-1011)**
 - **52 Self Insured entities regulated by the Labor Commission**
 - **860 insurers licensed in Utah to write Workers Comp. Insurance. Of those companies, 193 actively place coverage.**
 - **Loss cost filing will be filed with the Department of Insurance in September 2009, to be effective December 1, 2009**
 - **Loss cost modifiers are filed each insurers**
 - **Median rate survey from Oregon – is compiled every two years. The previous survey was completed in 2008. Utah ranked as 46 out of 50 states, with 50 being the lowest in premiums. No reason to believe there would be a change in that ranking.**
- **Results for monitoring in 22-1012**
 - **Requirement for Rule making for underwriting standard or guideline**
 - **Rule 231 requires most of that required. Underwriting Standards include those enumerated in 31A-22-1012**
 - **Some information filed by WCF and all other insurers is proprietary data.**
 - **WCF is required to file data with NCCI on a monthly basis and has provided this data to the Insurance Department upon request.**
- **Size of Residual Mkt. as a percentage of the overall Workers Comp. Market in Utah as reported by WCF – 20.0% in 2008.**
- **Top 10 insurers holding the largest market share.**



Jon M. Huntsman, Jr.
Governor

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State of Utah

INSURANCE DEPARTMENT

D. Kent Michie
Commissioner

August 3, 2009

Senator John L. Valentine
Representative James A. Dunnigan
Business & Labor Interim Committee
Utah State Capitol Complex
Salt Lake City, UT 84114

RE: Report on Professional Employer Organization Licensing Act Working Capital Requirements

Dear Chairmen,

As required by Utah Code Annotated §31A-40-103(4), the Commissioner shall report on the adequacy of working capital requirements for Professional Employer Organizations (PEO).

The responsibility for licensing of PEO's was transferred to the Utah Insurance Department effective May 5, 2008. Our initial licensing process for new entities began that date and for existing licensed PEO's on September 1, 2008 to coincide with their previous renewal cycle. As part of that process all licensees were required to submit unaudited financial statements and were required to "... have at least \$100,000 in working capital..." or provide the commissioner the financial mechanism(s) by which the licensee would comply with the \$100,000 financial capability required in UCA §31A-40-205. For all subsequent renewals the licensees are required to provide audited financial statements.

During this first year we have closely monitored these licensees and believe the \$100,000 working capital requirement to be an adequate amount for the operation of a PEO in Utah. All licensees have been cooperative with the Department in the process of change from a registration to a licensing process and we do not anticipate any problems from this point forward. As a matter of information for the Committee, there are currently 78 licensed PEO's in Utah.

Regards,


John E. Braum, Assistant Commissioner
D. Kent Michie
Insurance Commissioner

From: Dennis Lloyd <dllloyd@wcfgroup.com>
To: <bhowe@utah.gov>
CC: <khegmann@rmcoeh.utah.edu>, Toni Chambers <Toni.Chambers@hsc.utah.edu>
Date: 6/30/2009 2:35 PM
Subject: Required Report / SB 159
Attachments: Legislative_Report_2008_Draft_May_2009.FINAL.pdf

Bryant,

At Dr. Kurt Hegmann's request, I am forwarding to you the required report to the Business Labor interim Committee regarding SB 159 donations promoting occupational health and safety.

If you have questions or concerns about this report, do not hesitate to contact me or Dr. Hegmann.

Thanks.

Dennis

Dennis V. Lloyd
Senior Vice President
Workers Compensation Fund
801-288-8060



The University of Utah

Department of Family and Preventive Medicine
Rocky Mountain Center for Occupational
& Environmental Health

June 29, 2009

Jonathan Ball
Legislative Fiscal Analyst
State Capitol Complex
House Building, Suite W310
Post Office Box 145310
Salt Lake City, UT 84114

**Re: ANNUAL FINANCIAL REPORT FOR SB 159 (2005 GENERAL LEGISLATIVE SESSION):
"ASSESSMENT OFFSET FOR DONATIONS PROMOTING OCCUPATIONAL HEALTH AND SAFETY"**

Dear Mr. Ball:

Pursuant to the terms of the above referenced legislation, please accept this letter as The Rocky Mountain Center for Occupational and Environmental Health's report of qualified donations received, as well as expenditures made, during calendar year 2008.

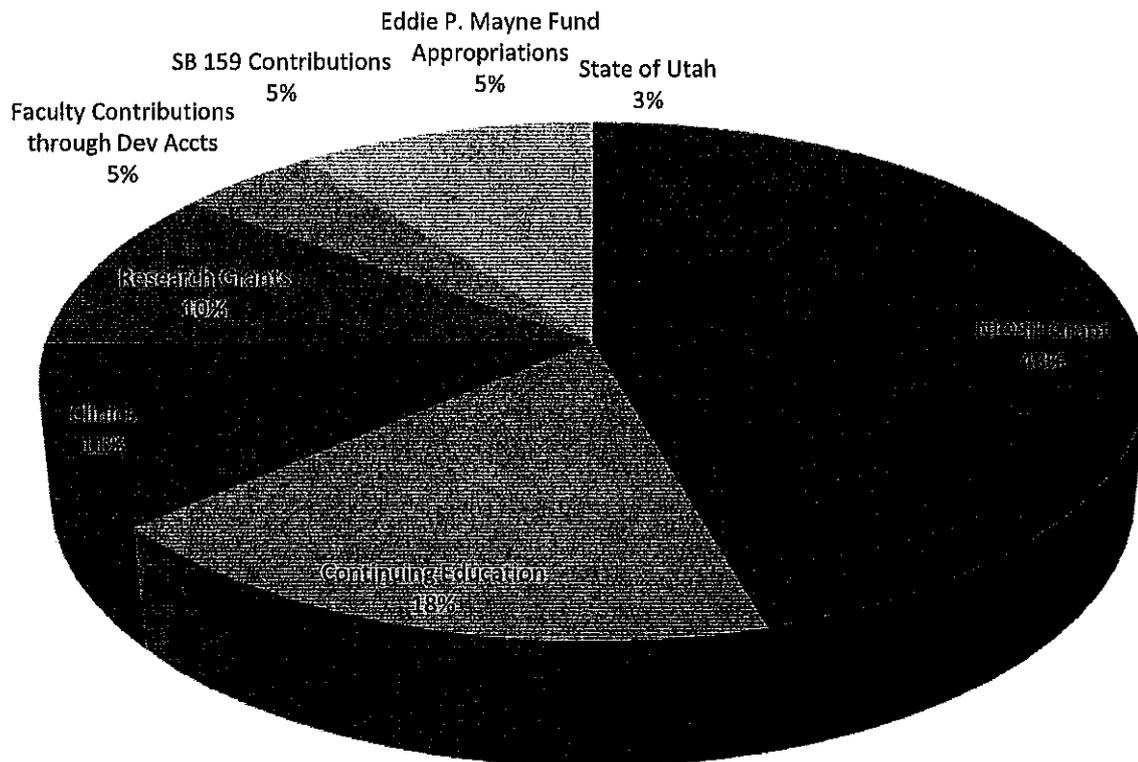
The purpose of this legislative initiative was to maintain the existence of the Rocky Mountain Center for Occupational and Environmental Health at the University of Utah by providing stable funding in the face of tighter State budgets and declining state funding of the University of Utah. This legislative goal has been met.

APPLICATION OF SB 159 FUNDING SUPPORT

All SB 159 funds are maintained in a separate RMCOEH account to facilitate tracking of receipts and expenditures. All funds are exclusively expended to support graduate education and training in safety and ergonomics, industrial hygiene, occupational health nursing, and occupational medicine; to support continuing education programs for employers designed to promote workplace safety; or to support reasonable administrative, personnel, equipment, and overhead costs of our Center. Receipts have been provided to all donors. Attached is an appendix listing receipts and expenditures for the period January 2008 through December 2008.

USE OF THE FUNDS AND LEVERAGE FOR GRANTS

The SB 159 funds (\$234,238.45) have been used to support the RMCOEH. These funds have provided us the ability to leverage considerable additional funds. The total budget for the coming year in the RMCOEH is \$3.7 million. Included in these funds are \$1.68 million in federal grants. Thus, the SB 159 funds provide over 10-fold leveraging.



Specific Occupational Health and Safety (OHS) Enhancements and Activities as a Result of SB 159 (2005 G.S.) in 2008 include:

1. SB 159 contributions provide salary support that continues to be critical to the successful operation of the RMCOEH. Without this line of donations and funding, the RMCOEH would not survive.
2. On the basis of this revenue, we have been awarded and begun another extramurally funded grant to study the health of truck drivers, including how to prevent truck crashes and how to improve their health status.
3. This funding helped stabilize RMCOEH funding and has allowed us to hire two new faculty members, one in ergonomics and safety and one in occupational injury prevention. We also have continued to employ additional research assistants to carry out research projects important to the economy of the state of Utah.
4. We implemented new Master of Science in Occupational Health (MSOH) and Master of Occupational Health (MOH) degrees beginning August 2008 after approval was received earlier in 2008 from the Utah Board of Regents. Stable funding through the SB 159 mechanism has helped the University to approve the degree program as financially viable programs. The MSOH and MOH programs will be producing graduates with much more expertise in the various aspects of occupational safety and health than can be obtained in the previously available Master of Public Health (MPH) or MSPH programs. Students will continue to matriculate this

coming autumn and the first two graduates graduated in Spring 2009, with approximately 18 students matriculating by January 2010.

5. These SB 159 funds continue to allow faculty time to participate in the RMCOEH's Outreach efforts, including consultations to reduce injuries and illnesses in Utah's workers.
6. Funding aided in the development of pandemic influenza planning materials for Utah businesses.

In summary, the RMCOEH has used the SB 159 funds obtained during the fourth year of this initiative to further strengthen our faculty, provide funding to complete searches to recruit two new faculty, initiate new efforts to support businesses, matriculate students into two new degree programs that will better prepare our graduates to improve Utah workplace health and safety, and continue to recruit and enroll well-qualified students who will be working in the future to improve the health of workers in Utah, as well as the state's business climate through prevention of work-related injuries and appropriate care for injuries that occur.

ROCKY MOUNTAIN CENTER FOR OCCUPATIONAL AND ENVIRONMENTAL HEALTH BACKGROUND

The Rocky Mountain Center for Occupational and Environmental Health (Rocky Mountain Center) is one of the 17 national Education and Research Centers sponsored by the National Institute for Occupational Safety and Health (NIOSH). It was established at the University of Utah in 1977 and has been funded continuously by major NIOSH grants since 1978. The mission of the Rocky Mountain Center is *"Protecting the worker and the environment through interdisciplinary education, research, and service."*

The Rocky Mountain Center helps provide Utah with a healthy and safer workforce that makes Utah businesses more competitive in the world climate through reductions in workplace injuries and diseases that otherwise would cost businesses higher workers compensation costs. The center accomplishes such results through training graduate students in occupational safety and health disciplines, providing short courses to enable these professionals to maintain and advance their capabilities, and research targeted to prevent or control high-cost workplace injuries and illnesses. Thus, our graduates directly work to address the nation's occupationally-related illnesses and injuries that cost more than \$240 billion annually, equal to the cost of heart disease or cancer. Each day, 9,000 of the nation's workers sustain disabling injuries on the job and 137 people die from work-related illnesses, although both of these are slowly trending down. The efforts of professionals who have completed RMCOEH programs help prevent the daily toll of such illnesses and injuries in Utah's workers.

The Rocky Mountain Center trains graduate students (Masters and PhD) in Industrial Hygiene, Hazardous Substances, Occupational Injury Prevention, Occupational Medicine and Ergonomics and Safety. There have been over 413 graduates since the inception of the center, and surveys of our graduates demonstrate that all of our former graduates rate our programs as Excellent or Very Good in preparing them for their careers. We also conduct over 60 Continuing Education courses annually with over 5,000 registrants in these and other courses taught by center faculty to update and improve the existing OHS programs managed by these professionals in Utah's businesses.

The Rocky Mountain Center additionally contributes to Utah's knowledge based economy through major research projects that develop new and innovative methods to reduce the burden of occupational injuries. Current involvement in such research projects is approximately \$22M/year. These projects include major investigations of common musculoskeletal disorders (carpal tunnel syndrome, low back pain, shoulder tendinitis, etc), and the National Children's Study, for which we provide the expertise and measurements of exposures to demonstrate what exposures, if any, result in childhood illnesses.

Additionally, we have major expertise in chemical/biological/nuclear terrorism preparedness, influenza pandemic preparation, and our faculty have worked with the Department of Health to lead the development of the state's Medical Surge Capacity Plan, and another plan for a Regional Homeland Defense Medical Center for such untoward events.

The Rocky Mountain Center is involved in extensive Outreach efforts to businesses that include assistance to over 700 Utah businesses and government agencies annually. Such assistance includes consultations to education to healthcare.

We would welcome an invitation to appear before a Legislative Committee to present this report or answer any questions Legislators may have about RMCOEH or occupational health and safety issues in Utah. If you have any additional questions, please do not hesitate to contact me or the financial administrator for the Rocky Mountain Center, Ms. Deanne Clegg at 801-581-3532.

Sincerely,



Kurt T. Hegmann, MD, MPH
Center Director and Associate Professor
Dr. Paul S. Richards Endowed Chair in
Occupational Safety and Health

801-581-4800 (direct 801-587-3333)
kurt.hegmann@hsc.utah.edu

APPENDIX A
SB 159 EXPENSES AND REVENUES

Revenues and sources generated under this funding mechanism, and a summary of the expenditures are listed below.

2008 Revenues:

Donor (chooses anonymity)	01/24/2008	\$ 3,161.06
Workers Compensation Fund	05/31/2008	\$ 225,000.00
Workers Compensation Fund	12/23/2008	\$ 5,000.00
Interest		\$ 1,077.39

Total Revenue

\$234,238.45

2008 Expenditures:

Faculty Salaries / Benefits:	\$ 110,341	Hegmann, Moser, Hughes, Larson, Pahler, Bloswick, Thiese
Staff Salaries/Benefits:	\$ 128,954	Bradakis, Clegg, Chambers, Keough
Travel	\$ 983	Center Director travel, In-state mileage reimbursement
Office Supplies	\$ 6,111	Operational Supplies
Computer Services	\$ 164	Computer Support
Telephone	\$ 3,100	Telephone monthly charges / Long distance Installation / Repair
Printing / Copying	\$ 4,589	Copies / RMCOEH Newsletter
Membership Dues	\$ 4,900	AUPOHS annual membership (professional organization of the 16 NIOSH Education and and Research Centers)
	\$ 2,400	ABET - Accreditation for Public Health/Industrial Hygiene
Postage/Shipping	\$ 1,146	Postage and Fed Ex charges
Repairs, Maintenance	\$ 654	Building Locks, Door repairs, Keys for new offices for RMCOEH remodel/expansion
Other Services	\$ 158	Recycling

Total Expenditures:

\$ 263,500



GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

State of Utah Department of Commerce

FRANCINE A. GIANI
Executive Director

THAD LEVAR
Deputy Director

September 2, 2009

Senator John L. Valentine
Representative James A. Dunnigan
Chairs, Business and Labor Interim Committee

To Senator Valentine, Representative Dunnigan, and the members of the Business and Labor Interim Committee:

I am writing to report to this committee, pursuant to U.C.A. § 13-46-202, on the Independent Contractor Database. During the 2008 General Session S.B. 189, sponsored by Senator Eastman, required several state agencies to work together toward the development of the database.

During the summer and fall of 2008 several meetings were held with representatives of these agencies and plans were established to begin building the database. At the time one primary objective was to help determine whether licensees in the construction trades were obtaining workers' compensation waivers for individuals who were not also properly licensed to be independent contractors.

During the special session held during 2008 approximately 25% of the budget for this project was cut, and during the 2009 General Session the remaining budget was eliminated. Because of those budget reductions, the progress toward building and implementing the database has not continued.

However, there has been progress on other fronts. Companion legislation from 2008, S.B. 159, Workers' Compensation Amendments, modified provisions related to workers' compensation waivers. My understanding from conversations with the Labor Commission is that the bill's results have been very positive.

Additionally, the Division of Occupational and Professional Licensing has stepped up its efforts to coordinate with the Labor Commission on workers' compensation issues to help ensure its licensees, as well as those who should be licensed, better understand and comply with workers' compensation requirements. The Labor Commission's online "Workers Compucheck" has been very helpful for these efforts.

September 2, 2009

I am sensitive to both the current budget situation and the policy priorities behind the database. The Legislature has difficult budget decisions before it. I respectfully request that if the Legislature chooses not to restore the budget to fund this project, that the statutory mandate to build the database be repealed. Please contact me if you would like any additional information on this issue.

Sincerely,

A handwritten signature in black ink that reads "Francine A. Giani". The signature is fluid and cursive, with the first name being the most prominent.

FRANCINE A. GIANI, EXECUTIVE DIRECTOR
UTAH DEPARTMENT OF COMMERCE

cc: Sherrie Hayashi, Commissioner, Labor Commission
Kristen Cox, Executive Director, Department of Workforce Services
J. Stephen Fletcher, Executive Director, Department of Technology Services
Mark Steinagel, Director, Division of Occupational and Professional Licensing



State of Utah
GARY R. HERBERT
Governor
GREGORY S. BELL
Lieutenant Governor

Utah Labor Commission
SHERRIE HAYASHI
Commissioner

Division of Industrial Accidents
LARRY D. BUNKALL
Director

24 August 2009

Members of the Utah Legislative Interim Business and Labor Committee

RE: Joint Report on Workers' Compensation Premium Assessments
REQUEST FOR EXTENSION OF TIME TO COMPLETE REPORT

The Workers' Compensation Advisory Council (WCAC) and the Utah Labor Commission (LC) have been asked to prepare and make available their joint report on the workers' compensation premium assessments to the members of the Utah Legislative Interim Business and Labor Committee for their September 2009 meeting.

We were asked to respond to two questions:

- *Should the premium assessment be changed or not?*
- *Should there be changes to how the premium assessment should be used?*

The WCAC and LC are prepared to provide the joint study on the premium assessments for the September meeting; however, both entities jointly believe the information requested by the Utah Legislature will be more complete if it contains information from the 2008-2009 Actuarial Reports for the Employers' Reinsurance Fund (ERF) and the Uninsured Employers' Fund (UEF).

The annual ERF and UEF Actuary Reports and recommended assessment rate adjustments are statutorily required to be complete prior to October 15th of each year. Deloitte Consulting, LLP of Los Angeles, California was awarded the State of Utah contract to prepare the UEF and ERF actuarial reports and recommendations by mid-October 2009. Deloitte is scheduled to make their presentation to the members of the Workers' Compensation Advisory Council and the Utah Labor Commission on Wednesday, October 7, 2009.

As required by law, in the statute that passed in the 2009 Regular Legislative Session, the council and commission shall jointly report the results of the study described in Subsection (5)(b) in Utah Code **34A-2-107** to the Business and Labor Interim Committee by no later than the 2009 November interim meeting. Therefore, we respectfully request the Utah Legislative Interim Business and Labor Committee to extend the time for the joint report to be completed and submitted either by the October 21 or November 18 interim committee dates.

Respectfully Submitted,

Sherrie Hayashi, Commissioner, Utah Labor Commission
Workers' Compensation Advisory Council Ad Hoc Committee

David R. Bird, Committee Chairman and employer representative on the council

K. Dawn Atkin, employee representative on the council

Dennis Lloyd, workers' compensation insurance carrier representative on the council

Larry D. Bunkall, Industrial Accidents Division Director and LC staff to the council



GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

State of Utah Department of Commerce

FRANCINE A. GIANI
Executive Director

THAD LEVAR
Deputy Director

September 2, 2009

Senator John L. Valentine
Representative James A. Dunnigan
Chairs, Business and Labor Interim Committee

To Senator Valentine, Representative Dunnigan, and the members of the Business and Labor Interim Committee:

I am writing to report, pursuant to U.C.A. § 61-2c-103, on issues regarding the implementation of the Nationwide Mortgage Licensing System and Registry ("NMLS&R"). Since the conclusion of the 2009 General Session, the Division of Real Estate has been working diligently to coordinate with the Residential Mortgage Regulatory Commission, the Conference of State Bank Supervisors, mortgage licensees, education providers, and other affected parties to make this federally mandated transition as smooth as possible.

The current transition plan is that all new mortgage officer applications will register with NMLS&R beginning on January 1, 2010, and that all mortgage license renewals will be performed through NMLS&R beginning November 1, 2010. This transition will affect issues including pre-license education, background checks, testing, continuing education, and fees.

I have attached an article and chart that provide more detail on the transition. These materials have been provided to all licensees in the current Division of Real Estate newsletter. I recognize that the federally mandated transition will impose some burden on our licensees and on education providers, including the fees imposed by NMLS&R. I believe the Division of Real Estate's efforts have reduced that burden to every extent they have been able to do so. Please contact me if you would like any additional information on this issue.

Sincerely,

FRANCINE A. GIANI, EXECUTIVE DIRECTOR
UTAH DEPARTMENT OF COMMERCE

cc: Deanna Sabey, Director, Division of Real Estate

SAFE Mortgage Licensing Act Update

The intent of this article is to provide the latest information regarding mortgage licensing regulatory changes that are going into effect as a result of the federal SAFE Mortgage Licensing Act. You will continue to hold a Utah license, but many of the licensing functions will be performed through the Nationwide Mortgage Licensing System and Registry (NMLS&R). The changes required by SAFE are quite extensive and will affect nearly every aspect of your mortgage license.

All mortgage licensees (mortgage officers and principal lending managers) **who have renewed their Utah licenses** in either 2008 or 2009 have a license expiration date of December 31, 2010. **Licenses are not “automatically” renewed or extended. If you fail to renew your mortgage officer or PLM license, your license will expire.** Licensees who will be renewing their licenses from now through the end of 2009 will also have a license expiration date of December 31, 2010.

- Beginning November 1, 2010 all mortgage license **renewals** will be performed on the NMLS&R website.
- All new **mortgage officer applications** will register with NMLS&R as of January 1, 2010. **Initial PLM applications and subsequent renewals will still be processed through the state of Utah.** Under the provisions of the SAFE Act, a PLM license is a license that is unique to Utah and will be handled through our state only. However, to comply with the SAFE Act, a Utah PLM will have to simultaneously hold a mortgage officer license through NMLS&R.

The SAFE Act includes a number of specific requirements with which our licensees must comply. The following are required of mortgage loan officers under the act:

- Never have had a loan officer/originator license revoked
- No felonies in the past seven years
- Never had a felony involving fraud, dishonesty, breach of trust, or money laundering
- An authorization for credit reports
- Licensees must input and maintain their personal record in NMLS&R for every state in which they are licensed (more information will be provided on this requirement in subsequent newsletters)
- “Inactive” licensees must still take 8 hours of continuing education every year to renew

Most of the changes for existing licensees will occur at the end of 2010 when you will be required to license on the new NMLS&R system. Below are summarized some of the most significant changes, based on current information.

SAFE: 2009 and 2010 Changes

	Existing Licensees	New Licensees (UNTIL December 31, 2009)	New Licensees (AFTER December 31, 2009)
License Expiration	December 31, 2010 Licenses will then be annual	December 31, 2010 Licenses will then be annual	December 31, 2010 Licenses will then be annual
Pre-license Education	None required. Each licensee will be required to pay a \$15.00 certification fee to NMLS&R	20 hours of Utah DRE approved education. Each licensee will be required to pay a \$15.00 certification fee to NMLS&R	20 hours of NMLS&R education AND 40 additional hours of Utah DRE education.
Background Checks	Beginning in 2010, all licensees will be required to complete a background check every 3 years through NMLS&R.	Beginning in 2010, all licensees will be required to complete a background check every 3 years through NMLS&R.	All licensees will be required to complete a background check every 3 years through NMLS&R.
Testing	Prior to December 31, 2010, licensees will have to pass the new NMLS&R national exam. Those licensees who have passed the Utah state exam (regardless of their passing score) do NOT have to retake the NMLS&R Utah portion of the state exam. Each licensee will be required to pay a \$5.00 certification fee to NMLS&R.	Now until September 30, 2009: Pass the Utah developed national and state exam. Prior to December 31, 2010, licensees will also have to pass the new NMLS&R national exam. October 1, 2009-December 31, 2009: Pass national NMLS&R exam at NMLS&R testing center. Must also pass Utah state portion of exam at Utah DRE Pearson Vue test center.	January 1, 2010-March 31, 2010: Pass national NMLS&R exam at NMLS&R testing center. Must also pass Utah state portion of exam at Utah DRE Pearson Vue test center. April 1, 2010 and thereafter: Pass the national and Utah NMLS&R exams at NMLS&R testing center.
Continuing Education	Licenses will complete 14 hours of Utah DRE or NMLS&R CE for 2010 renewal (Including a minimum of 2 hrs of Ethics and 3 hrs Federal/State laws governing mortgage lending).	Now until September 30, 2009: Licensees will complete 14 hours of a Utah DRE or NMLS&R CE for 2010 renewal (Including a minimum of 2 hrs of Ethics and 3 hrs Federal/State laws governing mortgage lending). October 1, 2009-December 31, 2009: Licensees will complete 8 hrs of Utah	Licenses will complete 8 hrs of Utah DRE or NMLS&R CE including 3 hrs federal law and regulations, 2 hrs of ethics (fraud, consumer protection, and fair lending practices), 2 hrs non-traditional mortgages, and 1 hr elective; for 2010 renewal. Subsequent renewals will require 8 hrs of NMLS&R CE in topics

	<p>Subsequent renewals will require 8 hrs of NMLS&R CE including 3 hrs federal law and regulations, 2 hrs of ethics (fraud, consumer protection, and fair lending practices), 2 hrs non-traditional mortgages, and 1 hr elective</p> <p>State fees will remain unchanged</p> <p>NMLS&R fees will be added</p>	<p>DRE or NMLS&R CE including 3 hrs federal law and regulations, 2 hrs of ethics (fraud, consumer protection, and fair lending practices), 2 hrs non-traditional mortgages, and 1 hr elective for 2010 renewal. Subsequent renewals will require 8 hrs of NMLS&R CE in topics described above.</p> <p>State fees will remain unchanged</p> <p>NMLS&R fees will be added</p>	<p>described above.</p> <p>State fees will remain unchanged</p> <p>NMLS&R fees will be added</p>
<p>Fees</p>			



**DEPARTMENT OF
FINANCIAL
INSTITUTIONS**

G. Edward Leary
Commissioner
Michael L. Jones
Chief Examiner
R. Paul Allred
Deputy Commissioner

STATE OF UTAH

Gary R. Herbert
Governor
Gregory S. Bell
Lieutenant Governor

To: BUSINESS AND LABOR INTERIM COMMITTEE
From: Commissioner Ed Leary
Date: September 1, 2009

**Re: Sixth Report of the Department of Financial Institutions Pursuant to
70C-8-102 Consumer Credit Education**

**1. DEPARTMENT'S FINANCIAL SERVICES EDUCATION INITIATIVES
UPDATE**

Section 70C-8-102 of the Utah Code compels the Department to report biennially regarding the need for consumer education programs to promote prudent and beneficial use of credit by consumers and department efforts to promote the education of consumers with respect to credit practices and problems. The Department is also charged to coordinate with representatives of education, government, and financial services industry and assist in the preparation of a financial services education curriculum.

2. LEGISLATIVE ACTION

An omnibus education bill known as Senate Bill 154 was passed during the 2003 legislative session. SB 154 included provisions in another bill that required instruction that stresses general financial literacy from basic budgeting to financial investments, including bankruptcy education in the core curriculum beginning no later than the graduating class of 2007. The Utah High School General Financial Literacy course for Grades 11-12 includes: Income, Money Management, Spending and Credit, Saving and Investing, Consumer Protection and Risk Management. The Department fully supports the requirement to increase financial literacy among high school students.

3. EMPLOYEE PRESENTATIONS

The Department commenced out-of-the-office consumer education presentations in 1997. The presentation is entitled "Tips to Avoid Frauds, Scams and High Cost Loans" and is conducted by financial institution examiners trained in consumer compliance and mortgage issues.

The following is a summary of the education presentations for the past twelve years:

Year	Number of Presentations	Approximate Number of People
1997	16	531
1998	21	506
1999	94	2,456
2000	69	2,026
2001	98	2,836
2002	86	2,911
2003	67	2,089
2004	71	2,013
2005	62	1,930
2006	78	2,284
2007	80	2,167
2008	63	2,024
2009 (as of 8/2009)	18	392

The vast majority of presentations have been to high school students. The presentations are conducted in a Power-Point slide program. Copies of the program are left with teachers for future use. The Power-Point slide program is also available on the Department's web site. High school groups of particular interest where programs have been conducted include alternative high school programs, young parents and low-income parents, English as a second language, and classes which include "minorities." A number of senior citizen groups have also received the presentation.

During 2008, two presentations were made to Native American High School Students. In the past, the Department has made an effort to reach out to Utah's Hispanic communities by making available its education presentation, "Tips to Avoid Frauds, Scams and High Cost Loans", in Spanish.

Beginning in June of 2006, the Department published a "Consumer Guide to Payday Lending in Utah." The brochure provides information about payday loans and consumers' rights and obligations under the law. The Department has provided copies to payday lenders in the state and asked them to place the brochure in their stores. The brochure is also available on the Department's web page found at www.dfi.utah.gov. The Department urges consumers who use payday loans to read the brochure to learn more about their rights and obligations under the law.

4. ANSWERING CONSUMER QUESTIONS AND INQUIRIES

The department has 1 FTE devoted entirely to answering consumer questions, inquiries and resolving problems. Three staff support people also answer queries about whether individuals or companies are registered to engage in consumer lending or mortgage lending brokering or servicing in Utah. The Department receives somewhere between 30 to more than 60 calls per day. Department employees attempt to educate and advise as well as answer inquiries or questions.

The passage of HB 107 in 2000 changed registration of mortgage brokers and mortgage lenders to the real estate division. The Department retained registration of mortgage servicers. The split registration often results in confusion in public about which agency to call but we try to steer the public to the correct agency that may assist them.

5. CONSUMER TIPS ON DEPARTMENT'S WEB PAGE

The department opened a home page on the Internet in September 1998. One of the subjects presented within the home page is "Consumer Tips" where useful tips, alerts and pitfalls to avoid are identified and explained. The subjects addressed include: auto loans, mortgage loans, fraud alerts, accelerated payment programs, checking accounts - pitfalls to avoid, establishing credit, credit reports, co-maker, co-signer, or guarantor, credit cards, interest rates, debt-to-income ratios. It is difficult to determine the number of people who have viewed the consumer tips portion of our website. Our web site was visited **395,735** times during the last 12 months. From our most recent records it appears that our home page is visited an average of **33,000** times per month. Consumers may e-mail the department directly via a hot button on the web site with questions or comments. All comments are forwarded to the appropriate supervisor for an answer.

We have received numerous unsolicited favorable comments on the Consumer Tips and believe that many people with web access have consulted the pages.

A copy of Consumer Tips is available at the Department's website.

6. FINANCIAL INSTITUTIONS CONSUMER EDUCATION EFFORTS

Jump\$tart Coalition for Personal Financial Literacy is a not-for-profit organization that promotes youth financial literacy. There are representatives on the Jump\$tart Board from both the Utah Bankers Association and the Utah League of Credit Unions. The Department has a liaison that interacts with the Board.

Jump\$tart was organized in December 1995 because the founders had determined that the average student who graduates from high school lacks basic skills in the management of personal financial affairs. Many are unable to balance a checkbook and most simply have

no insight into the basic survival principles involved with earning, spending, saving and investing.

The Utah Coalition was formed in late 2000. The Coalition's direct objective is to encourage curriculum enrichment to insure that basic personal financial management skills are attained during the K-12 educational experience. The Coalition's Annual Start Smart Teacher Summit will be held on October 16, 2009. The Summit will teach teachers how to teach vital money skills to students by easily incorporating it into the core curriculum.

Junior Achievement (JA) is a national organization with the goal of teaching kids about personal finance. JA offers teaching materials for children of all ages, from elementary school to high school. They seek to expose school children to topics such as supply and demand, credit cards and checking accounts, and various types of loans. Many financial services people are involved in using this program to teach kids in school. Nationally, JA uses volunteers, educators, parents, and contributors who reach out to more than four million students, each year, in grades K-12.

National Endowment for Financial Education (NEFE) is a nonprofit corporation offering a free basic financial planning curriculum, and Utah's education office encourages schools to use it where applicable. Many bankers and credit union employees participate in NEFE on a year-round basis. Utah Credit Union employees representing NEFE have gone to classrooms and taught children about personal finance.

The National Youth Involvement Board exists to generate enthusiasm and excitement for credit union youth marketing and education; and to develop leaders for the credit union movement." Many credit union professionals in Utah are a part of NYIB. In fact, Utah traditionally ranks high in the NYIB statistics when it comes to presentations made in classrooms.

Teach Children to Save Day During April 2009, the Utah Bankers Association assisted member banks in school visits on the 13th anniversary of Teach Children to Save Day. More than 300 bankers visited approximately 13,000 students statewide.

For years, the UBA has sent representatives of the banking community into classrooms to teach the course "**Your Bank and You.**" The objectives of the program are to introduce high school students to banks and their services and to provide them with a basis for making sound financial decisions and to encourage financial responsibility. Components of the program include videos, worksheets, transparencies and checkbook kits, supplied free of charge to schools. The program is a one-week banking course endorsed by the Utah State Office of Education. The program uses "hands on" banking experience through writing and recording checks, reconciling a bank statement, figuring the cost of credit and setting financial goals. Each year the program is presented to more than 5,000 students in approximately 50% of the schools utilizing more than 100 bankers as instructors.

Money in Motion helps bankers reach directly into classrooms to educate young people about managing their finances. Targeted to students in grades 7-12 and using reproducible handouts and problem-solving exercises, the materials cover a broad range of subjects.

Hands on Banking developed by Wells Fargo as a free public service, this innovative, entertaining program contains no commercial content. The curriculum is designed for self-paced, individual learning, as well as for classrooms and community groups.

Bank Jr. developed by Zions Bank as a web site just for kids. Kids learn all about money: where does it come from, why should I save, how do banks work and much more! Bank Jr. has been created primarily for children in grades one through eight, but it is also for "kids of all ages."

Bank High School Zions Bank has also developed a new web site just for high school students. The web site teaches valuable financial literacy skills: saving, budgeting, credit and investing.

7. FEDERAL DEPOSIT INSURANCE CORPORATION EFFORTS

The Federal Deposit Insurance Corporation (FDIC) has developed a financial education curriculum called "**Money Smart.**" Since the start of the FDIC's financial education program in 2001, more than 600,000 people have taken a Money Smart class, most at a school, financial institution, non-profit organization, government agency or some other traditional setting. Thousands more have learned about finances by using our Computer-Based Instruction curriculum that enables people to study independently at their own pace. The FDIC is committed to working diligently to form alliances with other major entities, including financial institutions, bank trade associations, national non-profit organizations, community- and consumer-based groups, and federal, state and local agencies. According to the FDIC's web site, the FDIC has formed alliance partners in Utah with The Pete Suazo Business Center and the American Express Center for Community Development.