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Senate Bill 273
House Insurance Committee
Chairman Brinkman
Sponsor Testimony – Senator Bob Hackett
November 14, 2018

Thank you Chairman Brinkman, Vice Chairman Henne, Ranking Member Boccieri and members of the House Insurance Committee for the opportunity to bring before you Senate Bill 273.

S.B. 273 would define a rating agency as A.M. Best Rating Services, Inc.; Demotech, Inc.; or another rating agency certified or approved by a national entity that engages in an approval process that includes all of the following:

- A requirement for the rating agency to register and provide an annual updated filing;
- Record retention requirements;
- Financial reporting requirements;
- Policies for the prevention of misuse of material, non-public information;
- Management of conflicts of interest, including prohibited conflicts;
- Prohibited acts and practices;
- Disclosure requirements;
- Required polices, practices and internal controls;
- Standard of training, experience and competence for credit analysts

Finally, S.B. 273 would also require any use of the term rating agency in the Revised Code to be interpreted according to this definition.

Legislators and regulators should not be in the business of requiring one rating agency when there are several competent rating agencies. S.B. 273 would require and allow competition among insurer credit rating agencies which benefits consumers, licensed insurance companies, producers and other third party stakeholders.

Chairman Brinkman, Vice-Chairman Henne, Ranking Member Boccieri and members of the House Insurance Committee thank you for the opportunity to bring S.B. 273 before you. I would be happy to attempt to answer any questions the committee may have at this time.