



**State Representative Derek Merrin
District 47**

**House Bill 339 – Sponsor Testimony
Insurance Committee
October 8, 2019**

Chairman Brinkman, Vice-Chairman Antani, Ranking Member Boggs, and Insurance Committee Members, thank you for the opportunity to present testimony on the Insurance Code Correction Act.

At my direction, the Legislative Service Commission reviewed Ohio's insurance code searching for errors and obsolete language. House Bill 339 is the legislative vehicle fixing 110 insurance code errors. The process has been extensive.

H.B. 339 updates the Ohio Revised Code sections by fixing the following:

- 74 typographical errors
(misspellings, incorrect punctuation, missing word or phrase, wrong use of titles)
- 20 generic effective dates (replaced with specific dates)
- 11 cross-references errors
- 5 obsolete sections within Ohio Revised Code (section no longer operates)

Furthermore, HB 339 makes two improvements to our insurance code.

First, this legislation clarifies that, when providing services to nonprofit entities, a regional council of governments will continue to be exempted from Ohio's insurance laws, if the council does not perform the functions of a third-party administrator. This issue was brought forward by the Jefferson Health Plan (JHP), which provides health insurance benefits to nearly 200 local governments in Ohio.

By purchasing benefits through a consortium, the Jefferson Health Plan achieves cost-savings for their members. This legislative clarification would enable JHP and other Regional Council of Governments to provide services to nonprofit entities. By being able to expand membership, Jefferson Health Plan can help their current members reduce costs. Similar legislative language in this bill was included in the House passed version of HB 166. During the HB 166 legislative

process, the Jefferson Health Plan and Department of Insurance mutually developed the language in HB 339.

Second, the legislation extends the legal limit for backdating a life insurance policy from 3 months to 6 months. With life insurance, premiums typically increase as you age. By extending the legal limit on backdating, we are allowing individuals to take advantage of lower premium rates, while allowing life insurance companies to collect premiums for the backdated months.

Our neighboring states of Michigan, Indiana, and Pennsylvania allow for 6 months. The industry standard across the nation is 6 months, so we will be aligning Ohio's laws with the accepted standard. Furthermore, this change provides Ohio consumers more options and flexibility when purchasing life insurance.

During the drafting of the bill, I reached out to the insurance industry, business organizations, and associations to provide input. At this time, I believe there are no opponents to the legislation. However, I welcome additional scrutiny, analysis, and feedback.

In closing, it is imperative our state insurance code is accurate, clear, and without errors. This legislation is a major step forward fixing unacceptable mistakes. Errors lead to confusion and legal challenges. A sound legal code is foundational to efficient governing and a strong economy. The citizens of Ohio deserve an insurance code that is fair and correct. I ask for the committee's support, and welcome any questions members may have at this time.