



Senate Insurance and Financial Institutions Committee
Senate Bill 284 - Proponent Testimony
May 27, 2020

Chairman Hackett, Vice- Chair Hottinger, Ranking Member Craig and members of the Senate Insurance and Financial Institutions Committee, thank you for providing the opportunity to support Senate Bill 284.

As way of background, the Association of Ohio Life Insurance Companies (“AOLIC”) is a trade association of life insurance companies doing business in Ohio. AOLIC members include 14 domestic and foreign life insurers doing business throughout the state. Many of these companies offer their products in other states in the United States, besides Ohio. Continuity between states in which our companies do business is always important for our industry.

Senate Bill 284 is an update to the state’s credit for reinsurance guidelines and is consistent with the National Association of Insurance Commissioners most recent model law. This language will create consistency and predictability for companies. It will also ward off federal preemption on the matter. Importantly, for states that choose not to bring their codes into compliance with the model act, the federal government has stated that they will impose similar regulations to comply with covered agreements.

The Dodd- Frank Act permits the federal government, through the Federal Insurance Office (FIO), to preempt state insurance laws if the Director of FIO determines a state’s law is inconsistent with agreements with other internal regulatory jurisdictions. In 2017, the United States created Covered Agreements with the European Union (EU) and the UK, to eliminate collateral requirements for reinsurers licensed in the EU and UK when doing business inside the United States. In response, NAIC drafted the model law for states to be in compliance with the Covered Agreements. Ohio must bring their laws into compliance by March 1, 2021, otherwise, preemption is likely to occur. By passing Senate Bill 284, Ohio Department of Insurance’s ability to regulate the insurance industry will be preserved.

Senate Bill 284 provides the regulatory tools necessary to allow reinsurance companies from reciprocal jurisdictions to conduct business in Ohio. Specifically, Senate Bill 284 grants the Superintendent of the Department of Insurance the ability to receive the necessary documents from a reinsurance company who would like to do business in Ohio, but may not be licensed in the United States. The Superintendent’s ability to receive these documents is important to ensure the reinsurance company is stable and competent to conduct business in Ohio. This bill provides the necessary regulatory powers to the Department of Insurance to maintain a safe and competitive marketplace in Ohio, without jeopardizing the standards that each reinsurance company is required to be held to in accordance to state and federal law.

We ask for your favorable consideration of Senate Bill 284 and for timely action to avoid the deadline of March 1, 2021.