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## Ohio Department of Insurance Testimony Jillian Froment, Director May 16, 2017

Chairman Jordan, Vice Chairman O'Brien, and members of the Senate General Government and Agency Review Finance Subcommittee, I am Jillian Froment, Director of the Ohio Department of Insurance. Thank you for the opportunity to address the committee today regarding the Department's FY 2018 and 2019 biennial budget request.

Our request reflects the services we provide as well as the important role we serve on behalf of all Ohioans. The resources identified in the Department's submission are needed to not only meet our statutory mission but also to better serve Ohioans by ensuring that there is a competitive and consumer-friendly insurance marketplace in Ohio.

The Ohio Department of Insurance is charged with the significant responsibility of licensing and regulating the activities of more than 1,700 insurance companies, including nearly 250 domestic companies that write more than \$76 billion in insurance premiums. We also issue licenses and review the conduct of more than 205,000 insurance agents and approximately 17,000 insurance agencies. Ohio is the sixth largest insurance state, by premium volume, in the United States and the 17th largest insurance market in the world.

The Department monitors the financial health of insurance companies and investigates consumer complaints and insurance fraud. Further, the Department determines if services and benefits offered by insurance companies are consistent with policy provisions and Ohio law; reviews company filings for life, accident, health, managed care, property, and casualty policies; and reviews and approves forms and rates. We also conduct extensive outreach to Ohio's Medicare population to help them better understand their coverage and options. The Department does not receive funding from the General Revenue Fund (GRF). Funding for operations is derived primarily from the insurance industry. This primary revenue source is supplemented by company filing fees, various smaller fees, and federal grants. The Director of Insurance, who is appointed by the Governor, heads the Department, which has 256 full-time permanent employees.

### **Summary of Budget Request**

The Department through the executive proposal requested \$39.1 million for each year of the FY 2018 – FY 2019 biennium. Following passage of the House's Substitute Bill, the Department received a cut of approximately \$850,000 – just over 2 percent. Without changing the overall cut, the Department will be requesting shifts in the cut by line item to better manage our resources.

The House also placed an additional \$400,000 appropriation in FY 2018 and FY 2019 due to the award of a federal grant to the Department that we were notified about after the executive budget was released. The award does not impact GRF and is related to the Department's Medicare outreach program.

**Conclusion**

The mission of the Ohio Department of Insurance is to provide consumer protection through education and fair and vigilant regulation while promoting a stable and competitive environment for insurers. In order to carry out our mission, we respectfully request your consideration of the Department's budget request for FYs 2018 and 2019.

Thank you for your time. I am happy to answer questions at this time.

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