



**Interested Party Testimony from Carolyn Mangas on House Bill 110
Ohio Department of Insurance Proposed Budget Provisions
Before the House Finance Health & Human Services Subcommittee
Feb. 23, 2021**

Chairman Roemer and Ranking Member West, my name is Carolyn Mangas and I am the government affairs manager for the Ohio Insurance Agents Association (OIA). Thank you for the opportunity to submit written testimony regarding the proposed budget provisions for the Ohio Department of Insurance that are contained in House Bill 110.

OIA is the collective voice of 1,200 independent agencies that employ nearly 11,000 Ohioans. We promote, progress and protect the profession and the guidance only independent insurance agents provide. Independent insurance agents are trusted advisors to Ohio citizens and businesses and are responsible for servicing 85% of the commercial policies and 42% of the personal policies in the state. Independent agents offer many types of insurance – auto, health, home, life and business insurance – from many different companies to match consumers with the best choices for their particular needs. We help agents by providing agency valuation support, succession planning, advocacy initiatives, professional development, business solutions and industry thought leadership. We are committed to fighting the commoditization of insurance because we believe the right insurance matters.

Ohio Insurance Agents is supportive of the proposed operating budget for the Ohio Department of Insurance (ODI). This proposal provides the department with the necessary funding to continue to properly regulate insurance agents and companies as well as to ensure the protection of Ohio's insurance consumers. Additionally, this funding will allow ODI to continue to respond to rapid market changes as innovation occurs so that consumers can be provided with timely access to new products.

Notably, the operations of ODI are fully funded by the industry, with the largest funding source being derived from agent and agency appointment fees, which comprised 70% of the agency's fiscal year 2020 budget.

With this in mind, we do we look forward to reviewing the structure of agent appointment fees and funding for the department in the near future. Currently, the overwhelming majority of ODI's fee revenue comes from traditional forms of insurance distribution – independent and captive insurance agents. Direct/Internet-based insurance companies pay minimal appointment fees because their insurance distribution model does not utilize insurance agents, however, they have increasing premium volumes and thus are utilizing more and more of the department's resources. We want to ensure that all distribution models of insurance pay their fair share in protecting Ohio's insurance consumers. We look forward to working with the department on this evolving model of insurance distribution and ensuring consumers are properly protected.

Thank you again for the opportunity to provide this written testimony.