



Senator George Lang
Sponsor Testimony - Senate Bill 175
House Insurance Committee
May 22nd, 2024

Chairman Lampton, Vice Chair Barhorst, Ranking Member Jarrells, and members of the House Insurance Committee, thank you for allowing me to present sponsor testimony on Senate Bill 175: a bill that seeks to update and keep competitive Ohio's Revised Code regarding insurance regulations and taxes.

The insurance industry has traditionally worked with the Department of Insurance to continually monitor necessary changes in the Revised Code to keep the regulation of insurance moving. It seems like every General Assembly we have such a bill, with Senate Bill 175 being this year's version.

This bill underwent meticulous review, and in consultation with the Department of Insurance, the Senate Insurance Committee adopted a sub bill. This sub bill was voted out of Insurance committee and off the floor unanimously.

The following provisions were included in the final version that passed the Senate:

Commercial Manuscript Policies

The ODI is tasked with reviewing rates and policy forms before they are used in the market. This provision codifies long-standing practice to ensure that the ODI does not need to approve commercial manuscript policies before they are used. Manuscript policies are used for projects that often need special language for the particular insured project or property.

NAIC Accreditation Protection

Insurance is regulated by the states. They work together through the National Association of Insurance Commissioners to deal with multi-state issues. One of the key ways this collaboration works is through financial regulation. Through the accreditation process, each domestic state conducts financial reviews and regulation of their domestic insurers. Other states then rely on that work to keep from having duplicate regulation. This is able to be accomplished because of the accreditation process.

This provision exempts all of the required accreditation rules from the required rule removal due to the two-for-one provision and the requirement to remove words of restrictions. The remainder of the rules adopted by the ODI will remain subject to current law.

Bail Bond Tax Clarification

This provision will codify long-standing practices on the collection of premium tax on bail bonds. This will not have any effect on tax receipts as this is just codifying current practice.

PEO Health Offering

This section will allow PEOs to offer health insurance to their shared employees. This provides a tool to PEOs to extend some benefits directly to their employees.

Substitute Bill

During the committee process, we adopted the NAIC Pet Insurance Model Act and a few other provisions:

NAIC Pet Insurance Model Act:

Pet insurance is a rapidly growing market. This Model Act is intended to streamline the offerings and provide consumer protections in law.

Hearing Notice Provisions from Budget

This language harmonizes service of notice requirements from the budget.

Ohio Life and Health Insurance Guaranty Association

Removes redundant requirement of Health insuring corporations to include notice that the corporation is not a member of the Ohio Life and Health Insurance Guaranty Association in insurance contracts that are covered by the Association.

Confidentiality of Information

Requires that the Superintendent of Insurance maintain confidentiality of information involved with the merger or acquisition of control of a domestic insurer. This information can be personal in nature.

Assigned Risk Plan

This clarifies that insurance fraud committed against the Assigned Risk Plan falls under the insurance fraud criminal statute. It also allows for the Assigned Risk Plan to create a registration process for agents to ensure that insurance applications are submitted properly

Ohio Fair Plan

This language updates and modernizes several sections of the statute. The updates deal with increasing the number of entities that can conduct property evaluations at application. It also removes outdated language that is no longer needed for the Fair Plan.

Clarifies Treatment of Funding Agreements in the Event of Insurer Insolvency

This change clarifies how funding agreements will be treated during an insurer insolvency as to priority of payment. This clarity is needed prior to any potential insolvency to avoid confusion during the liquidation process.

Electronic Documentation Amendment:

During committee, the bill also was amended to allow plan sponsors to elect to have all communications sent electronically so long as employees are routinely communicated with in that manner. This is already permitted under Ohio statute, but the amendment clarifies the employers' ability to choose paper or electronic as default for communications. This provision excludes Medicaid, Medicare, and ERISA plans.

In Ohio, we are fortunate to have a robust and competitive insurance marketplace, and that is key to our overall economic competitiveness. The changes contained within this bill will help ensure that Ohio remains a premier state for insurance, which will continue to yield benefits for both businesses and consumers.

Thank you, Mr. Chairman, and members of the House Insurance committee for allowing me to provide sponsor testimony today on Senate Bill 175. I would be happy to answer any questions.

