



**Senator George Lang**  
**Sponsor Testimony - Senate Bill 175**  
**Senate Insurance Committee**  
**December 5<sup>th</sup>, 2023**

Chairman Hackett, Ranking Member Craig, and members of the Senate Insurance Committee, thank you for allowing me the opportunity to come before you and provide sponsor testimony on Senate Bill 175, which seeks to update insurance taxing and regulation.

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 SB 175 being this year's version. As a starting point, I must note that this bill is still going through some work. I will likely have a substitute bill for you to consider in the New Year, but today I will briefly describe all of the components of SB 175.

Currently in the bill are the following:

### **Commercial Manuscript Policies**

The ODI is tasked with reviewing rates and policy forms before they are used in the market. Insurance regulation has traditionally treated personal lines differently than commercial lines. Commercial purchases are more sophisticated and are able to more directly negotiate on the terms and language of policies. 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. Bail bonds are dealt with a little differently. Only part of the premium is remitted to the bail bonds company. ODI has found ambiguity in the current statute and this provision will clarify that only the portion of the premium remitted to the bail bond insurer will be taxed—not the amount kept by the bail bond agent. 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.

## **Future Substitute Bill**

In a future substitute bill, we hope to have provisions dealing with adoption of the NAIC Model Pet Insurance Act. Pet insurance is a rapidly growing market. This Model Act is intended to streamline the offerings and provide consumer protections in law. This bill has received a great deal of work and the ODI is currently reviewing the bill draft.

There may be a few additional items that need to be included in the bill. As we work together on this legislation, I look forward to explaining any additional changes.

Mr. Chairman, thank you for allowing me to present testimony on Senate Bill 175. We here in Ohio 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. SB 175 represents another step forward in our efforts to make Ohio the most business-friendly state in America - one where all Ohioans can flourish and prosper.

I am happy to answer any questions that the committee may have.