Ohio Insurance Institute
Representing Ohio's property/casualty insurance industry

Our mission
To act as the Ohio property and casualty insurance industry's voice on matters affecting or involving the industry.

Ohio Insurance Institute
172 E. State St., Suite 201
Columbus, OH 43215
P: 614.228.1593
F: 614.228.1678
ohioinsurance.org

Proponent Testimony—SB 65 Vehicles (Lang)

Michael D. Farley, Esq., Vice President, Government Affairs and General Counsel

Chair Wilson, Vice Chair Lang, Ranking Member Craig, and members of the Senate Financial Institutions, Insurance, and Technology Committee, thank you for the opportunity to testify in support of Senate Bill 65.

I am Michael Farley, and I have the distinct honor to serve as the Vice President, Government Affairs and General Counsel for the Ohio Insurance Institute ("OII"). The OII is a trade and information association of more than 55 Ohio-based property and casualty insurance companies and related affiliate organizations. OII members write approximately 90% of home and auto insurance in Ohio and 81% of home insurance. And OII members write more than three-quarters of the commercial insurance in the state.

Ohio Revised Code 4509.70 requires that a market of last resort or an Ohio assigned risk plan be created. The Ohio Insurance Institute currently manages this plan. We have seen extreme levels of attempted fraud and abuse by actors seeking to gain access to this market, which is intended to represent those who are unable to otherwise find coverage in the traditional marketplace. However, the robust strength of Ohio's insurance marketplace makes it highly desirable for various actors to access, despite the fact that they are not otherwise eligible. Put very simply, these actors are looking for cheaper rates and are willing to do whatever it takes to obtain them.

The language under consideration as part of Senate Bill 65 would require an agent to conduct a diligent search prior to submitting an application for insurance through the Ohio Assigned Risk Plan. There are a handful of technical provisions. These give guidance to agents to let them know what happens when the insured fails to communicate, or other types of communication issues occur, so as not to indefinitely delay the application.

During discussions regarding this legislation, the Ohio Department of Insurance asked to harmonize the diligent search requirements for the Ohio Assigned Risk Plan with those for surplus lines markets found in Ohio Revised Code 3905.33. Senate Bill 65 provides the Plan with the ability to discipline agents who do not comply with this new requirement.

Mr. Chairman, thank you again for the opportunity to testify here today. Our goal is to prevent fraud, protect Ohio policy holders, and ensure that only truly eligible parties are receiving coverage from the market of last resort. I'm happy to answer any questions the committee may have.