



Interested Party Testimony from Carolyn Mangas on Substitute Senate Bill 246

Before the Senate General Government & Agency Review Committee

Nov. 18, 2020

Chairman Schuring, Vice Chairman Rulli and Ranking Member O'Brien, 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 on Substitute Senate Bill 246.

OIA is the collective voice of more than 1,300 independent insurance agencies that employ more than 10,000 Ohioans. We promote, progress and protect the professional advice and guidance only independent agents provide. Our members write 82 percent of the commercial insurance policies and 44 percent of personal insurance policies in Ohio. 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.

While insurance is regulated by each state, over the last two decades, states around the country have worked to establish an efficient and uniform insurance agent licensing system that works in harmony with each other. The development of this system was important not only for reciprocity purposes, but also to fend off the federal preemption of state insurance licensing laws. In order to help meet this goal, a national licensing model called the Producers Licensing Model Act was developed by the National Association of Insurance Commissioners (NAIC). Each of the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands have adopted legislation substantially similar or related to the NAIC Producer Licensing Model Act. This licensing system has worked well for Ohio's nearly 73,000 licensed resident insurance agents and 181,00 licensed non-resident insurance agents.

While OIA appreciates the goals of Substitute Senate Bill 246, its impact on insurance licensing will actually run counter to the overall objective of the proponent's goals by making insurance licensing more difficult. Substitute Senate Bill 246 also does not recognize the distinction that exists between Ohio's resident insurance licenses and Ohio's nonresident insurance licenses. This is problematic and will create chaos as Ohio's licensing structure needs to be in compliance with the Producer Licensing Model Act for both resident insurance agent licensing and nonresident insurance agent licensing. Should Substitute Senate Bill 246 move forward as drafted, not only will it become more difficult for non-Ohio residents to obtain an insurance license to do business in Ohio, but it will also cause problems for Ohio residents to obtain insurance licenses in other states. This is a serious concern as many of our members are located in cities that border surrounding states such as Kentucky, Indiana, Michigan, West Virginia and Pennsylvania and thus have nonresident insurance licenses in order to be able to conduct insurance business in these respective states. We also have many members who have insurance licenses in states such as Florida so they can meet the needs of their clients who do not live in Ohio full-time.

In a nutshell, it is crucial that Ohio's insurance licensing system remains conformed to the national Producer Licensing Model Act or else Ohio will face consequences such as retaliation from other states.

As a result of our concerns with Substitute Senate Bill 246, we ask that committee members consider further changes to this legislation to ensure that Ohio's thriving insurance industry is not negatively impacted by the unintended consequences that would result from this legislation as it is currently drafted.

Should members of the committee have any questions, I encourage them to reach out to me.