



Our mission

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

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Proponent Testimony—SB 64 (Hottinger, Lang)

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Chair Roegner, Vice Chair McColley, Ranking Member Craig and members of the Senate Government Oversight and Reform Committee thank you for allowing me to come before this Committee to discuss the importance and necessity of prompt passage of Senate Bill 64. 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 87% of auto insurance in Ohio and 81% of home insurance. And OII members write about two-thirds of the commercial insurance in the state.

As a threshold consideration, the OII thanks Chair Roegner, Vice Chair McColley, and former Senate President Obhof for their work in reforming Ohio’s regulatory climate. The insurance industry is one of the most regulated industries in our state. We appreciate the commonsense approach to business interaction with government. This is the backstop of our approach to supporting SB 64. Our industry has advocated the lightest possible regulatory touch in order to protect consumers. We also thank Senators Hottinger and Lang for their approach to this problem.

Our homes are often our most significant financial asset and investment. The roof is a major component of ensuring the integrity of this investment. However, most homeowners are not aware of the current state of their roof. Moreover, most homeowners are not aware of the state of their roof after a natural disaster.

Typically, after natural disasters—and candidly any given day—unscrupulous contractors descend upon unsuspecting homeowners. When someone knocks on your door, presenting as an expert, humans tend to give the purported expert the benefit of the doubt. Particularly during a natural disaster, people are overwhelmed with various necessities of recovery. These necessities include debris removal and also communicating with friends, family, and neighbors to see if they are harmed by the storm. With this maelstrom in front of you, a friendly face knocks on the door and offers to take care of your roof. One more problem taken care of, now you can move

on to the next problem. You may quickly sign the contract. You may just say “sure”, and the work partially begins. By saying “sure” you may have been impressed and thought it was a good deal. Only after a massive hole in your roof and no sign of the contractor, do you realize that this is not a good deal—but a nightmare.

Senate Bill 64 recognizes that the situation described above is not uncommon in Ohio. This legislation puts into place basic consumer protections to allow homeowners some piece of mind. Amongst these protections are provisions that allow consumers to cancel the contract three days after finding out that their insurer has denied their claim, in whole or in part. This protection functionally is a safeguard against a rogue contractor that hops on a roof and—after noticing a handful of missing shingles—that the roof needs to be entirely replaced. The insurance claims professionals assess the damage and says that part of the roof needs repair but not the whole roof. Without this three-day cancellation provision, the homeowner would be on the hook for the difference of price. This can be a devastating turn of events.

At the heart of SB 64 is the consumer. The protections found in SB 64 are largely consistent with protections found in over half of states. Of particular note, all but one of our surrounding states have similar protections in their laws. Our neighboring state to the north has some basic home improvement provisions but not as robust as our other surrounding states. Ohio becomes a target of unscrupulous roofing contractors because of a lack of legal protections for homeowners.

In closing, I am the son of a former roofing contractor. The vast, vast majority of roofing contractors are honest and trustworthy. Like any profession, there are bad actors that prey upon trusting consumers. Our efforts here are to codify these elemental protections.

Thank you for the opportunity to present testimony today. I am happy to answer any questions you may have.