

Jay Hottinger
State Senator
31st District



Bob Hackett
State Senator
10th District

Senate Bill 273, Sponsor Testimony
Senate Insurance Committee
February 9, 2022

Vice-Chair Romanchuk, Ranking Member Craig and members of the Senate Insurance Committee, thank you for the opportunity to provide sponsor testimony on Senate Bill 273.

This legislation will update Ohio law in order to align it with the National Association of Insurance Commissioners (NAIC) Life and Health Insurance Guaranty Association Model Act. This Model Act addresses key issues regarding guaranty fund coverage for long-term care (LTC) insurance insolvencies.

As you may know, state guaranty funds are pools of funding used to pay claims when an insurance company is deemed insolvent. These funds are essential to policyholders in the event of insurer insolvencies as they provide a critical consumer protection. This system can be greatly improved by expanding the base of insurers who contribute to the funds and by equalizing the burden shared between life and health insurance companies. Moreover, HMOs are exempt from participating in guaranty funds. Thus, assessments are spread over only a portion of the health insurance companies in a market and there is a critical gap in consumer protection as members of HMOs are not protected against insurer insolvency.

This Model Act makes two key changes to the current law. First, HMOs would be added to the assessment base for guaranty funds ensuring that all companies in the relevant insurance sector help fund an insolvency. Secondly, assessments would be split equally between health insurers and life insurance companies. Historically, health insurance companies have paid the majority of assessments for LTC insolvencies.

To date, thirty-four states have passed this NAIC Model Act.

Thank you again for allowing us to give sponsor testimony on SB 273. We would be happy to answer any questions the committee may have.