



*BEFORE THE SENATE INSURANCE COMMITTEE
PROPONENT TESTIMONY ON SENATE BILL 273*

Chairman Hackett, Vice Chair Romanchuk, Ranking Member Craig, and members of the Senate Insurance Committee, thank you for the opportunity to provide proponent testimony on Senate Bill 273. My name is Kevin Shimp and I am the General Counsel and Director of Labor and Legal Affairs for the Ohio Chamber of Commerce.

The Ohio Chamber is the state's leading business advocate, and we represent over 8,000 companies that do business in Ohio. Our mission is to aggressively champion free enterprise, economic competitiveness and growth for the benefit of all Ohioans.

The Ohio Chamber supports SB 273 because it modernizes Ohio's Life and Health Insurance Guaranty Association law. The purpose of the Ohio Life and Health Insurance Guaranty Association is to protect policyholders and assure they receive the benefit of their policy when a member insurer of the association becomes insolvent and unable to perform its contractual obligations.

Under SB 273, reforms are made that benefit Ohio businesses. First, including HMO's in the type of companies that pay assessments to the Association will better protect Ohio business owners and other consumers from potential insolvency issues. The legislation also better aligns Ohio laws with the laws of other states by adopting the National Association of Insurance Commissioners (NAIC) Model Act for Life and Health Guaranty Associations. Additionally, SB 273 will equally split future assessments between traditional health insurance companies and life insurance companies who are offering insurance policies that provide long-term care services.

These reforms will benefit Ohio businesses because it helps assure business owners who often times purchase life insurance and long-term care insurance receive the benefit of their premium even if they selected an insurance company that becomes insolvent. Likewise, more uniformity between state laws that govern Life and Health Guaranty Associations makes it easier for companies to operate in Ohio and can help increase the number of businesses that offer their products to Ohioans.

Moreover, modifying the assessment formula to reflect the marketplace of today where health plans are not underwriting a significant number of long-term care insurance policies is a key reform since it assigns assessment costs to those who are most engaged in the marketplace.

The Ohio Chamber also strongly believes adopting the NAIC Model Act as proposed by SB 273 is a crucial part of balancing the interests between all parties who are implicated by Ohio's Life and Health Guaranty Association, and we urge the committee to avoid any deviation from the as-introduced version of SB 273.

In closing, the Ohio Chamber urges your favorable consideration of SB 273 because its enactment will modernize Ohio's Life and Health Insurance Guaranty Fund in a way that aligns our laws with the laws of other states, better protects the purchasers of long-term services care policies, and updates the assessment formula to reflect current marketplace trends.