

Ohio House of Representatives



State Representative Derek Merrin District 47

**House Bill 339 – Sponsor Testimony
Insurance and Financial Institutions Committee
May 27, 2020**

Chairman Hackett, Vice-Chairman Hottinger, Ranking Member Craig, and Members of the Insurance and Financial Institutions Committee, thank you for the opportunity to present testimony on the Insurance Code Correction Act. The legislation has three parts.

First, this legislation clarifies that, when providing services to nonprofit entities, a regional council of governments will continue to be exempted from Ohio's insurance laws, if the council does not perform the functions of a third-party administrator. This issue was brought forward by the Jefferson Health Plan (JHP), which provides health insurance benefits to nearly 200 local governments in Ohio.

By purchasing benefits through a consortium, the Jefferson Health Plan achieves cost-savings for their members. This legislative clarification would enable JHP and other Regional Council of Governments to provide services to nonprofit entities. By being able to expand membership, Jefferson Health Plan can help their current members reduce costs. Similar legislative language in this bill was included in the House passed version of HB 166. During the HB 166 legislative process, the Jefferson Health Plan and Department of Insurance mutually developed the language in HB 339.

Second, the legislation extends the legal limit for backdating a life insurance policy from 3 months to 6 months. With life insurance, premiums typically increase as you age. By extending the legal limit on backdating, we are allowing individuals to take advantage of lower premium rates, while allowing life insurance companies to collect premiums for the backdated months.

Our neighboring states of Michigan, Indiana, and Pennsylvania allow for 6 months. The industry standard across the nation is 6 months, so we will be aligning Ohio's laws with the accepted standard. Furthermore, this change provides Ohio consumers more options and flexibility when purchasing life insurance.

Lastly, the legislation fixes 51 errors in the insurance code. The Legislative Service Commission has done an extensive review to identify problems needing fixed. Those errors include misspelled words, missing words or phrases, incorrect punctuation, and cross-reference errors.

This legislation is a major step forward fixing unacceptable mistakes. Errors lead to confusion and legal challenges. A sound legal code is foundational to efficient governing and a strong economy. At this time, I do not believe there are any opponents to the legislation. I ask for the committee's support, and welcome any questions members may have at this time.