



Written Testimony – Senate Transportation, Commerce, and Workforce Committee
Sub. House Bill 263 (Koehler)
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Chairman McColley, Ranking Member Antonio, and members of the Senate Transportation, Commerce, and Workforce Committee, my name is Meredith Craig and I am the Assistant Director of Government Affairs for the Ohio Department of Insurance (the department). The purpose of my written comments is to provide the background of insurance agent licensing and to note areas in the bill we would like to see removed.

Ohio insurance law is often based on national standards set by the National Association of Insurance Commissioners (NAIC) through model language all states use to strengthen state-based insurance regulation. As a member of the NAIC, the department has adopted the *Producer Licensing Model Act* (PLMA), granting licensure reciprocity with other NAIC member states and U.S. territories to maintain licensure uniformity across the insurance industry.

House Bill 263 removes nearly all ambiguous “moral character requirement” clauses from the Ohio Revised Code as conditions for an individual to meet for licensure. The department understands the Legislature’s intent to remove these broadly subjective requirements and move to objective requirements related to an individual’s ability to perform the occupation. However, the department believes it is important to retain existing law. Specifically, the department believes agents must be held to a higher standard in order to protect Ohio consumers given the amount of financial information that is exchanged, included often times access to bank accounts, in accordance with the NAIC model act. For these reasons, the department is also supportive of lengthening the lookback time period in order to safely vet applicants.

Additionally, the department has two technical fixes that are needed. Two sections of our code were inadvertently included in the legislation and do not deal with occupational licensing. We are requesting these sections be removed from HB 263 and retain its current language in the Ohio Revised Code.

- **R.C. 1751 Health Insuring Corporation (“HIC”) certificates of authority.** Existing law, under R.C. 1751.05 says that the superintendent of Insurance shall issue a certificate of authority if the superintendent finds that all of the listed conditions are met, one of which is that “[t]he persons responsible for the conduct of the affairs of the applicant are competent and trustworthy, and possess good reputations.” HB 263 strikes “and possess good reputations.” The existing provision does not give the superintendent the ability to deny an individual an occupational license based on a nonspecific qualification; rather, it requires that we find that the individuals responsible for the affairs of the company possess good reputations during the normal course of licensing an insurance company.

- **R.C. 3931.11 Licensure of Reciprocal Exchanges.** A reciprocal refers to a group of individuals who agree to share each other's insurance risks through the exchange of insurance contracts or policies. This section deals with the licensing of the reciprocal.

On behalf of the department, I thank you for your consideration of these changes. I am available to help answer any questions members should have.