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S.B. 236
134th General Assembly

Bill Analysis

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Version: As Reported by House Technology and Innovation

Primary Sponsors: Sens. Wilson and Lang

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SUMMARY

- Deems purchasing a policy of insurance through an online website or application to be consent to receiving communication related to the policy via electronic transmission.
- Makes such communications subject to the requirements of the Insurance Automated Transaction Law.
- Specifies that these consumers may request and receive all communication related to the policy via paper.
- Requires, for an insurer, repair facility, or installer to use a salvage motor vehicle part to repair a motor vehicle, that the part be sourced from a licensed salvage motor vehicle dealer, rather than requiring that the part be removed from a salvage motor vehicle by a licensed dealer as under current law.

DETAILED ANALYSIS

Automated insurance transactions

Consent to electronic communication

The bill amends the law pertaining to automated transactions between insurers and consumers. Under existing law, if a consumer consents, insurers may conduct business with that consumer via automated transaction. "Automated transaction" is defined as being a transaction conducted or performed by electronic means or electronic records, in which the acts or records of one or both parties are not reviewed by an individual.

The bill expands the Insurance Automated Transaction Law by prescribing that a consumer who purchases a policy of insurance through an online platform is considered to be consenting to conduct the business of insurance via automated transaction. And as such, the consumer will be considered to have affirmatively consented to have all notices and documents related to the policy delivered electronically. But, these provisions are not to be construed as

requiring an insurer to offer or otherwise provide an online platform to conduct the business of insurance.

An “online platform” is a website or other digital application designed to facilitate the purchase of insurance policies from a licensed insurer. If a consumer purchasing a policy of insurance via an online platform requests to receive notices and documents in paper format, then the insurer must provide all notices and other documents related to the policy to the consumer in paper format.¹

Requirements for automated transactions

Existing law imposes certain requirements on insurers conducting business via automated transactions. These requirements would also apply to the electronic communication authorized under the bill. Under existing law, automated transactions are subject to all of the following:

- The transmission of information must be in compliance with the Uniform Electronic Transactions Act.
- Notices of cancellation, nonrenewal, or termination must be delivered via the last known contact point of the consumer.
- All other information may be delivered via a secure website.
- Changes to a policy that are delivered via a secure website must meet minimum standards.
- All automated transactions must inform the consumer that the consumer may withdraw consent to receiving information via automated transaction and must also provide information on how to withdraw consent.
- A withdrawal of consent to receive information via automated transaction is to be effective no later than ten business days after receipt.²

Salvage motor vehicle parts

The bill modifies a requirement for an insurer, repair facility, or installer to use a salvage motor vehicle part to repair a motor vehicle. It requires that the part be sourced from a licensed salvage motor vehicle dealer, instead of requiring that the part be removed from a salvage motor vehicle by a licensed dealer as under current law.³ The Motor Vehicle Salvage Law⁴ regulates the sale of salvage motor vehicle parts and, among other things, requires a

¹ R.C. 3901.41(A) and (J).

² R.C. 3901.41(B) to (E).

³ R.C. 1345.81.

⁴ R.C. Chapter 4738.

person to obtain a license to engage in the business of selling those parts at retail to a consumer.⁵

HISTORY

Action	Date
Introduced	09-28-21
Reported, S. Insurance	12-15-21
Passed Senate (33-0)	01-26-22
Reported, H. Technology & Innovation	04-12-22

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⁵ R.C. 4738.01 and 4738.02, not in the bill.