



Ohio Legislative Service Commission

Ruhaiza Ridzwan

Fiscal Note & Local Impact Statement

Bill: H.B. 259 of the 131st G.A.

Date: June 29, 2015

Status: As Reported by House Insurance

Sponsor: Reps. Ryan and Sears

Local Impact Statement Procedure Required: No

Contents: To regulate certificates of insurance prepared or issued to verify the purchase of property or casualty insurance coverage

State Fiscal Highlights

- The bill may increase the Department of Insurance's administrative costs. If there is any increase in such costs, it would be paid from the Department of Insurance Operating Fund (Fund 5540).
- The bill allows the Superintendent of Insurance to impose penalties. Any penalties collected by the Superintendent may help offset such administrative costs.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill provides for the creation of a certificate of insurance, a document that is prepared or issued by an insurer or a licensed insurance agent to verify the purchase of property and casualty coverage, and regulates the content, preparation, and issuance of such certificates. The bill states that a certificate of insurance is not a policy of insurance and cannot be used to confer to any person new or additional rights beyond what the referenced policy of insurance expressly provides. The bill also specifies that a certificate holder is entitled to notice of cancellation or nonrenewal concerning a policy of insurance only if the certificate holder is named within the policy and the policy requires notice to the holder.

The bill allows the Superintendent of Insurance to (1) require a person who violates any requirement related to certificates of insurance to cease and desist from the actions constituting the violation, (2) assess a civil penalty not to exceed \$1,000 per violation, or (3) do both. All penalties assessed under this bill would be deposited into the Department of Insurance Operating Fund (Fund 5540).

The bill also allows the Superintendent to investigate the activities of any person the Superintendent reasonably believes has engaged in or is engaging in an act or practice prohibited under this bill. The bill permits the Superintendent to adopt necessary rules to implement the requirements in the bill.

Fiscal effect

The bill may increase the Department of Insurance's administrative costs due to the regulation of certificates of insurance. If there is any increase in such costs, it would be paid from the Department of Insurance Operating Fund (Fund 5540). The bill also allows the Superintendent of Insurance to impose penalties. Any penalties collected by the Superintendent may help offset such administrative costs.