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Office of Research and Drafting

Legislative Budget Office

S.B. 65
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136th General Assembly

Fiscal Note & Local Impact Statement

Click here for S.B. 65's Bill Analysis

Version: In Senate Financial Institutions, Insurance and Technology

Primary Sponsor: Sen. Lang

Local Impact Statement Procedure Required: No

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Highlights

- The bill may minimally increase the Department of Insurance's administrative costs for ensuring insurers doing business in the state comply with the requirements related to ancillary product protection contracts. Any increase in the Department's administrative costs would be paid from the Department of Insurance Operating Fund (Fund 5540).
- No direct fiscal effect on political subdivisions.

Detailed Analysis

The bill expands the types of products offered in connection with a lease of a motor vehicle that are exempt from state insurance laws. In doing so, it establishes a new class of motor vehicle products, makes changes to debt cancellation or debt suspension products, and modifies motor vehicle ancillary product protection contracts.

Excess wear and use waivers

The bill stipulates that an "excess wear and use waiver"[1] is not an insurance product and defines it for use in commercial transactions associated with leasing of motor vehicles. The bill specifies that the terms of a related motor vehicle lease must not be conditioned upon the consumer's payment for any excess wear and use waiver. Excess wear and use waivers may be

[1] An "excess wear and use waiver" means a contractual agreement that is part of, or a separate addendum to, a lease agreement for use of a motor vehicle, under which the lessor agrees, with or without a separate charge, to do any of the following: (1) cancel or waive all or part of amounts that may become due under a lessee's lease agreement as a result of excess wear and use of a motor vehicle, and (2) cancel or waive amounts due for excess mileage.

discounted or given at no extra charge in connection with the purchase of other noncredit-related goods or services.

Debt cancellation or debt suspension products

The bill modifies debt cancellation or debt suspension products. Under the bill, such products may also provide, with or without a separate charge, a benefit that waives an amount, or provides a borrower with a credit, towards the purchase of a replacement motor vehicle. The bill specifies that a charge for any optional debt cancellation or debt suspension product must not be considered a finance charge or interest. Under continuing law, a "debt cancellation or debt suspension product" is an agreement, exempt from state insurance laws, that cancels any debt associated with a motor vehicle that is destroyed or stolen.

Ancillary product protection contracts

The bill modifies requirements for ancillary product protection contracts and adds additional services that would be eligible for such contracts, which are exempted from state insurance laws. The bill expands the current definition of a "motor vehicle" to also include under speed vehicles for the purpose of motor vehicle ancillary product protection contracts. The bill also specifies that a motor vehicle ancillary product protection contract includes a vehicle value protection agreement, which is a contract that provides benefits when a motor vehicle is damaged, lost, stolen, or otherwise depreciates in value. The bill also requires all motor vehicle ancillary product protection contract providers in Ohio to comply with certain requirements as outlined under the bill.

Fiscal effect

The bill may minimally increase the Department of Insurance's administrative costs for ensuring insurers doing business in the state comply with the bill requirements. Any increase in the Department's administrative costs would be paid from the Department of Insurance Operating Fund (Fund 5540). The bill has no direct fiscal effect on political subdivisions.

Bureau of Motor Vehicles

Reporting of failure to maintain financial responsibility

The bill allows any person who suffers injury or property damage to report a driver or owner of a motor vehicle involved in an accident to the Bureau of Motor Vehicles (BMV) for failure to maintain financial responsibility, as opposed to only drivers involved in the accident. This provision is not expected to have a discernible impact on the overall workload of the BMV.

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