



OHIO LEGISLATIVE SERVICE COMMISSION

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Fiscal Note & Local Impact Statement

Bill: S.B. 169 of the 132nd G.A.

Status: As Reported by Senate Insurance & Financial Institutions

Sponsor: Sen. Wilson

Local Impact Statement Procedure Required: No

Subject: To authorize the Department of Insurance to oversee the sale of travel insurance

State Fiscal Highlights

- The bill would increase the Department of Insurance's administrative costs related to regulation and enforcement of the new limited lines travel insurance. Any such costs would be paid from the Department of Insurance Operating Fund (Fund 5540).
- The bill would increase revenues related to limited lines travel agent fees. The bill would permit the Superintendent of Insurance to impose a fee of up to \$50 for an initial license application fee, and up to \$50 for a biennial renewal fee. The amount of revenue resulting from such fees would depend on the number of agents submitting applications, and the revenue would be deposited into Fund 5540.
- The bill provides that any limited lines travel insurance agent or travel retailer that does not comply with its provisions would be committing an unfair and deceptive act or practice in the business of insurance, which carries civil penalties. Any increase in revenue from such penalties would depend on compliance with the bill's requirements. LSC staff assume that such fees would be deposited into Fund 5540.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill proposes to regulate the sale of limited lines travel insurance. The bill allows the Superintendent of Insurance to issue a "limited lines travel insurance agent" license to qualified individuals or business entities. The bill defines "travel insurance" as insurance coverage for personal risks incident to planned travel, including interruption or cancellation of a trip or event, loss of baggage or personal effects, damages to accommodations or rental vehicles, or sickness, accident, disability, or death occurring

during travel.¹ The bill prohibits anyone from selling travel insurance in Ohio without such a license.

The bill provides that each applicant for a limited lines travel insurance agent license must pay an application fee as prescribed by the Superintendent, but not to exceed \$50 for an initial license and a biennial license renewal fee of up to \$50 for each renewal thereafter. The bill specifies that such fees are to be deposited into the Department of Insurance Operating Fund (Fund 5540). The bill specifies that a limited lines travel insurance agent, and those registered under the agent's license, are exempted from any examination and education requirements under section 3905.04 of the Revised Code.

The bill imposes various restrictions and requirements on travel retailers² and travel insurance agents. It specifies, for example, that agents are required to establish and maintain a register, on a form prescribed by the Superintendent, of each travel retailer that offers travel insurance on the agent's behalf, and that the agent must submit the register to the Department upon reasonable request.³ Other requirements and restrictions have no fiscal effects, and are explained in the LSC bill analysis.

The bill specifies that any limited lines travel insurance agent, or any travel retailer offering and disseminating travel insurance under the limited lines travel insurance agent license, that fails to comply with the requirements under this bill is considered to have engaged in an unfair and deceptive act or practice in the business of insurance. Under current law, if the Superintendent finds that a person has engaged in such an act or practice, the Superintendent may take a variety of actions, including issuing a cease and desist order, imposing a civil penalty of up to \$25,000, suspending or revoking an insurance license, and ordering corrective actions.

Fiscal effect

The bill would expand the Department of Insurance's regulatory and enforcement responsibilities related to the new limited lines travel insurance agents, thereby increasing the Department's administrative costs. However, LSC staff believe that any increase in such expenditures would likely be minimal. Currently, the Department's administrative costs are paid from Fund 5540. The license fee revenue is deposited into Fund 5540, helping to defray the administrative costs. In addition,

¹ The bill specifies that "travel insurance" does not include major medical plans that provide comprehensive medical protection for a traveler with a trip lasting six months or longer, including a plan covering a person working overseas as an expatriate or in a deployed military unit.

² Under the bill, "travel retailer" means a business entity that makes, arranges, or offers travel services, and that may offer or sell travel insurance as a service to its customers on behalf of, and under the direction of, a limited lines travel insurance agent.

³ At such a time, the retailer must also certify that he or she complies with federal law related to insurance affecting interstate commerce.

Fund 5540 may receive revenue from penalties assessed by the Superintendent due to individuals committing newly defined unfair and deceptive acts or practices in the business of insurance. The amount of revenue collected would depend on the compliance of insurers and retailers with the bill's requirements.

The bill has no direct fiscal effect on political subdivisions.

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