



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 300 of the 128th G.A.

Date: October 27, 2009

Status: As Introduced

Sponsors: Reps. Dyer and Hottinger

Local Impact Statement Procedure Required: No — No local cost

Contents: To make changes to the law governing the licensure and regulation of insurance agents and certain insurance-related taxes

State Fiscal Highlights

STATE FUND	FY 2010	FY 2011	FUTURE YEARS
General Revenue Fund			
Revenues	Potential minimal gain or loss	Potential minimal gain or loss	Potential minimal gain or loss
Expenditures	- 0 -	- 0 -	- 0 -
Department of Insurance Operating Fund (Fund 5540)			
Revenues	Potential gain or loss	Potential gain or loss	Potential gain or loss
Expenditures	Potential increase	Potential increase	Potential increase

Note: The state fiscal year is July 1 through June 30. For example, FY 2010 is July 1, 2009 – June 30, 2010.

- The bill may increase the Department of Insurance's administrative expenses related to insurance agent licensing requirements and regulations. If there is any increase in such costs, it is likely to be minimal. Any such costs would be paid from the Department of Insurance Operating Fund (Fund 5540).
- Various provisions in the bill may affect fee revenue to Fund 5540. LSC staff do not have sufficient information at this time to determine whether the net effect of the various changes would be to increase or decrease revenue to the fund, but believe that any such change in revenue amounts is likely to be minimal.
- Some of the fee revenue provisions of the bill may affect revenue to the GRF. Though LSC staff are unsure of the likely direction of change, the change is likely to be minimal.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill proposes to make several changes to insurance agent licensure requirements and regulation of insurance agents. It modifies the due date for foreign insurers' filing requirements. The bill is intended to conform Ohio's insurance agent regulations with other states'. Most of the provisions have no significant fiscal effect on the state, and none of the provisions have any fiscal effect on local governments. The following provisions may have a significant fiscal effect, but LSC is unsure of the specifics regarding the fiscal effects, and as of this writing Department of Insurance officials have not had sufficient time to respond to inquiries regarding the fiscal effects.

The bill requires all resident and nonresident agents, except for individual resident agents who have met their continuing education requirements, surety bail bond agents, and surplus line brokers, to renew their licenses biennially. The bill requires the Superintendent of Insurance to send a renewal notice to all licensees at least one month prior to the renewal date specified in the bill. All renewal applications must be accompanied by a \$25 biennial renewal fee and any necessary document as required by the Superintendent.

The bill involves the Department more directly in the criminal record check process associated with applications for licensure. The Department is directed to request such records checks be conducted by the Superintendent of the Bureau of Criminal Identification and Investigation and by the Federal Bureau of Investigation.

The bill increases the number of hours of required continuing education for agents from 20 hours every two years to 24 hours.

The bill requires all applicants for licensure as a resident or nonresident insurance agent, excluding surety bail bond agents, to pay a \$10 fee for each line of authority requested. Current law requires the fee be paid by applicants for licensure as individual insurance agents.

In addition, the bill repeals current law requirements governing the appointment of solicitors by an agent.

Fiscal Effect

The bill may increase the Department of Insurance's administrative costs due to the provisions described above. Any increase in such costs would be paid from the Department of Insurance Operating Fund (Fund 5540). The fee changes described above may also increase or decrease revenue to Fund 5540. LSC staff are unsure of the magnitude of the potential cost increases and are unsure of the direction or magnitude of the changes in revenue. Officials with the Department of Insurance have not had sufficient time, as of this writing, to provide an analysis of the fiscal effects of the bill. LSC staff consider it likely, however, that any increase in expenditures would be minimal, and that any change in fee revenue would also be minimal.

The fee changes may have an impact on the GRF. LSC staff are unsure of the direction of the change, but believe that any such effect on the GRF would likely be minimal. New language in the bill in section 3905.40, which directs all revenue from fees established in that section to Fund 5540, apparently conflicts with continuing language in section 3901.021(B) that directs 30% of the revenue from some of those fees to the GRF.

The bill changes the due date for the foreign insurers' tax from January 31 each year to March 31. This change affects the timing of receipts from the tax, but does not change the amount received.

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