



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 70 of the 129th G.A.

Date: May 16, 2011

Status: As Introduced

Sponsor: Rep. Luckie, II

Local Impact Statement Procedure Required: No

Contents: To prohibit an insurer from using a credit score, credit history, or credit report for making determinations related to a policy or contract of insurance

State Fiscal Highlights

STATE FUND	FY 2012	FY 2013	FUTURE YEARS
Department of Insurance Operating Fund (Fund 5540)			
Revenues	Potential minimal gain	Potential minimal gain	Potential minimal gain
Expenditures	Potential minimal increase	Potential minimal increase	Potential minimal increase
Other state funds			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	- 0 -	- 0 -

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 costs due to a potential increase in the number of insurance forms that may be refiled by insurers for review. Any such increase would likely be minimal. Insurers are also required to pay filing fees for any forms for review, the revenue from which is deposited into the Department's Operating Fund (Fund 5540).
- The Department of Insurance's penalties collection may increase if an insurer violates the bill's requirements. Penalties are currently deposited in Fund 5540.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill prohibits an insurer from using an individual's "credit score," "credit history," or "credit report" as defined by the bill in setting a premium rate, or other terms and conditions of an insurance policy, or in determining whether to issue, continue, or renew an insurance policy. The bill provides that any insurer that uses an individual's credit score, credit report, or credit history for policy or contract determinations is guilty of an unfair and deceptive act or practice in the business of insurance.

Fiscal effect

The bill may increase the Department of Insurance's administrative costs due to a potential increase in the number of insurance policy forms that would be filed by insurers for review. Any such increase would likely be minimal. Insurers are required to pay filing fees for any forms for review. Currently, the fees are deposited into the Department of Insurance Operating Fund (Fund 5540).

The bill may also increase the Department's penalties collection if an insurer, which is regulated by the Department, violates the bill's requirements. Unfair or deceptive acts or practices in the business of insurance may be subject to civil penalties up to \$3,500 per violation, or \$35,000 in the aggregate during a six-month period, under section 3901.22 of the Revised Code. The Department is also allowed to recover one-half of its costs of enforcing the law, up to \$100,000. Penalties and other recovered amounts are currently deposited in Fund 5540.

The bill would have no direct fiscal impact on local governments.