



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [H.B. 331 of the 130th G.A.](#)

Date: November 18, 2013

Status: As Introduced

Sponsor: Reps. Romanchuk and Letson

Local Impact Statement Procedure Required: No

Contents: To regulate the licensure of limited lines travel insurance agents in this state

State Fiscal Highlights

STATE FUND	FY 2014	FY 2015	FUTURE YEARS
Department of Insurance Operating Fund (Fund 5540)			
Revenues	Gain	Gain	Gain
Expenditures	Potential minimal increase	Potential minimal increase	Potential minimal increase

Note: The state fiscal year is July 1 through June 30. For example, FY 2014 is July 1, 2013 – June 30, 2014.

- 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 allows the Superintendent of Insurance to impose certain penalties. The amount of revenue collected would depend on the compliance of limited lines travel insurers with the bill's requirements. Any such penalties would be deposited into Fund 5540.
- The bill would increase revenues related to limited lines travel agent fees. Any increase in such fees would depend on the number of such agents. LSC staff assumed 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 licensure of limited lines travel insurance agents in Ohio. 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. The bill allows the Superintendent of Insurance to issue a "limited lines travel insurance agent" license to qualified individuals or business entities. The bill also requires limited lines travel insurance agents to pay any applicable fee as required under Chapter 3905. of the Revised Code. However, the bill does not specify a fund into which to deposit such fees. 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 current law for insurance agents.

The bill authorizes a licensed limited lines travel insurance agent to sell, solicit, or negotiate travel insurance through a licensed insurer if the individual or business entity has filed with the Superintendent an application in a form and manner prescribed by the Superintendent. The bill defines a "limited lines travel insurance agent" as a licensed managing general agent or a licensed third-party administrator or a licensed insurance agent, including a limited lines agent, designated by an insurer as the travel insurance designated responsible agent under the bill.

The bill also allows a licensed "travel retailer" to offer and disseminate travel insurance under a limited lines travel insurance agent that is a business entity only if it meets certain conditions. Under the bill, "travel retailer" means a business entity that makes, arranges, or offers travel services, and that may offer and disseminates travel insurance as a service to its customers on behalf of, and under the direction of, a limited lines travel insurance agent. The bill also specifies disclosure requirements to prospective customers.

The bill specifies, at the time the Superintendent issues a limited lines travel insurance agent license, the agent is 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. The bill specifies that the register must include certain information. The bill also requires the limited lines travel insurance agent to submit the register to the Department of Insurance upon reasonable request and certify that the registered travel retailer complies with federal law related to insurance affecting interstate commerce. In addition, the bill requires the limited lines travel insurance agent to update such register annually.

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. Thus, it increases 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 the Department of Insurance Operating Fund (Fund 5540). The bill allows the Superintendent of Insurance to impose certain penalties on limited lines travel insurers related to an unfair and deceptive act or practice in the business of insurance. All revenue related to such penalties would be deposited into Fund 5540. The amount of revenue collected would depend on the compliance of insurers with the bill's requirements. In addition, the provision allowing the Superintendent to charge fees related to limited lines travel insurance agent requirements may increase revenue to Fund 5540, assuming such fees would be deposited into Fund 5540. Agent appointment fees under current law (R.C. 3905.40(A)) are \$20 per appointment; of this amount \$15 goes to Fund 5540 and \$5 goes to the GRF.