



H.B. 278 Implementation

On December 20, 2012, Governor Kasich signed H.B. 278, which changed several motor vehicle insurance-related provisions. Ohio law requires insurers to make filing submissions whenever the insurer amends any motor vehicle policy forms or rating plans utilized, sold or offered for sale in this state.

The purpose of this document is to highlight the insurance law changes with respect to filing submissions and address questions that have been posed to the Department by the motor vehicle insurance industry.

The following provisions are effective March 22, 2013:

(1) Intra-Family Coverage

- An amendment to section 3937.18 of the Ohio Revised Code (ORC) and the enactment of ORC 3937.46 restricts the application and enforceability of intra-family exclusions in motor vehicle insurance policies with respect to claims or suits for damages made against the owner or operator under Chapter 2125 of the Ohio Revised Code.
- This restriction applies to motor vehicle insurance policies issued or renewed in Ohio on or after March 22, 2013. A policy in effect immediately prior to March 22, 2013 shall remain in effect for the remainder of the term of that policy.
- If an insurer's policy provides intra-family coverage as required by, or more broadly than that required by the statutory revisions, and the insurer does not intend to amend its policy language, then no filing submission is necessary.
- If an insurer's policy language is not in compliance, the exclusion would be unenforceable and the insurer should submit revised policy language.
- The submitted policy language should demonstrate compliance with the statutory revisions when uninsured/underinsured motorist coverage is purchased by the insured, as well as when the insured chooses not to purchase uninsured/underinsured motorist coverage.
- If the insurer intends to comply by submitting an amendatory endorsement, the filing submission should also include the automobile insurance policy, and if relevant, the uninsured/underinsured motorist coverage endorsement and any state amendatory endorsement so that the amendatory language can be reviewed in the context of the entire policy.

(2) Territory Definitions

- ORC 3901.21 has been amended to remove municipal boundary rating restrictions thereby allowing insurers to charge differing rates within a municipal boundary, as long as the rates are not excessive, inadequate, or unfairly discriminatory, pursuant to division (D) of section 3937.02 of the Ohio Revised Code .
- Until an insurer chooses to revise its territory definitions, no filing submission is necessary.
- If an insurer intends to define territories by zip code, the filing submission should indicate the insurer's procedures for newly created zip codes, revisions to zip code boundaries and deletion of zip codes by the United States Postal Service.
- If an insurer chooses to use a geo-coding product, the filing submission should identify the product being used and the assignment procedure.
- If an insurer chooses to include census-designated places (CDPs), the insurer should demonstrate that it has the ability to map addresses to CDPs.
- If an insurer chooses to define territories based upon a city or village name, the insurer needs to specify whether the definitions include only those risks located within the physical boundaries of the city or village. Territory definitions should also include assignment rules for those risks not located within these boundaries.

(3) Cancellation of Automobile Insurance Policies

- The amendments to ORC 3937.32 - .35 update the current process for the Department's review of insured complaints regarding wrongful cancellation.
- Cancellation notices should continue to state that the insured is entitled to have the matter reviewed by the superintendent of insurance, however, the language regarding a hearing and a \$5.00 deposit should be removed.
- Insurers should update cancellation notice forms and make the necessary filing submissions.
- The amendment to ORC 3937.33 did not impact the notification timeframe standards which are set out in ORC 3937.32.

The following provision is effective September 22, 2013:

Guaranteed Renewal Period

- The amendment to ORC 3937.31 reduces the guaranteed renewal period from two years to one year.
- Insurers may choose to continue using policy language with a guaranteed renewal greater than the one year period.

- Filing submissions that amend the policy language to a guaranteed renewal period of one year cannot have a proposed effective date prior to September 22, 2013.
- Any filing submission should indicate how the insurer intends to incorporate amended language into the renewal book, including how the guaranteed policy period will be calculated as the amended language is phased into the renewal book.

The following provision is effective December 22, 2013:

Minimum Financial Responsibility Limits

- The amendments to Title 45 of the Ohio Revised Code increase the liability limits required for proof of financial responsibility and do not impact the limits of uninsured or underinsured motorists liability coverage, or uninsured motorists property damage coverage an insurer chooses to offer.
- Policies issued or renewed prior to December 22, 2013 at the current lower limits, continue to constitute proof of financial responsibility for the remainder of the term of that policy.
- An insurer may choose to no longer offer limits below 25/50/25 or a combined single limit (CSL) of \$75,000 on new or renewal business prior to December 22, 2013.
- Filing submissions related to financial responsibility are only necessary if an insurer amends any policy forms or rating plans.