Rule Summary and Fiscal Analysis Part A - General Questions

Rule Number: 3901-6-02

Rule Type: Rescission

Rule Title/Tagline: Correlated sales of life insurance and mutual funds or other securities.

Agency Name: Department of Insurance

Division:

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I. Rule Summary

- 1. Is this a five year rule review? Yes
 - A. What is the rule's five year review date? 8/31/2023
- 2. Is this rule the result of recent legislation? No
- 3. What statute is this rule being promulgated under? 119.03
- 4. What statute(s) grant rule writing authority? 3901.041, 3901.21, 3901.212
- 5. What statute(s) does the rule implement or amplify? 3901.19 to 3901.26, 3915.14, 3999.04, 3999.05, 3999.08, 3999.10
- 6. Does the rule implement a federal law or rule in a manner that is more stringent or burdensome than the federal law or regulation requires? No
 - A. If so, what is the citation to the federal law or rule? Not Applicable
- 7. What are the reasons for proposing the rule?

This rule is being reviewed as a part of the agency five-year rule review.

8. Summarize the rule's content, and if this is an amended rule, also summarize the rule's changes.

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The purpose of this rule is to establish minimum standards for the form of proposals and statements used to solicit, service, or collect premiums for life insurance which is sold in correlation with a mutual fund or other security.

Rule is being rescinded to new per the fifty per cent filing guideline. The proposed amendments will reduce regulatory restrictions and make the rule easier for the public to read and understand.

- 9. Does the rule incorporate material by reference? Yes
- 10. If the rule incorporates material by reference and the agency claims the material is exempt pursuant to R.C. 121.75, please explain the basis for the exemption and how an individual can find the referenced material.

Rule cites section of the Ohio Revised Code exempt under R.C. 121.75(A)(1).

11. If revising or re-filing the rule, please indicate the changes made in the revised or re-filed version of the rule.

Not Applicable

II. Fiscal Analysis

12. Please estimate the increase / decrease in the agency's revenues or expenditures in the current biennium due to this rule.

This will have no impact on revenues or expenditures.

0.00

Not applicable.

13. What are the estimated costs of compliance for all persons and/or organizations directly affected by the rule?

The nature of any adverse impact from this rule would be employee time for compliance. This rule implements existing nationwide standards for proposals provided to prospective consumers related to the sale of insurance so any regulated entity would already have compliance programs in place as part of their ordinary business operations to meet those standards.

14. Does the rule increase local government costs? (If yes, you must complete an RSFA Part B). No

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15. Does the rule regulate environmental protection? (If yes, you must complete an RSFA Part C). No

16. If the rule imposes a regulation fee, explain how the fee directly relates to your agency's cost in regulating the individual or business.

Not applicable.

III. Common Sense Initiative (CSI) Questions

- 17. Was this rule filed with the Common Sense Initiative Office? Yes
- 18. Does this rule have an adverse impact on business? Yes
 - A. Does this rule require a license, permit, or any other prior authorization to engage in or operate a line of business? Yes

This rule requires a dual license. A person must be licensed and appointed as a life insurance agent in accordance with the provisions of sections 3905.02 and 3905.20 of the Revised Code. In some cases, they must also be licensed to sell securities by the Ohio Department of Commerce in accordance with Chapter 1707. of the Revised Code.

B. Does this rule impose a criminal penalty, a civil penalty, or another sanction, or create a cause of action, for failure to comply with its terms? Yes

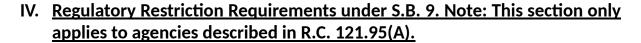
A violation of this rule shall subject companies or persons to a fine, revocation or suspension of their license to do business; a denial of the renewal of their license to do business; to proceedings under section 3999.08 of the Revised Code relating to misrepresentations; and to proceedings under Chapter 3901. of the Revised Code relating to unfair methods of competition and unfair and deceptive acts and practices.

- C. Does this rule require specific expenditures or the report of information as a condition of compliance? No
- D. Is it likely that the rule will directly reduce the revenue or increase the expenses of the lines of business of which it will apply or applies? No

Rule implements existing nationwide standards for proposals provided to prospective consumers related to the sale of insurance so any regulated entity

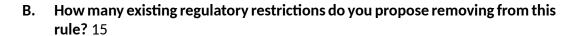
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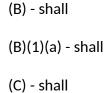
would already have compliance programs in place as part of their ordinary business operations to meet those standards.



19.	19. Are you adding a new or removing an existing regulato	ry restriction as	defined in
	R.C. 121.95? Yes		

A.	How many new regu	latory restrictions o	do you propose ado	ling to this rule? 0
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(D) - shall

(D) - must

(E) - Must

(F) - Must

(G) - must

(G)(5) - must

(H) - must

(H) - shall

(I)(1) - shall

(I)(1) - shall

(J) - shall

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(L) - shall

C. If you are not removing existing regulatory restrictions from this rule, please list the rule number(s) from which you are removing restrictions.

D. Please justify the adoption of the new regulatory restriction(s).

Not Applicable