

**Rule Summary and Fiscal Analysis (Part A)****Department of Insurance**

Agency Name

Division

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**3901-9-04**

Rule Number

**NO CHANGE**

TYPE of rule filing

Rule Title/Tag Line

**Insurance company questions on life insurance applications to  
identify and prevent stranger originated life insurance.****RULE SUMMARY**1. Is the rule being filed for five year review (FYR)? **Yes**2. Are you proposing this rule as a result of recent legislation? **No**3. Statute prescribing the procedure in accordance with the agency is required to adopt the rule: **119.03**4. Statute(s) authorizing agency to adopt the rule: **3916.05, 3916.20, 119.03**5. Statute(s) the rule, as filed, amplifies or implements: **3916.05, 3916.16, 3916.20**

6. State the reason(s) for proposing (i.e., why are you filing,) this rule:

Five year rule review under section 119.032 of the Revised Code.

7. If the rule is an AMENDMENT, then summarize the changes and the content of the proposed rule; If the rule type is RESCISSION, NEW or NO CHANGE, then summarize the content of the rule:

This rule provides guidance to life insurance companies regarding the types of

questions that must be included on life insurance applications pursuant to division (B) of section 3916.05 of the Revised Code to identify and prevent stranger-originated life insurance (STOLI).

8. If the rule incorporates a text or other material by reference and the agency claims the incorporation by reference is exempt from compliance with sections 121.71 to 121.74 of the Revised Code because the text or other material is **generally available** to persons who reasonably can be expected to be affected by the rule, provide an explanation of how the text or other material is generally available to those persons:

*This response left blank because filer specified online that the rule does not incorporate a text or other material by reference.*

9. If the rule incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material electronically, provide an explanation of why filing the text or other material electronically was infeasible:

*This response left blank because filer specified online that the rule does not incorporate a text or other material by reference.*

10. If the rule is being **rescinded** and incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material, provide an explanation of why filing the text or other material was infeasible:

*Not Applicable.*

11. If **revising** or **refiling** this rule, identify changes made from the previously filed version of this rule; if none, please state so. If applicable, indicate each specific paragraph of the rule that has been modified:

*Not Applicable.*

12. Five Year Review (FYR) Date: **8/14/2015** and **08/14/2020**

(If the rule is not exempt and you answered NO to question No. 1, provide the scheduled review date. If you answered YES to No. 1, the review date for this rule is the filing date.)

NOTE: If the rule is not exempt at the time of final filing, two dates are required: the current review date plus a date not to exceed 5 years from the effective date for Amended rules or a date not to exceed 5 years from the review date for No

Change rules.

**FISCAL ANALYSIS**

13. Estimate the total amount by which *this proposed rule* would **increase / decrease** either **revenues / expenditures** for the agency during the current biennium (in dollars): Explain the net impact of the proposed changes to the budget of your agency/department.

This will have no impact on revenues or expenditures.

0.00

Not applicable.

14. Identify the appropriation (by line item etc.) that authorizes each expenditure necessitated by the proposed rule:

Not applicable.

15. Provide a summary of the estimated cost of compliance with the rule to all directly affected persons. When appropriate, please include the source for your information/estimated costs, e.g. industry, CFR, internal/agency:

This rule requires life insurance companies to include specific questions on applications in order to identify and prevent stranger-originated life insurance (STOLI). Insurers have been including these questions following the effective date of this rule and do not need to make additional edits to applications as there are no proposed edits to this rule.

Therefore there is no estimated additional cost of compliance as a result of this rule review.

16. Does this rule have a fiscal effect on school districts, counties, townships, or municipal corporations? **No**

17. Does this rule deal with environmental protection or contain a component dealing with environmental protection as defined in R. C. 121.39? **No**

**S.B. 2 (129th General Assembly) Questions**

18. Has this rule been filed with the Common Sense Initiative Office pursuant to

R.C. 121.82? **Yes**

19. Specific to this rule, answer the following:

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 applies only to licensed life insurance companies.

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**

Paragraph (H) of the rule states that violations shall be an unfair and deceptive trade practice, under sections 3901.19 to 3901.26 of the Revised Code.

C.) Does this rule require specific expenditures or the report of information as a condition of compliance? **Yes**

Paragraph (G)(2) of the rule requires insurers to file amended application forms with the superintendent as required by division (B) of section 3916.05 of the Revised Code within twelve months following the effective date of this rule.

There are no ongoing or annual filing requirements.