

## Rule Summary and Fiscal Analysis

### Part A - General Questions

**Rule Number:** 3901-9-04

**Rule Type:** No Change

**Rule Title/Tagline:** Insurance company questions on life insurance applications to identify and prevent stranger originated life insurance.

**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? 2/3/2021 and 08/30/2025
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? 3916.05, 3916.20, 119.03
5. What statute(s) does the rule implement or amplify? 3916.05, 3916.16, 3916.20
6. What are the reasons for proposing the rule?

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

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

The purpose of rule 3901-9-04, insurance company questions on life insurance applications to identify and prevent stranger originated life insurance, is to provide 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).

There are no suggested amendments to this rule.

- 8. Does the rule incorporate material by reference? No**
- 9. 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.**

*Not Applicable*

- 10. 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**

- 11. 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.

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

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.

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

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

16. Was this rule filed with the Common Sense Initiative Office? Yes
17. 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? No
- 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.
- 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