

STATE OF OHIO
DEPARTMENT OF INSURANCE
50 West Town Street, 3rd Floor, Suite 300
Columbus, Ohio 43215

IN THE MATTER OF PUBLIC HEARING :
FOR THE AMENDMENT OF OHIO :
ADMINISTRATIVE CODE SECTIONS :
3901-6-08, 3901-6-10, 3901-6-15, and 3901-8-11 : NOTICE OF PUBLIC HEARING
AND THE RESCISSION OF OHIO :
ADMINISTRATIVE CODE SECTION 3901-6-14 :
AND THE PROMULGATION OF OHIO :
ADMINISTRATIVE CODE SECTION 3901-6-14 :

Pursuant to section 119.03 of the Ohio Revised Code, the Superintendent of Insurance, State of Ohio, will hold a public hearing at 1:00 p.m., on Monday, May 5, 2014 at the Ohio Department of Insurance, Public Hearing Room, 50 West Town Street, 3rd Floor, Suite 300, Columbus, Ohio, to consider the amendment of Ohio Administrative Code sections 3901-6-08 Variable life insurance; 3901-6-10 Valuation of life insurance policies; 3901-6-15 Preneed life insurance minimum standards for determining reserve liabilities and nonforfeiture values; and 3901-8-11 Unfair health claim practices. Also, to consider the rescission of Ohio Administrative Code section 3901-6-14 Annuity disclosure and the promulgation of Ohio Administrative Code section 3901-6-14 Annuity disclosure.

The purpose of rule 3901-6-08 is to amplify sections 3907.15 and 3911.01 of the Revised Code to provide for the regulation of fixed premium and flexible premium variable life insurance policies.

The purpose for amending rule 3901-6-08 is the five year rule review under RC 119.032. The proposed amendments to the rule will eliminate an unnecessary and inaccurate statement referring to a now rescinded rule. This will remove the reference to 3901-1-12 within the Purpose statement of the rule. Also, per department formatting, technical changes will be proposed to the Authority and Severability clauses.

The purpose of rule 3901-6-10 is to provide tables of select mortality factors and the method for calculating basic reserves defined in this rule that will constitute the "Commissioners' Reserve Valuation Method" for policies to which this rule is applicable, based upon the NAIC model.

The purpose for amending rule 3901-6-10 is the five year rule review under RC 119.032. The rule as written references paragraph (H) of rule 3901-3-11, which was removed in 2009. When amended as proposed, the rule will correctly reference paragraph (F) of 3901-3-11, which incorporated the relevant portions of the prior rule. Also, per department formatting, technical changes will be proposed to the Authority and Severability clauses.

The purpose of rule 3901-6-14 is to provide standards for the disclosure of certain minimum information about annuity contracts to protect consumers and foster consumer education. The rule specifies the minimum information that must be disclosed, the method for disclosing it and the use and content of illustrations, if used, in connection with the sale of annuity contracts. The goal of this rule is to ensure that purchasers of annuity contracts understand certain basic features of annuity contracts.

The purpose for rescinding rule 3901-6-14 is the five year rule review under RC 119.032. LSC requires that the rule be rescinded and adopted as a new rule because greater than 50% of the text is affected.

The purpose for promulgating rule 3901-6-14 is the five year rule review under RC 119.032. LSC requires that the rule be rescinded and adopted as a new rule because greater than 50% of the text is affected. The proposed changes to the rule are to conform it to the NAIC model amended in 2011. The proposed amendment includes standards for annuity illustrations and exempts from the rule's scope certain non-registered variable annuities issued exclusively to an accredited investor or qualified purchaser as those terms are defined under federal law or regulation. The proposed amendment adds definitions for "Illustration" and "Market Value Adjustment" and includes dividends in the definition of "Non-guaranteed elements". The proposed amendment adds to the information required to be included in disclosure documents. The amendment adds standards for annuity illustrations. The amendment proposes a recordkeeping requirement for insurers or insurance agents which is consistent with the recordkeeping requirement in a companion rule, 3901-6-13. Also, the NAIC has adopted three new Annuity Disclosure Buyer's Guides, intended to replace the old Buyer's Guide; these three guides are contained in the appendices. Finally, the proposed amendment makes some non-substantive formatting changes.

The purpose of rule 3901-6-15 is to establish for preneed insurance products minimum mortality standards for reserves and nonforfeiture values, and to require the use of the "1980 Commissioners Standard Ordinary (CSO) Life Valuation Mortality Table" for use in determining the minimum standard of valuation of reserves and the minimum standard nonforfeiture values for preneed insurance products.

The purpose for amending rule 3901-6-15 is the five year rule review under RC 119.032. The proposed amendments to the rule will fix an error in reference that is present throughout the rule. This will correct references for 3903.72.1 and 3915.07.1 to 3903.721 and 3915.071. Also, per department formatting, technical changes will be proposed to the Authority, Purpose and Severability clauses.

The purpose of rule 3901-8-11 is to define certain additional unfair trade practices and to set forth minimum standards in connection with the investigation and disposition of health claims arising under policies, certificates or contracts issued pursuant to Ohio's insurance statutes, rules and regulations under Titles XVII and XXXIX of the Revised Code. Nothing herein shall be construed to create or imply a private cause of action for violation of this rule.

The purpose for amending rule 3901-8-11 is the five year rule review under RC 119.032. The proposed amendment to change an outdated reference in paragraph (C)(1) of 3901-1-59 which has been rescinded and renumbered as new rule 3901-8-03. Also, per department formatting, technical changes will be proposed to the Authority, Purpose and Severability clauses.

Requests for copies of these rules should be addressed to Tina Chubb, Ohio Department of Insurance, 50 West Town Street, 3rd Floor, Suite 300 Columbus, Ohio 43215, or proposed rule can be viewed online at www.insurance.ohio.gov.

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3901-6-08, 3901-6-10, and 3901-6-15

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3901-6-14 and 3901-8-11