

**MEMORANDUM**

**TO:** Loretta Medved, Ohio Department of Insurance

**FROM:** Christopher Smyke, Regulatory Policy Advocate

**DATE:** August 24, 2018

**RE:** **CSI Review – Life Insurance Five-Year Review (OAC 3901-6-08, 3901-6-10, 3901-6-10.1, 3901-6-10.2, and 3901-6-15)**

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On behalf of Lt. Governor Mary Taylor, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Agency as provided for in ORC 107.54.

**Analysis**

This rule package consists of three amended rules and two no-change rules proposed by the Ohio Department of Insurance (ODI) for their statutorily-required five-year review. The rule package was submitted to the CSI Office on June 15, 2018 and the public comment period was held open through June 30, 2018. An amended answer to a BIA question was received on August 23 in response to an inquiry from the CSI Office. No comments were received during CSI review.

Ohio Administrative Code (OAC) Chapter 3901-6 addresses life insurance. The five rules under review address fixed and flexible premium variable life insurance, valuation of life insurance policies, smoker/nonsmoker and gender blended mortality tables, and minimum standards for preneed life insurance. The only changes to the rules include technical updates to references to the Ohio Revised Code.

Prior to filing with CSI, ODI sent an email to stakeholders who have signed up for updates on rule changes. In addition, ODI contacted the Association of Ohio Life Insurance Companies, the American Council of Life Insurers, the National Association of Insurance and Financial Advisors,

and the Ohio Insurance Agents Association. No comments were received during early stakeholder outreach or during the CSI public comment period.

The rules impact all life insurance companies doing business in Ohio. The BIA cites administrative costs in time and resources for businesses to maintain compliance with each of the rules. OAC 3901-6-08 sets a framework for how life insurance products are determined to be suitable or unsuitable to meet the needs of the consumer. The rest of the rules provide guidance regarding mortality tables for life insurance policies to determine valuation, set minimum reserve liabilities, and minimum cash surrender values. The BIA justifies the rules with the need to ensure that life insurance companies maintain adequate monetary reserves. The requirements protect consumers by ensuring that insurance companies are able to cover claim payments.

### **Recommendation**

For the reasons explained above, this office does not have any recommendations regarding this rule package.

### **Conclusion**

Based on the above comments, the CSI Office concludes that the Ohio Department of Insurance should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.

CC: Emily Kaylor, Lt. Governor's Office