



Common Sense Initiative

Mike DeWine, Governor
Jon Husted, Lt. Governor

Joseph Baker, Director

MEMORANDUM

TO: Loretta Medved, Ohio Department of Insurance

FROM: Jacob Ritzenthaler, Business Advocate

DATE: July 24, 2023

RE: **CSI Review – Life and Annuity #1 (OAC 3901-6-01, 3901-6-03, and 3901-6-14)**

On behalf of Lt. Governor Jon Husted, 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 Department as provided for in ORC 107.54.

Analysis

This rule package consists of three amended rules proposed by the Ohio Department of Insurance (ODI). This rule package was submitted to the CSI Office on June 22, 2023, and the public comment period was held open through July 8, 2023. Unless otherwise noted below, this recommendation reflects the version of the proposed rules filed with the CSI Office on June 22, 2023.

OAC 3901-6-01 concerns the solicitation of life insurance and annuity contracts, including the applicability of rule requirements, prohibitions against misleading policies and certain sales practices. The rule is amended to remove unnecessary regulatory restrictions. OAC 3901-6-03 requires insurers to provide information about life insurance policies. Amendments are proposed to streamline rule language and remove unnecessary regulatory restrictions. OAC 3901-6-14 requires the disclosure of information about annuity contracts to protect and educate consumers. The rule is amended to make technical corrections and remove unnecessary regulatory restrictions.

During early stakeholder outreach, ODI sent the proposed rules to industry stakeholders for feedback, including the National Association of Insurance and Financial Advisors, Ohio Insurance Agents Association, Ohio Insurance Underwriters Association, insurance companies, and consumer groups.

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No comments were received during that time or during the CSI public comment period.

The business community impacted by the rules includes insurance businesses and agents selling life insurance and annuity products. The adverse impacts created by the rules include compliance with practice guidelines and disclosure requirements. ODI states that the adverse impacts created by the rules are necessary to ensure that life insurance and annuity products are adequately explained to consumers.

Recommendations

Based on the information above, the CSI Office has no recommendations on this rule package.

Conclusion

The CSI Office concludes that ODI should proceed in filing the proposed rules with the Joint Committee on Agency Rule Review.