

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

Agency Name

Division

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**3901-5-09**

Rule Number

**AMENDMENT**

TYPE of rule filing

Rule Title/Tag Line

**Agent licensing and appointments.****RULE SUMMARY**

1. Is the rule being filed consistent with the requirements of the RC 119.032 review? **Yes**

2. Are you proposing this rule as a result of recent legislation? **Yes**

Bill Number: **HB59**General Assembly: **130**Sponsor: **Amstutz**

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: **3901.41, 3905.04, 3905.12, 3905.20**

5. Statute(s) the rule, as filed, amplifies or implements: **3905.04, 3905.06, 3905.07, 3905.12, 3905.20, 3905.481**

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:

Amending to strike reference to agent termination fees, per HB 59 of the 130th General Assembly. Also, to insert consolidated language from 3901-5-08, which is simultaneously recommended for rescission, to describe when licenses must be renewed and what corresponding continuing education requirements must be met. Other changes include adding portable electronics as a recognized limited line of authority and increasing efficiencies in agent application processes for veterans and members of the military.

The purpose of this rule is to provided procedures and requirements for agent licensing, appointments and license renewal.

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. 119.032 Rule Review Date: 8/26/2014

(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:

The rule requires agent licensure, license renewal, continuing education, and appointments. There are direct fees within the rule for failing to comply with licensing renewal requirements in section 3905.06 of the Revised Code. Those fees are: \$50 for agents/entities that are late for renewing or has inactivated the license and wish to reinstate and \$100 for agent/entities that have allowed their license to be suspended and wish to reinstate.

The indirect fees for the requirements in this rule include education costs for maintaining licenses. In addition, statute and other rules establish licensing fees ranging from \$10 to \$150 for agents and surety bail bonds agents, appointment fees of \$15, and vendor licensing fees of \$500 and \$1,000 for minor and major portable electronics vendors. These fees are described in question 19C of this analysis

(RSFA).

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**

Agent licensing is required, and insurance companies are required to appoint agents who represent them.

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**

Failure to comply with licensing requirements may result in suspension or revocation of license. In addition, if an agent is granted inactive status and subsequently engages in, participates or assists in any way in any conduct or activity for which a license is required, excluding clerical or ministerial acts, such agent's license(s) may be suspended or revoked or the superintendent may impose a civil penalty in an amount not to exceed twenty-five thousand dollars.

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

The rule requires agent licensure, license renewal, continuing education, and appointments. There are direct fees within the rule for failing to comply with licensing renewal requirements in section 3905. of the Revised Code. Those fees are: \$50 for agents/entities that are late for renewing or has inactivated the license and wish to reinstate and \$100 for agent/entities that have allowed their license to be suspended and wish to reinstate.

The indirect fees for the requirements in this rule are established in statute and

other rules, summarized as follows:

Per section 3905.40 of the Revised Code and rule 3901-1-57 of the Administrative Code, the agent appointment fee is \$15 (reduced from \$20 effective June 30, 2014).

Per section 3905.40 of the Revised Code, agent license fee is \$10 per line of authority license application fee, agent license renewal fee is \$25 biennially. Per section 3905.481 of the Revised Code, agents are required to take 24 hours of CE biennially.

Per section 3905.85 of the Revised Code, bail bonds agent application fee is \$100 and \$150 for renewal; and per section 3905.32 of the Revised Code, surplus lines broker application fee is \$100.

Portable electronics vendors with more than 10 locations pay a \$1,000 application fee, and vendors with fewer than 10 locations pay \$500 application fee, per section 3905.40 of the Revised Code.