

Rule Summary and Fiscal Analysis

Part A - General Questions

Rule Number: 3901-5-09

Rule Type: Amendment

Rule Title/Tagline: Agent licensing and appointments.

Agency Name: Department of Insurance

Division:

Address: 50 W Town Street Suite 300 Columbus OH 43215

Contact: Tina Chubb **Phone:** (614) 728-1044

Email: Tina.Chubb@insurance.ohio.gov

I. Rule Summary

1. **Is this a five year rule review?** Yes
 - A. **What is the rule's five year review date?** 8/29/2019
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?** 3901.41, 3905.04, 3905.12, 3905.20
5. **What statute(s) does the rule implement or amplify?** 3905.04, 3905.06, 3905.07, 3905.12, 3905.20, 3905.481

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 this rule is to provide procedures and requirements for agent licensing, appointments and license renewal.

Recommended amendments add the requirement for criminal background checks for limited lines license types, as required by Revised Code. Provide necessary updates to the limited lines definitions in light of changes to the Revised Code regarding travel and self-storage license authority. Correct an error in paragraph (F)(3) of this rule by citing the exemptions for bail-bond and title agents as these lines are required to complete continuing education requirements.

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. 121.71 to 121.76, 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. As a result of this proposed rule, please estimate the increase / decrease in revenues or expenditures affecting this agency, or the state generally, in the current biennium or future years. If the proposed rule is likely to have a different fiscal effect in future years, please describe the expected difference and operation.

This will have no impact on revenues or expenditures.

0.00

Recommended amendments to this rule will not impact expenditures or revenue for the department.

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

The rule requires agent licensure, license renewal, continuing education, and appointments. There are direct fees within the rule for failing to comply with the 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.

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

III. Common Sense Initiative (CSI) Questions

15. **Was this rule filed with the Common Sense Initiative Office?** Yes
16. **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?** 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 the 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.