

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:

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I. Rule Summary

1. Is this a five year rule review? Yes
 - A. What is the rule's five year review date? 1/10/2025
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. Does the rule implement a federal law or rule in a manner that is more stringent or burdensome than the federal law or regulation requires? No
 - A. If so, what is the citation to the federal law or rule? Not Applicable
7. What are the reasons for proposing the rule?

Rule 3901-5-09 is being reviewed as part of the agency five-year rule review.
8. Summarize the rule's content, and if this is an amended rule, also summarize the rule's changes.

The purpose of rule 3901-5-09 is to set forth procedures and requirements for the licensing and appointment of insurance agents in the state of Ohio; and to identify lines of authority eligible for limited lines licenses.

The proposed amendments are recommended technical revisions to improve clarity, align more closely with current best practices in the insurance industry, and regulatory restrictions have been reduced where possible.

9. **Does the rule incorporate material by reference?** No
10. **If the rule incorporates material by reference and the agency claims the material is exempt pursuant to R.C. 121.75, please explain the basis for the exemption and how an individual can find the referenced material.**

Not Applicable

11. **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

12. **Please estimate the increase / decrease in the agency's revenues or expenditures in the current biennium due to this rule.**

This will have no impact on revenues or expenditures.

0.00

Not applicable.

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

The impacted business community consists of individual insurance agents, business entities engaging in the sale of insurance products, agent education providers, and insurers.

The nature of this impact is contained in the time and cost associated with complying with pre-licensing and continuing education requirements, as well as company compliance with appointing agents.

Both the cost and time requirements vary in regard to the line of business in which the individual is participating. Although there is a cost, these regulations can be classified as the cost of doing business and are necessary to ensure compliance with Ohio Revised Code.

Generally, the changes that were made to the rules were recommended to align current industry practice and update language, or to reduce regulatory restrictions.

14. **Does the rule increase local government costs? (If yes, you must complete an RSFA Part B). No**
15. **Does the rule regulate environmental protection? (If yes, you must complete an RSFA Part C). No**
16. **If the rule imposes a regulation fee, explain how the fee directly relates to your agency's cost in regulating the individual or business.**

Not applicable.

III. Common Sense Initiative (CSI) Questions

17. **Was this rule filed with the Common Sense Initiative Office? Yes**
18. **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**

The purpose of this rule is to set forth procedures and requirements for the licensing and appointment of insurance agents in the state of Ohio; and to identify lines of authority eligible for limited lines licenses.
 - 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? No**
 - C. **Does this rule require specific expenditures or the report of information as a condition of compliance? Yes**

An agent or business entity must report to the superintendent all demographic changes (i.e. name, resident address, business address, mailing address, email address, etc.) within thirty days of the change.

- D. Is it likely that the rule will directly reduce the revenue or increase the expenses of the lines of business of which it will apply or applies? No

IV. Regulatory Restriction Requirements under S.B. 9. Note: This section only applies to agencies described in R.C. 121.95(A).

19. Are you adding a new or removing an existing regulatory restriction as defined in R.C. 121.95? Yes

- A. How many new regulatory restrictions do you propose adding to this rule? 0

- B. How many existing regulatory restrictions do you propose removing from this rule? 42

(C)(1) - shall

(D)(2)(a) - shall

(D)(3) - shall

(D)(4) - shall

(D)(4) - shall

(D)(6) - shall

(D)(7) - shall

(D)(8) - shall

(E)(2) - shall

(E)(4) - shall

(E)(5) - shall

(F)(5) - shall

(F)(6) - shall

(F)(7) - shall

(F)(12) - shall

(G)(1) - shall

(G)(1) - shall

(G)(5) - shall

(H)(2) - shall

(H)(4) - shall

(I)(2) - shall

(I)(3) - shall

(J)(1)(c)(iii) - shall

(J)(1)(c)(iv) - shall

(J)(2) - shall

(J)(4) - shall

(J)(5) - shall

(K)(1) - shall

(K)(1) - shall

(K)(4) - shall

(K)(6) - shall

(K)(6) - shall

(L)(2)(b) - shall

(L)(3) - shall

(L)(4) - shall

(M)(1) - shall

(M)(2) - shall

(M)(4) - shall

(M)(5) - shall

(N)(5) - shall

(O) - shall not

(O) - shall

C. If you are not removing existing regulatory restrictions from this rule, please list the rule number(s) from which you are removing restrictions.

D. Please justify the adoption of the new regulatory restriction(s).

Not Applicable