Rule Summary and Fiscal Analysis
<u>Part A</u> - General Questions

Rule Number: 3901-7-04

Rule Type: Amendment

Rule Title/Tagline: Title insurance controlled business arrangements.

Agency Name: Department of Insurance

Division:

Address: 50 W Town Street Suite 300 Columbus OH 43215

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I.   <u>Rule Summary</u>

1.   **Is this a five year rule review?** Yes

   A.   **What is the rule's five year review date?** 11/30/2021

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?** 3901.041

5.   **What statute(s) does the rule implement or amplify?** 3953.21

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.**

   Rule 3901-7-04 establishes ownership and licensing standards for title insurance agents and agencies in accordance with division (B) of section 3953.21 of the Revised Code, which prohibits certain persons from acting as agents for a title insurance company.

The proposed amendment will correct a citation in the definition of "person".

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. 121.75, 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.   <u>Fiscal Analysis</u>

11. **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.

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

     This rule outlines prohibitions for specific business arrangements. No substantive amendments are recommended to the rule and therefore no cost of compliance is imposed.

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

15. **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

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

17. Does this rule have an adverse impact on business? No

    A. Does this rule require a license, permit, or any other prior authorization to engage in or operate a line of business? No

    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? No

    The rule states that a business entity may not become licensed or remain licensed where the entity is merely a sham arrangement used as a conduit for inducements or compensation for business payments in violation of section 3953.26 and/or section 3933.01 of the Revised Code. When making a determination, the Superintendent may request information for review.

    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 Restrictions (This section only applies to agencies indicated in R.C. 121.95 (A))

18. Are you adding a new or removing an existing regulatory restriction as defined in R.C. 121.95? No

    A. How many new regulatory restrictions do you propose adding?

    Not Applicable

    B. How many existing regulatory restrictions do you propose removing?

    Not Applicable