

**MEMORANDUM**

TO: Allison Conklin, Ohio Department of Insurance

FROM: Emily Kaylor, Regulatory Policy Advocate

DATE: August 17, 2016

RE: **CSI Review – Unfair Trade Practices; Unfair and Deceptive Military Sales Practices; and Unfair Property/Casualty Claims Settlement Practices (OAC 3901-1-07, 3901-1-08, and 3901-1-54)**

On behalf of Lt. Governor Mary Taylor, 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 Agency as provided for in ORC 107.54.

Analysis

This rule package consists of one no-change and two amended rules submitted by the Ohio Department of Insurance for their statutorily required five-year review. It was submitted to the CSI Office on June 24, 2016 and the comment period closed on July 12, 2016. One comment was received during this time.

The rules identify unfair trade practices regarding all insurers, unfair and deceptive military sales practices for life insurance agents, and unfair settlement practices for insurers authorized to sell property and casualty insurance. The amendments are formatting to make them uniform to the Department's other rules and to correct some spelling errors.

The BIA states that all insurers are impacted by these rules. There are no explicit fines written into the rules, but any insurer found to be practicing in an unfair or deceptive manner may have its license revoked by the Superintendent or be required to make some payment as compensation. Additionally, there are reporting and documentation requirements in the rules to track their

activities.

The comment received from the Ohio Insurance Institute (OII) expressed concerns about language in OAC 3901-1-54. The Department reached out to have further discussions and determined that what OII requested is already allowed by the rules in their current language. While OII stated that they wish to continue conversations about the rules, they are satisfied with the package as submitted.

After reviewing the proposed rules and the BIA, the CSI Office has determined that the rules satisfactorily meet the standards espoused by the CSI Office, and the purpose of the rule package is justified.

Recommendation

For the reasons explained above, the CSI office does not have any recommendations for this rule package.

Conclusion

Based on the above comments, the CSI Office concludes that the Ohio Department of Insurance should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.

cc: Mark Hamlin, Lt. Governor's Office