

**MEMORANDUM**

TO: Loretta Medved, Ohio Department of Insurance

FROM: Emily Kaylor, Director of Regulatory Policy

DATE: August 10, 2017

RE: **CSI Review – Five Year Rule Review Package 2 (OAC 3901-1-18 and 3901-1-22)**

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 two rules – one amended and one no-change – proposed by the Ohio Department of Insurance (ODI) as part of multiple packages submitted for the statutorily-required five-year rule review. The rule package was submitted to the CSI Office on June 20, 2017 and the public comment period was held open through July 5, 2017. No comments were received during this time.

The rules adopt the proposed plan of operation for the Ohio Fair Plan Underwriting Association (OFP) and risk modification plans for non-personal lines insurance to recognize variation in hazard and characteristics of risk. Ohio Administrative Code (OAC) 3901-1-18 is amended to remove references to outdated feral programs and clarify the requirements for inspections and binders.

The rules impact insurers writing basic property and homeowners insurance in Ohio, Ohio insurance agents, and insurers that participate in writing commercial insurance policies in non-quantifiable rating scenarios. The impacts include employee time, recordkeeping for three years, reporting, and some potential delivery costs. ODI justifies these adverse impacts as ORC 3929.43

requires the OFP to assist applicants in urban areas to secure basic property or homeowners insurance and to administer a program for the equitable apportionment of basic property insurance or homeowners insurance which cannot be obtained in the normal market. The BIA states that the Department spoke with OFP about the rules and adopted their suggested changes. Additionally, they sent an email to stakeholders with the rules. No comments were received from this email distribution or during the CSI public comment period.

Recommendation

For the reasons explained above, this office does not have any recommendations regarding 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.